

4/15/01 Rereferred To Agriculture

FILED MAR 19 2001

SENATE FILE 502  
BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO LSB 3348XC)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to agricultural contracts and providing  
2 penalties.

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

SF 502

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1 Section 1. Section 202.1, Code 2001, is amended by  
2 striking the section and inserting in lieu thereof the  
3 following:

4 202.1 DEFINITIONS.

5 1. "Agricultural contract" means a marketing contract or a  
6 production contract.

7 2. "Commodity" means livestock, raw milk, eggs, wool, or a  
8 crop.

9 3. "Contract producer" means a person who holds a legal  
10 interest in a livestock facility or crop field and who  
11 produces a commodity at the livestock facility or crop field  
12 according to the terms of a production contract. "Contract  
13 producer" does not include a commercial fertilizer or  
14 pesticide applicator, a feed supplier, or a veterinarian, when  
15 acting in such capacity.

16 4. "Contractor" means a person who owns a commodity that  
17 is produced by a contract producer. A contractor includes an  
18 association organized as a cooperative in which another  
19 cooperative association organized under chapter 497, 498, 499,  
20 or 501 is a member, if the association contracts with a member  
21 which is a cooperative association organized under chapter  
22 497, 498, 499, or 501, which contracts for the care and  
23 feeding of swine with a member of the cooperative who is  
24 actively engaged in farming.

25 5. a. "Crop" means a plant used for food, animal feed,  
26 seed, fiber, oil, fuel, pharmaceuticals, or nutraceuticals if  
27 the plant is classified as a forage or cereal plant, including  
28 but not limited to alfalfa, barley, buckwheat, corn, flax,  
29 forage, millet, oats, popcorn, rye, sorghum, soybeans,  
30 sunflowers, wheat, and grasses used for forage or silage.

31 b. "Crop" does not include trees or nuts or fruit grown on  
32 trees; sod; shrubs; greenhouse plants; or plants or plant  
33 parts produced for precommercial, experimental, or research  
34 purposes.

35 6. "Crop field" means farmland where a crop is produced by

1 a producer who holds a legal interest in the farmland.

2 7. "Farmland" means agricultural land that is suitable for  
3 use in farming as defined in section 9H.1.

4 8. "Livestock" means a domesticated animal belonging to  
5 the bovine, porcine, ovine, caprine, equine, or avian species.

6 9. "Livestock facility" means an animal feeding operation  
7 as defined in section 455B.161, in which livestock or raw milk  
8 is produced by a producer who holds a legal interest in the  
9 animal feeding operation. "Livestock facility" includes a  
10 confinement feeding operation as defined in section 455B.161,  
11 an open feedlot, or an area which is used for the raising of  
12 crops or other vegetation and upon which livestock is fed for  
13 slaughter or is allowed to graze or feed.

14 10. "Marketing contract" means an oral or written  
15 agreement between a processor and a producer or contractor,  
16 who is not also a processor, for the purchase of commodities  
17 grown or raised by the producer in this state. A marketing  
18 contract is executed when it is signed by each party or by a  
19 person authorized to act on the party's behalf.

20 11. "Open feedlot" means an unroofed or partially roofed  
21 animal feeding operation in which no crop, vegetation, or  
22 forage growth or residue cover is maintained during the period  
23 that animals are confined in the operation.

24 12. "Processor" means a person, which alone or in  
25 conjunction with others, directly or indirectly controls the  
26 manufacturing, processing, or preparation of goods from  
27 commodities having a total annual wholesale value of ten  
28 million dollars or more.

29 13. "Produce" means to do any of the following:

30 a. Provide for the housing, caring, and feeding of  
31 livestock. If the livestock is dairy cattle, "production"  
32 includes milking the dairy cattle and storing raw milk at the  
33 livestock facility.

34 b. Provide for planting, raising, harvesting, and storing  
35 a crop. "Produce" includes preparing the soil for planting

1 and nurturing the crop by the application of fertilizers or  
2 soil conditioners as defined in section 200.3 or pesticides as  
3 defined in section 206.2.

4 14. "Producer" means a person who produces commodities.

