



Reprinted  
March 6, 2001

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## HOUSE BILL No. 1975

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DIGEST OF HB 1975 (Updated March 5, 2001 4:19 PM - DI 104)

**Citations Affected:** IC 15-7.

**Synopsis:** Agricultural marketing and production contracts. Regulates agricultural marketing and production contracts. Requires agricultural marketing and production contracts to: (1) be in writing; (2) be executed in good faith; (3) provide for resolution of complaints through alternative dispute resolution; and (4) provide that Indiana law governs and controls the contract and that venue for any actions concerning the contract must lie in a county in Indiana where at least one party resides. Specifies certain issues that must be addressed in agricultural marketing and production contracts.

**Effective:** July 1, 2001.

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### Friend, Grubb

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January 17, 2001, read first time and referred to Committee on Agriculture, Natural Resources and Rural Development.  
February 27, 2001, amended, reported — Do Pass.  
March 5, 2001, read second time, amended, ordered engrossed.

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HB 1975—LS 7140/DI 104+



Reprinted  
March 6, 2001

First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

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## HOUSE BILL No. 1975

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A BILL FOR AN ACT to amend the Indiana Code concerning agriculture and animals.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 15-7-10 IS ADDED TO THE INDIANA CODE AS  
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2001]:

4 **Chapter 10. Agricultural Marketing and Production Contracts**

5 **Sec. 1. As used in this chapter, "agricultural commodity" means**  
6 **livestock or grain produced primarily for sale, consumption,**  
7 **propagation, or other use by man or animals.**

8 **Sec. 2. As used in this chapter, "good faith" means honesty in**  
9 **fact and the observance of reasonable commercial standards of fair**  
10 **dealing.**

11 **Sec. 3. As used in this chapter, "marketing contract" means a**  
12 **contract between a producer and a processor, except the**  
13 **department of correction, regarding the purchase by the processor**  
14 **of the producer's agricultural commodity.**

15 **Sec. 4. As used in this chapter, "production contract" means a**  
16 **contract between:**

17 (1) a producer and a processor, except the department of

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1 correction, regarding the producer's production of the  
2 processor's agricultural commodity; or

3 (2) two (2) producers regarding the production by one (1)  
4 producer of the other producer's agricultural commodity.

5 **Sec. 5. A marketing or production contract must meet the**  
6 **following conditions:**

7 (1) Be in writing.

8 (2) Be executed in good faith, with full disclosure of all  
9 relevant information by each party.

10 (3) Provide for resolution of disputes regarding the contract  
11 through alternative dispute resolution with the costs of the  
12 alternative dispute resolution paid equally by each party.

13 (4) Provide that:

14 (A) Indiana law governs and controls the contract; and

15 (B) venue for any actions concerning the contract must lie  
16 in a county in Indiana where at least one (1) party resides.

17 (5) Include the following terms of payment:

18 (A) The basis of payment.

19 (B) The payment method.

20 (C) The payment schedule.

21 (D) The effect of change in market price on contract price,  
22 if any.

23 (E) The penalty for late payment.

24 (F) The assignability of payments.

25 (G) The decision whether payment may be made copayable  
26 to the producer's lender.

27 (H) The responsibility for payment of the paying party's  
28 parent company, if the paying party is a subsidiary  
29 company.

30 **Sec. 6. A producer may use for seed in subsequent crop years**  
31 **any grain grown from a commercially produced seed stock.**  
32 **Notwithstanding any other law, this right may not be waived by**  
33 **contract.**

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## COMMITTEE REPORT

Mr. Speaker: Your Committee on Agriculture, Natural Resources and Rural Development, to which was referred House Bill 1975, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, delete lines 11 through 16.

Page 1, line 17, delete "6" and insert "3".

Page 2, line 1, after "processor" insert ", **except the department of correction,**".

Page 2, delete lines 4 through 14.

Page 2, line 15, delete "10" and insert "4".

Page 2, line 17, after "processor" insert ", **except the department of correction,**".

Page 2, line 21, delete "11" and insert "5".

Page 2, line 23, delete ":".

Page 2, line 24, delete "(A)".

Page 2, line 24, delete "; or" and insert ".".

Page 2, run in lines 23 through 24.

Page 2, delete lines 25 through 30.

Page 2, between lines 39 and 40, begin a new line block indented and insert:

**"(5) Include the following terms of payment:**

**(A) The basis of payment.**

**(B) The payment method.**

**(C) The payment schedule.**

**(D) The effect of change in market price on contract price, if any.**

**(E) The penalty for late payment.**

**(F) The assignability of payments.**

**(G) The decision whether payment may be made copayable to the producer's lender.**

**(H) The responsibility for payment of the paying party's parent company, if the paying party is a subsidiary company."**

Page 2, delete lines 40 through 42.

Delete pages 3 through 7.

and when so amended that said bill do pass.

(Reference is to HB 1975 as introduced.)

LYTLE, Chair

Committee Vote: yeas 11, nays 0.

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1975 be amended to read as follows:

Page 2, after line 29 , begin a new paragraph and insert:

**"Sec. 6. A producer may use for seed in subsequent crop years any grain grown from a commercially produced seed stock. Notwithstanding any other law, this right may not be waived by contract."**

(Reference is to Hb 1975 as printed February 28, 2001.)

FRIEND

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