

February 25, 1963.

**House File 334**

Agriculture 1.

By WALTER, PETERSEN of Dallas, and JOHNSON.

Passed House, Date.....

Passed Senate, Date.....

Vote: Ayes..... Nays.....

Vote: Ayes..... Nays.....

Approved.....

## **A BILL FOR**

An Act to amend chapter one hundred ninety-six (196), Code 1962, relating to the egg and poultry industry.

*Be It Enacted by the General Assembly of the State of Iowa:*

1 Section 1. Section one hundred ninety-six point three  
2 (196.3), Code 1962, is hereby amended by striking lines  
3 sixteen (16), seventeen (17) and eighteen (18) and inserting  
4 in lieu thereof the following:

5 "Eggs" defined by the United States standards and grades  
6 of eggs as "loss eggs" and "inedible eggs" shall be deemed  
7 unfit for human food. In addition thereto, filthy eggs  
8 shall also be deemed unfit for human food and shall be defined  
9 as meaning an egg shell twenty-five (25) percent or more of  
10 which is covered with adhering manure, blood, egg white or  
11 yolk, or any other foreign materials causing putrefaction  
12 by any one or any combination of substances.

1 Sec. 2. Section one hundred ninety-six point four (196.4),  
2 Code 1962, is hereby repealed and the following enacted in  
3 lieu thereof:

4 "Every buyer, dealer, processor, broker, commission agent,  
5 and hatchery engaged in the business of buying, selling,  
6 handling, receiving, or dealing in eggs from the producer  
7 shall obtain a license from the department for each  
8 establishment at which said business is conducted. In addition

9 thereto, the department shall also require, before the  
 10 issuance of any such license, the posting of a surety bond,  
 11 one condition of which shall be to guarantee payment to the  
 12 producer or producers. Such bond shall also contain a ninety-  
 13 day cancellation provision. This bond may be executed by  
 14 any surety company licensed to do business in this state, and  
 15 the amount of such bond shall be based on the size of the  
 16 dealer and processor fee required under this section, in  
 17 accordance with the following schedule:

18	Dealer and Processor Fee	Amount of Surety
19		Bond Required
20	\$12.50	\$2,000.00
21	\$25.00	\$3,000.00
22	\$37.50	\$4,000.00
23	\$50.00	\$5,000.00

24 In lieu of the surety bond herein set forth, the department  
 25 may accept a cash bond or certified fund.

1 Sec. 3. The department shall have access to and authority  
 2 to audit the records of such establishments in order to  
 3 determine the amount of surety bond to be filed with the  
 4 department. All such establishments shall maintain records  
 5 of all purchases made under the provisions of this chapter  
 6 for a period of at least twelve (12) months.

1 Sec. 4. Upon any action taken on the surety bond of any  
 2 licensee, the department may require the filing of a new  
 3 bond, and upon failure to file same within a period of ten  
 4 days thereafter, the department shall suspend or revoke the  
 5 license.

6 If in any such action on the bond the amount of indebtedness

7 to a producer or producers shall be less than the amount of  
8 the posted bond, or cash bond, or certified fund, as the case  
9 may be, then such creditors shall receive payment of such  
10 indebtedness in full; and if such indebtedness is greater than  
11 the amount of such bond, or cash bond, or certified fund, as  
12 the case may be, then such creditors shall receive payment  
13 of a prorated share on an equal basis.

1 Sec. 5. Section one hundred ninety-six point six (196.6),  
2 Code 1962, is hereby amended as follows:

3 1. By striking the word "April" in line twenty-six (26)  
4 and inserting in lieu thereof the word "May".

5 2. By striking lines nineteen (19) through twenty-five  
6 (25) and substituting in lieu thereof the following:

7 "At least one hundred twenty-five cases but less than two  
8 hundred fifty cases—twenty-five dollars.

9 At least two hundred fifty cases but less than one thousand  
10 cases—thirty-seven dollars fifty cents.

11 One thousand cases or more—fifty dollars."

1 Sec. 6. Section one hundred ninety-six point twelve  
2 (196.12), Code 1962, is hereby amended by striking from lines  
3 six (6) and seven (7) the following words:

4 "within the state of Iowa or within fifty miles outside  
5 the state boundary".

1 Sec. 7. Chapter one hundred ninety-six (196), Code 1962,  
2 is hereby amended by adding thereto the following:

3 "All inspection and license fees received by the department  
4 under this chapter shall be remitted quarterly to the treasurer  
5 of state, and shall be placed by the treasurer of state and  
6 the comptroller in a special fund to be known as the "egg

7 inspection fund", to be used by the secretary to administer  
8 and enforce the provisions of this chapter, and for this  
9 purpose the secretary may employ such assistants and inspectors  
10 as may be necessary to properly administer and enforce the  
11 provisions of this chapter. Said funds shall be subject at  
12 all times to the warrant by the state comptroller drawn upon  
13 written requisition of the secretary for the payment of all  
14 salaries or other expenses necessary to carry out the  
15 provisions of this chapter, but in no event shall the total  
16 expenses therefor exceed the total fees collected and deposited  
17 to the credit of said fund. Any remainder in said fund at the  
18 end of each fiscal year after all expenses have been paid,  
19 or a sum sufficient for payment thereof set apart, shall be paid  
20 into the general fund of the state.

1 Sec. 8. This Act being deemed of immediate importance  
2 shall be in full force and effect from and after its passage  
3 and publication in the Hardin County Index, a newspaper  
4 published at Eldora, Iowa, and the Audubon News-Advocate,  
5 a newspaper published at Audubon, Iowa.

#### EXPLANATION OF HOUSE FILE 334

The purpose of this act is to correct an error in chapter 196 of the Code, whereby no license fee was stipulated for a dealer or processor with an exact volume of 125, 250 or 1,000 cases of eggs per month.

To provide a more exacting definition of "Eggs unfit for human food."

To provide producers with a measure of protection from unscrupulous buyers and dealers by requiring that a surety bond be furnished the department of agriculture by the dealer or buyer before a dealers license is issued.

When the present egg law was passed by the General Assembly in 1955, the higher license fees were incorporated in the law upon recommendation of the egg dealers organizations to be set aside into an Egg Inspection Fund for the purpose of engaging a number of inspectors sufficient to carry out complete enforcement of the act.

However, a last minute amendment to the act put all of the license fees into the general fund with no provisions for providing the egg inspectors needed.

Since the enactment of this law, over \$300,000 has been collected in egg dealer license fees and turned over to the state treasurer.

Two years ago the legislative appropriation committee allowed sufficient funds to engage three egg inspectors. This has been done, but there is need for several more inspectors trained in this work to give complete enforcement.

This act would put all of the egg dealer license fees into an Egg Inspection Fund as was originally the intention of the egg dealers.