5 15. "Production contract" means an oral or written  
6 agreement that provides for the production of a commodity and  
7 for payment in an amount of ten thousand dollars or more by a  
8 contractor. A production contract is executed when it is  
9 signed by each party or by a person authorized to act on the  
10 party's behalf. A production contract includes a production  
11 contract that also includes terms meeting the definition of a  
12 marketing contract.

13 Sec. 2. Section 202.2, Code 2001, is amended by striking  
14 the section and inserting in lieu thereof the following:

15 202.2 IMPLIED OBLIGATION OF GOOD FAITH.

16 An agricultural contract imposes an obligation of good  
17 faith on all parties with respect to the performance and  
18 enforcement of the agricultural contract. "Good faith", for  
19 purposes of this section, means honesty in fact and the  
20 observance of reasonable commercial standards of fair dealing  
21 in the trade.

22 Sec. 3. Section 202.3, Code 2001, is amended by striking  
23 the section and inserting in lieu thereof the following:

24 202.3 READABILITY AND DISCLOSURE.

25 1. READABILITY OF CONTRACTS. An agricultural contract,  
26 other than an oral agreement, must be in legible type,  
27 appropriately divided and captioned by its various sections,  
28 and written in plain language using words and grammar that are  
29 understandable by a person of average intelligence, education,  
30 and experience within the industry. This section does not  
31 apply to the following terms in an agricultural contract:

32 a. LEGALLY REQUIRED. Particular words, phrases,  
33 provisions, or forms of agreement specifically required or  
34 utilized by state or federal law.

35 b. CUSTOMARILY USED TERMS. Technical terms used to

1 describe the services or property which is the subject of the  
2 contract, if the terms are customarily used by contract  
3 producers in the ordinary course of business in connection  
4 with the services or property being described.

5 2. COVER SHEET. An agricultural contract, other than an  
6 oral agreement, must be accompanied by a clearly written cover  
7 sheet setting forth the following:

8 a. A brief statement that the document is a legally  
9 binding contract between the parties.

10 b. A brief statement of the material terms and conditions  
11 of the agreement, including page or section references.

12 c. A written disclosure of material risks faced by the  
13 contract producer including but not limited to liability for  
14 environmental damage, including page or section references.

15 d. A statement detailing, in plain language, the contract  
16 producer's right to review the contract as described in  
17 section 202.5 and to have the contract reviewed by an attorney  
18 or other advisor as provided in section 202.4.

19 e. A brief statement of the length of the contract and  
20 terms of termination of the contract.

21 3. Any vague or conflicting terms within the contract or  
22 statements in the cover sheet which conflict with terms of the  
23 contract shall be resolved in favor of the contract producer.

24 Sec. 4. Section 202.4, Code 2001, is amended by striking  
25 the section and inserting in lieu thereof the following:

26 202.4 CONFIDENTIALITY OF AGRICULTURAL CONTRACTS  
27 PROHIBITED.

28 1. a. A contractor shall not on or after May 24, 1999,  
29 enforce a provision in a production contract if the provision  
30 provides that information contained in the production contract  
31 is confidential.

32 b. A provision which is part of a production contract is  
33 void if the provision states that information contained in the  
34 production contract is confidential. The confidentiality  
35 provision is void whether the confidentiality provision is

1 express or implied; oral or written; required or conditional;  
2 contained in the production contract, another production  
3 contract, or in a related document, policy, or agreement.  
4 This section does not affect other provisions of a production  
5 contract or a related document, policy, or agreement which can  
6 be given effect without the voided provision.

7 2. A government body as defined in section 22.1, including  
8 the office of attorney general, shall not disclose information  
9 to the public regarding a production contract, without the  
10 signed consent of a party to the production contract. The  
11 consent may be made by executing a production contract  
12 containing a provision allowing for disclosure or by signing a  
13 separate authorization form. If a party has consented to the  
14 disclosure of the information, the government body shall not  
15 disclose information that identifies a person or geographic  
16 location referred to in the production contract. If the  
17 government body discloses the terms and conditions of the  
18 production contract, the government body shall omit the  
19 identifying information. For purposes of this section,  
20 "identifying information" includes but is not limited to the  
21 names of persons, postal or electronic addresses, political  
22 subdivisions, or telephone or facsimile numbers contained in  
23 the production contract. A production contract that is  
24 submitted to a government body on a voluntary basis is not a  
25 public record under chapter 22. An employee of a public  
26 agency who intentionally violates this subsection is guilty of  
27 a simple misdemeanor.

