

FILED JAN 9 '01

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SENATE FILE

BY KIBBIE

Passed Senate, Date _____

Passed House, Date _____

Vote: Ayes _____ Nays _____

Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act providing for the marketing of livestock by prohibiting
2 price discrimination and providing penalties.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 15
AGRICULTURE

1 Section 1. NEW SECTION. 202A.4A PRICE DISCRIMINATION --
2 PROHIBITION.

3 1. Except as provided in subsection 2, a packer receiving,
4 purchasing, or soliciting livestock for slaughter in this
5 state shall not discriminate in prices paid or offered to be
6 paid to sellers of that livestock.

7 2. This section shall not apply to the purchase of
8 livestock by a packer if all of the following requirements are
9 met:

10 a. The price differential is based on one of the
11 following:

12 (1) The quality of the livestock, if the packer purchases
13 or solicits the livestock based upon a payment method
14 specifying prices paid for criteria relating to carcass merit.

15 (2) Actual and quantifiable costs related to transporting
16 and acquiring the livestock by the packer.

17 (3) An agreement for the delivery of livestock at a
18 specified date or time.

19 b. The packer provides all sellers with the same terms and
20 conditions offered to a seller who receives the differential
21 price based on any of the criteria described in paragraph "a".
22 The packer is not required to provide sellers with the same
23 terms and conditions after the close of business day on which
24 the packer provided the differential price. The packer shall
25 post a notice in a conspicuous place informing sellers of the
26 terms and conditions offered to a seller who receives a
27 differential price.

28 Sec. 2. NEW SECTION. 202A.4B PRIVATE ACTIONS.

29 1. If a seller receives a discriminatory price or is
30 offered only a discriminatory price for livestock based upon a
31 violation of section 202A.4A by a packer, the seller has a
32 civil cause of action against the packer and, if successful,
33 shall be awarded treble damages.

34 2. Any seller may apply to the district court for an
35 injunction to do any of the following:

1 a. Restrain a packer from engaging in conduct or practices
2 in violation of section 202A.4A.

3 b. Require a packer to comply with a provision of section
4 202A.4A.

5 3. A seller may void any agreement made by a packer in
6 violation of section 202A.4A.

7 Sec. 3. Section 202A.6, subsection 1, Code 2001, is
8 amended by adding the following new paragraph:

9 NEW PARAGRAPH. c. The department shall notify the
10 attorney general's office if the department has reason to
11 believe that a violation of section 202A.4A has occurred.

12 Sec. 4. Section 202A.7, Code 2001, is amended by adding
13 the following new subsection:

14 NEW SUBSECTION. 4. A packer acting in violation of
15 section 202A.4A is guilty of a fraudulent practice as provided
16 in section 714.8.

17 EXPLANATION

18 This bill amends Code chapter 202A, which regulates
19 livestock marketing practices by meat packers. A packer is
20 defined as a person who is engaged in the business of
21 slaughtering livestock or receiving, purchasing, or soliciting
22 livestock for slaughter. The definition includes a packer's
23 agent.

24 The bill prohibits price discrimination in the purchase of
25 livestock by a packer. The prohibition does not apply if,
26 first, the price differential is based on the quality of the
27 livestock, transportation costs, or the delivery of livestock
28 at a specified date or time, and second, the packer provides
29 all sellers with the same terms and conditions offered to the
30 seller who receives the differential price. The bill provides
31 that an agreement made in violation of the bill's requirements
32 is voidable. A packer violating the provision is guilty of a
33 fraudulent practice. Code chapter 199 provides that the
34 attorney general is responsible for enforcing the provisions
35 of that chapter. The bill provides that an injured seller may

1 seek injunctive relief. The injured seller may be awarded
2 treble damages in a court action.

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**SENATE FILE 15
FISCAL NOTE**

A fiscal note for **Senate File 15** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

SUMMARY

Senate File 15 amends provisions regulating livestock marketing and prohibits livestock price discrimination. Price differences based on livestock quality, transportation costs, and delivery availability is not considered price discrimination. Sellers offered identical terms as the seller receiving the differential price is not considered price discrimination.

ASSUMPTIONS

1. The average cost for salary and benefits for a full-time Compliance Officer is \$55,000 per year for FY 2002 and subsequent years.
2. The average cost for salary and benefits for a full-time Compliance Auditor is \$35,000 per year for FY 2003 and subsequent years.
3. The average cost for equipment for compliance personnel is \$10,000 for FY 2002 and subsequent years.
4. The average cost for support for two compliance personnel is \$5,000 for FY 2003 and for subsequent years.
5. The average cost for salary and benefits for a part-time Assistant Attorney General is \$14,000 per year for FY 2002 and subsequent years.
6. The average cost for a part-time investigator is \$20,000 per year for FY 2002 and subsequent years.
7. The average cost for a part-time secretary is \$8,000 per year for FY 2002 and subsequent years.
8. The average cost for travel, overhead, and other litigation costs is \$20,000 per year for FY 2002 and subsequent years.

FISCAL IMPACT

The estimated fiscal impact of Senate File 15 is an increase in General Fund expenditures of \$127,000 and 2.00 FTE positions for FY 2002. The fiscal impact for FY 2003 will be \$167,000 and 1.00 FTE position. The cost in subsequent years will be \$167,000 per year.

SOURCES

Department of Agriculture and Land Stewardship
Department of Justice

(LSB 1439SS, DFK)

FILED FEBRUARY 5, 2001

BY DENNIS PROUTY, FISCAL DIRECTOR