

## CHAPTER 236

### GRAIN BANKS

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#### 236.01 DEFINITIONS.

Subdivision 1. **Scope.** The definitions in this section apply to sections 236.01 to 236.09.

Subd. 2. **Person.** "Person" means an individual, partnership, association, corporation, or joint venture or a combination of these.

Subd. 3. **Grain bank.** "Grain bank" means a feed-processing plant that receives and stores grain, the equivalent of which, except as is otherwise permitted by section 236.04, it processes and returns to the grain's owner in amounts, at intervals, and with added ingredients that are mutually agreeable to the grain's owner and the person operating the plant.

Subd. 4. **Grain bank receipt.** "Grain bank receipt" means a nonnegotiable receipt issued to the owner of grain or the owner's agent.

Subd. 5. **Department.** "Department" means the department of agriculture.

**History:** 1961 c 232 s 1; 1971 c 25 s 67; 1979 c 332 art 1 s 78; 1986 c 444; 1989 c 197 art 6 s 1

#### 236.02 GRAIN BANK LICENSING; BONDING OF APPLICANTS.

Subdivision 1. **Licensing requirement.** A person who (1) operates an establishment that processes grain into feed and (2) is licensed to buy grain as a public or private local grain warehouse operator under section 232.22 may obtain a license to operate a grain bank. No person may conduct a grain bank without a grain bank license.

Subd. 2. **Issuance.** A grain bank license must be obtained from the department. The department may issue a grain bank license when the applicant has complied with the bond requirements of sections 236.01 to 236.09. A grain bank license is required in addition to a license to buy grain as a public or private local grain warehouse operator and permits the licensee to conduct a grain bank in accordance with sections 236.01 to 236.09.

Subd. 3. **Expiration; posting; revocation.** Grain bank licenses expire at midnight on June 30 each year. A license is required for each location where a grain bank is operated. Licenses are revocable by the department for cause upon notice and hearing. Licenses and rules regulating the operation of the grain bank must be posted in a prominent and easily accessible place in the grain bank.

Subd. 4. **Fees.** The license fee must be set by the commissioner in an amount sufficient to cover the costs of administering and enforcing this chapter. Fees collected under this chapter must be paid into the grain buyers and storage fund established in section 232.22.

Subd. 5. **Bond.** A license may not be issued for the operation of a grain bank until the applicant has filed with the department a bond in a sum set by the department. The bond may not be less than \$1,500 for each license and must at all times be large enough to protect the holders of outstanding grain bank receipts. Bonds must be filed annually and cover the period of the grain bank license. Bonds must run to the state of Minnesota and be for the benefit of all persons storing grain in a grain bank. They must be conditioned upon the faithful performance by the grain bank operator of the law relating to the operation of grain banks by the grain bank operator and related rules of the department. The department may require increases in the amounts of bonds as it considers necessary for the protection of grain bank receipt holders. The surety of grain bank bonds must be a corporate surety company authorized to transact business in Minnesota.

Subd. 6. **Action on bond.** A person for whose benefit the bond is given may commence an action in district court.

Subd. 7. **Single bond.** A person who is granted a grain bank license at more than one location may, with the department's approval, file one bond covering all locations in a total

amount the department requires under sections 236.01 to 236.09 and rules made under sections 236.01 to 236.09. A person, firm, or corporation licensed as a public grain warehouse operator and bonded under section 232.22 may include liability for outstanding nonnegotiable grain bank receipts under the coverage of that bond in lieu of securing a separate grain bank bond under this section.

**History:** 1961 c 232 s 2; 1967 c 318 s 14; 1969 c 399 s 1; 1969 c 856 s 3; 1971 c 25 s 67; 1982 c 508 s 9; 1985 c 248 s 70; 1986 c 444; 1987 c 384 art 2 s 1; 1989 c 197 art 6 s 1; 1990 c 426 art 2 s 5

### 236.03 GRAIN BANK RECEIPT; CONTENTS.

A grain bank receipt, authorized by the department, must be issued for each delivery of grain to the grain bank. Each receipt must contain the name and address of the grain bank establishment, the names of the persons for whom the grain is delivered to the grain bank, the kind, quantity, and grade of grain to be redelivered to the owner of the grain, and other relevant factors required by the rules of the department.