28 3. This section does not require a party to a production  
29 contract to divulge the information in the production contract  
30 to another person.

31 Sec. 5. Section 202.5, Code 2001, is amended by striking  
32 the section and inserting in lieu thereof the following:

33 202.5 CONTRACT PRODUCER'S THREE-DAY RIGHT TO REVIEW.

34 A contract producer may cancel a production contract,  
35 except where delivery of the commodity has been accepted, by

1 mailing a written cancellation notice by certified or  
2 restricted certified mail to the contractor within three  
3 business days after the contract is executed, or before a  
4 later cancellation deadline if a later deadline is specified  
5 in the contract. The written cancellation notice is deemed to  
6 be received whether or not the contractor signs a receipt for  
7 the notice after mailing the notice by certified or restricted  
8 certified mail in accordance with section 618.15. A contract  
9 producer shall not cancel a production contract if the  
10 contractor and contract producer have agreed in writing that  
11 the contractor may take action after execution of the contract  
12 in reliance on the contract to purchase, market, or purchase  
13 inputs for the commodity.

14 A contract producer's right to cancel, the method by which  
15 the contract producer may cancel, the name and address to  
16 which the cancellation notice should be mailed, and the  
17 deadline for canceling the production contract shall be  
18 clearly disclosed in every production contract. Failure to  
19 provide this disclosure shall be permissible grounds for a  
20 contract producer to terminate the production contract at any  
21 time after providing written notice of the termination.

22 Sec. 6. NEW SECTION. 202.6 NOTICE OF TERMINATION.

23 1. Except as provided in subsection 2, a contractor shall  
24 not terminate or cancel a production contract until the  
25 contractor has provided the contract producer written notice  
26 of the intention to terminate or cancel the production  
27 contract at least thirty days before the effective date of the  
28 termination or cancellation. The notice shall provide a  
29 complete list of complaints alleging causes for the breach of  
30 contract.

31 2. A contractor may terminate or cancel a production  
32 contract without notice as required in subsection 1 if the  
33 basis for the termination or cancellation is any of the  
34 following:

35 a. A voluntary abandonment of the contractual relationship

1 by the contract producer. A complete failure of a contract  
2 producer's performance under a production contract shall be  
3 deemed to be an abandonment.

4 b. The neglect or abuse of livestock as defined in chapter  
5 717.

6 c. The conviction of a contract producer of an offense of  
7 fraud or theft committed against the contractor.

8 d. The production contract provides for termination of the  
9 contract on a date certain and the life of the contract has  
10 come to its natural end.

11 3. A contractor shall not terminate or cancel a production  
12 contract unless the contract producer fails to remedy each  
13 cause of the breach of contract as alleged in the written  
14 notice within thirty days following receipt of the notice  
15 required under subsection 1. If a contract producer remedies  
16 or attempts to remedy the alleged causes for the breach of  
17 contract as listed by the notice, it shall not be construed as  
18 an admission of the alleged breach of contract.

19 Sec. 7. NEW SECTION. 202.7 CONTRACT PRODUCER RIGHTS.

20 1. A "contract producer right" shall include any one or  
21 more of the following legal rights and protections:

22 a. RIGHT TO JOIN ASSOCIATION. A contract producer shall  
23 have the right to join or belong to, or to refrain from  
24 joining or belonging to, an association of contract producers.

25 b. RIGHT TO CONTRACT WITH OTHERS. A contract producer  
26 shall have the right to enter into a membership agreement or  
27 marketing contract with an association of contract producers,  
28 a processor, or another contract producer. A contract  
29 producer shall have the right to exercise contractual rights  
30 under such a membership agreement or marketing contract,  
31 provided, however, that such rights do not negate or interfere  
32 with any obligation of exclusive delivery of commodities under  
33 the agricultural contract.

34 c. RIGHT TO BE A WHISTLEBLOWER. A contract producer shall  
35 have the right to lawfully provide statements or information

1 regarding alleged improper actions or violations of law by a  
2 contractor or processor. This right does not include the  
3 right to make statements or provide information if the  
4 statements or information are determined to be libelous or  
5 slanderous.

