

232.22 LICENSES, BONDING CLAIMS, DISBURSEMENTS.

Subdivision 1. **Licenses.** An application for a public grain warehouse operator's license must be filed with the commissioner and the license issued before the purchase or storage of grain may be commenced. All grain warehouses located within the same home rule charter or statutory city or town and owned and operated by the same person may be covered by a single license.

Subd. 2. **Renewal.** A license must be renewed annually. If a business receives more than one license from the commissioner, the licenses shall be issued at the same time, but only after all conditions for each license are met. The licenses may be combined into one joint license.

Subd. 3. **Fees; grain buyers and storage account.** There is created in the agricultural fund an account known as the grain buyers and storage account. The commissioner shall set the fees for inspections, certifications and licenses under sections 232.20 to 232.25 at levels necessary to pay the costs of administering and enforcing sections 232.20 to 232.25. All money collected pursuant to sections 232.20 to 232.25 and chapters 233 and 236 shall be paid by the commissioner into the state treasury and credited to the grain buyers and storage account and is appropriated to the commissioner for the administration and enforcement of sections 232.20 to 232.25 and chapters 233 and 236. All money collected pursuant to chapter 231 shall be paid by the commissioner into the grain buyers and storage account and is appropriated to the commissioner for the administration and enforcement of chapter 231.

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

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

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

Bushel Capacity	Examination Fee
Less than 150,001	\$ 300
150,001 to 250,000	\$ 425
250,001 to 500,000	\$ 545
500,001 to 750,000	\$ 700
750,001 to 1,000,000	\$ 865
1,000,001 to 1,200,000	\$ 1,040
1,200,001 to 1,500,000	\$ 1,205
1,500,001 to 2,000,000	\$ 1,380
More than 2,000,000	\$ 1,555

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

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

Subd. 4. **Bonding.** Before a license is issued, the applicant for a public grain warehouse operator's license shall file with the commissioner a bond in a penal sum prescribed by the commissioner. The penal sum on a condition one bond shall be established by rule by the commissioner pursuant to the requirements of chapter 14 for all grain outstanding on grain warehouse receipts. The penal sum on a condition two bond shall not be less than \$10,000 for each location up to a maximum of five locations.

Subd. 5. **Statement of grain in storage; reports.** (a) All public grain warehouse operators must by the tenth day of each month file with the commissioner on forms approved by the commissioner a report showing the net liability of all grain outstanding on grain warehouse receipts as of the close of business on the last day of the preceding month. This report shall be used for the purpose of establishing the penal sum of the bond.

(b) If any public grain warehouse operator willfully neglects or refuses to file the report required in clause (a) for two consecutive months, the commissioner may immediately suspend the person's license and the licensee must surrender the license to the commissioner. Within 15 days the licensee may request an administrative hearing subject to chapter 14 to determine if the license should be revoked. If no request is made within 15 days the commissioner shall revoke the license.

(c) Every public grain warehouse operator shall keep in a place of safety complete and accurate records and accounts relating to any grain warehouse operated. The records shall reflect each commodity received and shipped daily, the balance remaining in the grain warehouse at the close of each business day, a listing of all unissued grain warehouse receipts in the operator's possession, a record of all grain warehouse receipts issued which remain outstanding and a record of all grain warehouse receipts which have been returned for cancellation. Copies of grain warehouse receipts or other documents evidencing ownership of grain by a depositor, or other liability of the grain warehouse operator, shall be retained as long as the liability exists but must be kept for a minimum of three years.

(d) Every public grain warehouse operator must maintain in the grain warehouse at all times grain of proper grade and sufficient quantity to meet delivery obligations on all outstanding grain warehouse receipts.

Subd. 6. **Bond claims.** A person claiming to be damaged by a breach of the conditions of a bond of a licensed public grain warehouse operator may file a written claim with the commissioner

stating the facts constituting the claim. The claim must be filed with the commissioner within 180 days of the breach of the conditions of the bond. If the commissioner has reason to believe that a claim is valid, the commissioner may immediately suspend the license of the public grain warehouse operator and the licensee must surrender the license to the commissioner. Within 15 days the licensee may request an administrative hearing subject to chapter 14 to determine whether the license should be revoked. If no request is made within 15 days the commissioner shall revoke the license.

Subd. 7. **Bond disbursement.** (a) The condition one bond of a public grain warehouse operator must be conditioned that the public grain warehouse operator issuing a grain warehouse receipt is liable to the depositor for the delivery of the kind, grade and net quantity of grain called for by the receipt.

(b) The condition two bond shall provide for payment of loss caused by the grain buyer's failure to pay, upon the owner's demand, the purchase price of grain sold to the grain buyer. The bond shall be conditioned upon the grain buyer being duly licensed as provided herein. The bond shall not cover any transaction which constitutes a voluntary extension of credit.

(c) Upon notification of default, the commissioner shall determine the validity of all claims and notify all parties having filed claims. Any aggrieved party may appeal the commissioner's determination by requesting, within 15 days, that the commissioner initiate a contested case proceeding. In the absence of such a request, or following the issuance of a final order in a contested case, the surety company shall issue payment to those claimants entitled to payment. If the commissioner determines it is necessary, the commissioner may apply to the district court for an order appointing a trustee or receiver to manage and supervise the operations of the grain warehouse operator in default. The commissioner may participate in any resulting court proceeding as an interested party.

(d) For the purpose of determining the amount of bond disbursement against all valid claims under a condition one bond, all grain owned or stored in the public grain warehouse shall be sold and the combined proceeds deposited in a special fund. Payment shall be made from the special fund satisfying the valid claims of grain warehouse receipt holders.

(e) If a public grain warehouse operator has become liable to more than one depositor or producer by reason of breaches of the conditions of the bond and the amount of the bond is insufficient to pay, beyond the proceeds of the special fund, the entire liability to all valid claimants, the proceeds of the bond and special fund shall be apportioned among the valid claimants on a pro rata basis.

(f) A bond is not cumulative from one licensing period to the next. The maximum liability of the bond shall be its face value for the licensing period.

History: *1982 c 424 s 130; 1982 c 508 s 3; 1983 c 300 s 27; 1983 c 374 s 16,17,20; 1999 c 231 s 171; 1Sp2005 c 1 art 1 s 87*