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**Agriculture & Natural Resources  
Committee**

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**SB 6339**

**Brief Description:** Regulating seed-related business practices.

**Sponsors:** Senators Swecker and Rasmussen.

**Brief Summary of Bill**

- Expressly includes agricultural seed, flower seed, vegetable seed, other crop seed, and certain other seeds among the agricultural commodities regulated under the state's commission merchant laws.
- Repeals an alternative bond calculation schedule for a licensee's dollar volume derived from proprietary seed bailment contracts.

**Hearing Date:** 2/24/04

**Staff:** Kenneth Hirst (786-7105).

**Background:**

With certain exceptions, no person may act as a commission merchant, dealer, broker, or cash buyer for agricultural commodities or as the agent of any of them, without being licensed by the Department of Agriculture under the state's commission merchant laws. Surety bonds are required for those licensed as commission merchants or dealers.

A "commission merchant" is a person who receives an agricultural product on consignment for sale on commission on behalf of the consignor, or for processing and sale. It is also a person who accepts a farm product in trust from a consignor for the purpose of resale, or who sells on commission an agricultural product, or who in any way handles an agricultural product for a consignor. In general, a "dealer" is a person other than a cash buyer who solicits, obtains, or contracts or agrees to obtain from a consignor the title, possession, or control of an agricultural product for resale, sale, or processing.

The bond for a commission merchant or dealer in hay, straw, turf, forage or vegetable seed is not less than \$15,000. The actual amount is determined by dividing the annual dollar volume of the licensee's net proceeds or net payments due consignors by 12 and increasing that amount to the next multiple of \$5,000. However, an alternative bond computation schedule is established for the dollar volume arising from proprietary seed bailment contracts. It is determined by dividing that

annual dollar volume by 52 and increasing the amount to the next multiple of \$2,000 (except that bonds above \$26,000 are increased to the next multiple of \$5,000).

**Summary of Bill:**

The trade in agricultural products regulated under the state's commission merchant laws expressly includes agricultural seed, flower seed, vegetable seed, other crop seed, and "seeds" as they are defined in the state's Seed Act. However, a prohibition against a commission merchant's including in the merchant's contracts a requirement that the consignor give up all involvement in determining the time the product will be sold does not apply to seeds.

The bond required for a commission merchant or dealer in such seeds is the same as is currently required for such a merchant or dealer in hay or straw or in turf, forage, or vegetable seed. Repealed is an alternative bond computation schedule for such a commission merchant or dealer for the dollar volume arising from proprietary seed bailment contracts.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.