6 d. RIGHT TO USE CONTRACT PRODUCER LIEN. A contract  
7 producer shall have the right to file, continue, terminate, or  
8 enforce a lien under chapter 579A or 579B.

9 e. COMPENSATION INFORMATION. A contract producer shall  
10 have the right to receive from the contractor upon request the  
11 formula used to determine compensation paid to the contract  
12 producer under a production contract, including, but not  
13 limited to, feed conversion rates, feed analyses and  
14 origination, seed variety, and yields used in calculating the  
15 formula.

16 f. OBSERVATION OF WEIGHING. A contract producer or the  
17 contract producer's designated representative shall have the  
18 right to observe, by actual observation at the time of  
19 weighing, the weights and measures used to determine the  
20 contract producer's compensation under a production contract.

21 2. A contractor or processor shall not engage in or permit  
22 any employee or agent to engage in the following practices in  
23 connection with agricultural contracts:

24 a. RETALIATION. Take actions to coerce, intimidate,  
25 disadvantage, retaliate against, or discriminate against any  
26 contract producer because the contract producer exercises, or  
27 attempts to exercise, any contract producer right, including  
28 actions affecting the following:

29 (1) The execution, termination, extension, or renewal of  
30 an agricultural contract.

31 (2) The treatment of a contract producer, which may  
32 include providing discriminatory or less favorable terms in an  
33 agricultural contract or interpreting terms of an existing  
34 agricultural contract in a discriminatory or less favorable  
35 manner. The terms may relate to the price paid for a

1 commodity, the quality or the quantity of a commodity  
2 demanded, or financing.

3 (3) The imposition of a penalty, including the denial of a  
4 reward. The reward or penalty may be in any form, including,  
5 but not limited to, financial rewards or penalties. Financial  
6 rewards or penalties may relate to loans, bonuses, or  
7 inducements.

8 (4) Alter the quality, quantity, or delivery times of  
9 appropriate contract inputs provided to the contract producer  
10 including livestock, feed, veterinary services, vaccines,  
11 seed, plants, fertilizer as defined in section 200.3, or  
12 pesticides as defined in section 206.2.

13 b. FALSE INFORMATION TO THE CONTRACT PRODUCER. Provide  
14 false information to the contract producer, which may include  
15 false information relating to any of the following:

16 (1) Regarding the condition of the finances or the  
17 management of the contractor or processor.

18 (2) The contract producer rights provided by this chapter  
19 or other provisions of law.

20 (3) A contract producer with whom the contract producer  
21 associates or an association of contract producers or an  
22 agricultural organization with which the contract producer is  
23 affiliated, including but not limited to the condition of the  
24 finances or the management of the association of contract  
25 producers or agricultural organization.

26 c. FALSE INFORMATION TO OTHERS. Provide false information  
27 to the contract producer's associates or other persons  
28 regarding the contract producer.

29 d. ADDITIONAL CAPITAL INVESTMENTS. Require a contract  
30 producer to make new or additional major capital investments  
31 in connection with a production contract which are beyond the  
32 initial investment requirements of such production contract.  
33 It shall not be a violation of this section if such new or  
34 additional capital investments are offset by other  
35 compensation or modifications to contract terms, in a manner

1 the contract producer agrees to in writing as constituting  
2 acceptable and satisfactory consideration for the new capital  
3 investment.

4 e. DISCLOSURE OF RISKS AND READABILITY. Execute an  
5 agricultural contract in violation of the disclosure of risks  
6 and readability requirements of section 202.3.

7 f. MEDIATION PROVISIONS. Execute an agricultural contract  
8 without a mediation provision as required under section 202.9.

9 Sec. 8. NEW SECTION. 202.8 CHOICE OF LAW, JURISDICTION,  
10 AND VENUE.

11 Any condition, stipulation, or provision requiring the  
12 application of the law of another state in lieu of this  
13 chapter is void and unenforceable. A contractor or processor  
14 executing an agricultural contract with a contract producer  
15 who resides in this state is subject to personal jurisdiction  
16 in this state. Venue is determined by the location of the  
17 crop field or livestock facility where the commodity is  
18 produced in accordance with the terms of an agricultural  
19 contract.