**History:** 1961 c 232 s 3; 1971 c 25 s 67; 1981 c 261 s 18; 1985 c 248 s 70; 1989 c 197 art 6 s 1

### 236.04 CHARGES.

Grain for which a grain bank receipt is issued must be received and stored for processing. Storage charges must be paid by the owner at rates prescribed by section 232.23 from ten days after the date on which the grain is delivered to the grain bank until the date the grain or processed grain represented by a grain bank receipt is redelivered to the owner of the grain. Storage charges must be computed and recorded at the time of the redelivery of grain or processed grain to the owner or at the time of sale by the owner. If grain evidenced by a grain bank receipt is not processed or is not sold to the operator of the grain bank, the grain's owner or the owner's authorized agent may obtain redelivery of grain of the kind, quantity, and grade shown on the grain bank receipt covering that grain, if the owner or the authorized agent pays the grain bank operator a delivery charge. Sections 236.01 to 236.09 do not authorize the storage of grain or the issuance of a grain bank receipt for grain that is not intended, when received at the grain bank, to be redelivered to the owner of the grain or an authorized agent as a part of mixed or as otherwise processed feeds within a reasonable time after receipt.

**History:** 1961 c 232 s 4; 1986 c 444; 1987 c 384 art 2 s 1; 1989 c 197 art 6 s 1

### 236.05 DUTIES OF GRAIN BANK OPERATOR.

**Subdivision 1. Insurance.** The operator of the grain bank shall keep all stored grain insured against loss by fire, windstorm, and extended coverage risks for the account of the owner and furnish the department with the evidence it requires that the insurance is in force.

**Subd. 2. Receipt and storage of grain.** The grain bank operator shall determine the quantities, kinds, and grades of grain to be received from a depositor, and grain equal to the grade shown on the receipt to be due the owner of the grain on redelivery must be used in the delivery back to the owner. Commingling of like kinds of grain and the addition to the grain of materials used in the lawful formulation of mixed feeds are permitted as required by the depositor of the grain. If, through no fault of the grain bank operator, redelivery of grain equal to the grade shown on the receipt cannot be made, then redelivery to the owner of a lesser grade may be made if the operator pays to the owner in money the difference in market value between the two grades.

**Subd. 3. Deliveries of processed feeds.** Deliveries of mixed or otherwise processed feeds formulated from grain bank stocks must be at intervals of time and in quantities that are mutually agreeable to the grain owner and the grain bank operator.

**Subd. 4. Separate records.** The operator of a grain bank shall keep separate records for each customer of the balances that remain between the grain bank operator and the owner of grain who has deposited grain in the grain bank, including but not limited to the charges made under section 236.04 and the figures that support all balances shown.

Subd. 5. **Grain on hand.** The operator of the grain bank shall keep on hand at all times grain sufficient to cover all outstanding storage receipts and outstanding grain bank receipts balances.

**History:** 1961 c 232 s 5; 1971 c 25 s 67; 1989 c 197 art 6 s 1

#### **236.06 GRAIN BANK'S POSSESSORY LIEN.**

The operator of a grain bank has a possessory lien against grain represented by a grain bank receipt for all charges and money owed the operator by the owner of the grain as a result of the receiving, storing, processing, and other activities performed by the operator for the owner as part of the grain bank operation. In the event of inconsistency between this section and the uniform commercial code, this section applies.

**History:** 1961 c 232 s 6; 1965 c 812 s 9; 1989 c 197 art 6 s 1

#### **236.07 REPORTS.**

A person licensed to operate a grain bank under sections 236.01 to 236.09 shall give the department on forms prescribed by it the reports the department reasonably requires and other information required by the rules of the department.

No license may be issued to a licensed grain bank operator who has failed to make the reports required in this section.

The department may have each grain bank, its business, and the mode of conducting its business inspected by one or more of its members or by its authorized agent when inspection is considered proper. The property, records, and proceedings of each grain bank are subject to inspection at all times during business hours.

**History:** 1961 c 232 s 7; 1967 c 318 s 15; 1971 c 25 s 67; 1985 c 248 s 70; 1989 c 197 art 6 s 1

#### **236.08 RULES BY DEPARTMENT.**

The department may make rules that are reasonably necessary relative to grain bank operations.

**History:** 1961 c 232 s 8; 1971 c 25 s 67; 1985 c 248 s 70; 1989 c 197 art 6 s 1

#### **236.09 PENALTIES FOR VIOLATIONS.**

A person who violates sections 236.01 to 236.09 or rules made by the department under sections 236.01 to 236.09 is guilty of a misdemeanor. If the department finds after a hearing that a person licensed to operate a grain bank in this state has violated sections 236.01 to 236.09 or rules made under sections 236.01 to 236.09, the department may suspend or revoke the license. In case of a revocation, no new license may be granted to the person whose license is revoked nor to anyone directly or indirectly engaged in that business for one year.

**History:** 1961 c 232 s 9; 1969 c 792 s 2; 1971 c 25 s 67; 1985 c 248 s 70; 1989 c 197 art 6 s 1