

**FINAL
FISCAL NOTE**

Drafting Number: LLS 13-0222
Prime Sponsor(s): Rep. Sonnenberg
 Sen. Giron

Date: July 3, 2013
Bill Status: Signed into Law
Fiscal Analyst: Clare Pramuk (303-866-2677)

TITLE: CONCERNING THE WHOLESALE MARKETING OF FARM PRODUCTS, AND, IN CONNECTION THEREWITH, AUTHORIZING ELECTRONIC WAREHOUSE RECEIPTS, MODIFYING PROCEDURES FOR LETTERS OF CREDIT AND SURETY BONDS, AND MODIFYING REQUIREMENTS FOR CREDIT SALE CONTRACTS.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
State Expenditures	See State Expenditures section.	
FTE Position Change		
Effective Date: The bill was signed into law by the Governor on February 27, 2013, and takes effect September 1, 2013, assuming no referendum petition is filed.		
Appropriation Summary for FY 2013-2014: None required.		
Local Government Impact: None.		

Summary of Legislation

This bill makes changes to several sections of both the Farm Products and Commodity Handler Acts. Farm products include unprocessed fruits, vegetables, livestock, milk and honey. Commodities include unprocessed small hard seeds or fruits such as wheat, corn, oats and barley. Both acts govern "credit sale contracts" which are used when the sale price for farm products or commodities is not paid at the time of the transaction. It changes the definition of credit sale contract to require that the sale price be paid at least 30 days after delivery rather than at least 60 days after delivery.

Under current law, farm product dealers and commodity handlers must file a bond or irrevocable letter of credit with the Commissioner of Agriculture. The bill makes the process and time lines for accepting and cancelling bonds and irrevocable letters of credit uniform. The coverage of the bond or irrevocable letter of credit is expanded to cover credit sale contracts. Producers or dealers protected by a letter of credit or bond are authorized to ask the Department of Agriculture to recover damages on their behalf. The time to file an action to recover damages is reduced from 24 months to 180 days after the date of the transaction or loss.

The bill also allows commodity warehouses to issue electronic receipts and repeals a requirement that state agencies evaluate the solvency of a financial institution before accepting an irrevocable letter of credit.

State Expenditures

The Department of Agriculture will modify its rules to reflect the changes in this bill. This is expected to be addressed during the department's annual rule making process and accomplished within existing resources.

Departments Contacted

Agriculture

Law

Regulatory Agencies