20 Sec. 9. NEW SECTION. 202.9 MEDIATION AND ARBITRATION.

21 An agricultural contract must contain language providing  
22 for resolution of disputes concerning the contract by  
23 mediation or nonbinding arbitration.

24 An agricultural contract shall not contain language  
25 providing for resolution of disputes concerning the contract  
26 by binding arbitration. A contract providing for such  
27 resolution is void and unenforceable except where it is agreed  
28 to by the producer after the dispute has manifested and where  
29 all parties to the contract agree to the person serving as the  
30 arbitrator or arbitration panel.

31 Sec. 10. NEW SECTION. 202.10 WAIVERS.

32 Any provision of an agricultural contract which waives a  
33 producer's right or obligation of a contractor or processor  
34 established by this chapter is void and unenforceable. This  
35 section does not affect other provisions of an agricultural

1 contract, including a related document, policy, or agreement  
2 which can be given effect without the voided provision.

3 Sec. 11. NEW SECTION. 202.11 PENALTIES AND ENFORCEMENT.

4 1. A contract producer who suffers damages or whose rights  
5 are violated because of a contractor's or processor's  
6 violation of this chapter may obtain appropriate legal and  
7 equitable relief, including punitive damages, in a suit at  
8 common law pursuant to Iowa's rules of civil procedure. A  
9 contractor who violates this chapter is liable to the contract  
10 producer for treble damages.

11 a. In such a civil action against the contractor or  
12 processor where the producer prevails, the court shall award  
13 the producer court costs, reasonable attorney fees, and  
14 reasonable litigation expenses.

15 b. In order to obtain injunctive relief, the contract  
16 producer is not required to post a bond, prove the absence of  
17 an adequate remedy at law, or show the existence of special  
18 circumstances, unless the court for good cause otherwise  
19 orders. The court may order any form of prohibitory or  
20 mandatory relief that is appropriate under principles of  
21 equity, including but not limited to issuing a temporary or  
22 permanent restraining order.

23 c. If a contractor terminates or cancels a production  
24 contract other than as provided in section 202.6, the contract  
25 producer may recover damages including but not limited to the  
26 remaining value of the contract and the value of the remaining  
27 useful life of capital investments made to fulfill the  
28 contract including land, structures, machinery, or equipment  
29 to the extent that the capital investments exceed the fair  
30 market value of the land, structures, machinery, or equipment.

31 2. The attorney general may enforce a contract producer's  
32 right as identified in section 202.7, subsection 1, against a  
33 contractor, processor, or its employees or agents who take  
34 actions to impede such right. The attorney general may do all  
35 of the following:

1 a. Bring an action in district court to impose and award  
2 civil penalties under subsection 3.

3 b. Apply to the district court for an injunction to  
4 restrain the contractor or processor from engaging in conduct  
5 or practices in violation of a contract producer's right or to  
6 require a contractor or processor to comply with provisions of  
7 section 202.7, subsection 1.

8 c. Apply to the district court for the issuance of a  
9 subpoena to obtain an agricultural contract for purposes of  
10 enforcing section 202.7, subsection 1.

11 3. The district court may impose civil penalties against a  
12 contractor or processor who engages in conduct or practices in  
13 violation of a contract producer's rights as identified in  
14 section 202.7 in an amount up to five thousand dollars per day  
15 per violation. The amount of the civil penalties shall be  
16 awarded to the contract producer whose rights were violated by  
17 the contractor or processor.

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

20 NEW SUBSECTION. 3. A government body as defined in  
21 section 22.1, including the office of attorney general, shall  
22 not disclose information to the public regarding a contract  
23 for the purchase of livestock, without the signed consent of a  
24 party to the contract. The consent may be made by executing a  
25 contract containing a provision allowing for disclosure or by  
26 signing a separate authorization form. If a party has  
27 consented to the disclosure of the information, the government  
28 body shall not disclose information that identifies a person  
29 or geographic location referred to in the contract. If the  
30 government body discloses the terms and conditions of the  
31 contract, the government body shall omit the identifying  
32 information. For purposes of this section, identifying  
33 information includes but is not limited to the names of  
34 persons, postal or electronic addresses, political  
35 subdivisions, or telephone or facsimile numbers contained in

1 the contract. A contract that is submitted to the government  
2 body on a voluntary basis is not a public record under chapter  
3 22. An employee of a public agency who intentionally violates  
4 this subsection is guilty of a simple misdemeanor.

5 EXPLANATION

6 This bill provides the relationship between persons who  
7 enter into contracts for the production and marketing of  
8 agricultural commodities. The bill applies to agricultural  
9 producers and to contractors and processors who enter into a  
10 contractual relationship with agricultural producers.

11 The bill imposes an obligation of good faith upon the  
12 parties. It provides that an agricultural contract must be in  
13 legible type and printed in plain language, and be accompanied  
14 by a cover sheet. The cover sheet must include brief  
15 statements regarding the contract, including its material  
16 terms and conditions, and material risks faced by the  
17 producer. The bill provides that any vague or conflicting  
18 terms within the contract or in the cover sheet must be  
19 resolved in favor of the contract producer.

20 The bill prohibits a contractor from enforcing a provision  
21 in an agricultural contract if the provision prohibits the  
22 disclosure of the terms of an agricultural contract. The bill  
23 provides that a provision in violation of the confidentiality  
24 provision is void. The bill prohibits a government body from  
25 disclosing information contained in a production contract  
26 without the written authorization by a party. The bill  
27 prohibits the disclosure of any identifying information. The  
28 bill provides that a production contract voluntarily submitted  
29 is not considered a public record or subject to disclosure  
30 under Code chapter 22. The bill amends Code section 202A.4  
31 which provides for confidentiality of contracts for the  
32 purchase of livestock in a similar manner.

33 The bill provides that a contract producer may cancel a  
34 production contract, except where delivery of the commodity  
35 has been accepted, by mailing a written cancellation notice to

1 the contractor.

2 The bill prohibits a contractor from terminating a  
3 production contract until the contractor has provided the  
4 contract producer written notice of the intention to terminate  
5 the production contract at least 30 days before the effective  
6 date of the termination. The notice shall provide a complete  
7 list of complaints alleging causes for the breach of contract  
8 and provide the contractor with an opportunity to cure the  
9 deficiencies.

10 The bill provides for a number of contract producer rights,  
11 including the right to join associations, contract with  
12 others, provide statements regarding an alleged improper  
13 action or violations of law by a contractor or processor, the  
14 right to file and enforce a contract producer lien under Code  
15 chapters 579A and 579B, to receive information regarding how  
16 compensation is paid, and to observe the weighing and  
17 measuring of commodities.

18 The bill prohibits a person from taking action to coerce,  
19 intimidate, disadvantage, retaliate against, or discriminate  
20 against any contract producer. The bill also prohibits a  
21 person from providing false information to or about a contract  
22 producer. It also prohibits a person from requiring that a  
23 contract producer make new or additional major capital  
24 investments in an operation.

25 The bill provides that any condition, stipulation, or  
26 provision requiring the application of the law of another  
27 state in lieu of this chapter is void and unenforceable.

28 The bill provides that an agricultural contract must  
29 contain language providing for resolution of disputes. It  
30 cannot contain language providing for binding arbitration, but  
31 may provide for nonbinding arbitration or mediation.

32 The bill provides that an agricultural contract which  
33 waives a producer right or obligation of a contractor or  
34 processor is void and unenforceable.

35 The bill provides that a contract producer who suffers

1 damages or whose rights are violated because of a contractor's  
2 or processor's violation of the bill may obtain appropriate  
3 legal and equitable relief at common law pursuant to Iowa's  
4 rules of civil procedure. A contractor who violates the  
5 bill's provisions is liable to the contract producer for  
6 treble damages and attorney fees.

7 The bill provides that the attorney general may enforce a  
8 contract producer's right by bringing an action in district  
9 court to impose and award civil penalties.

10 The bill amends Code section 714.8 that currently provides  
11 that a packer who includes a confidentiality provision in an  
12 agricultural contract in violation of the chapter providing  
13 for price information reporting is guilty of a fraudulent  
14 practice. The bill provides that the fraudulent practice  
15 applies to processors under the bill.

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**SENATE FILE 502  
FISCAL NOTE**

The estimate for **Senate File 502** is hereby submitted as a fiscal note pursuant to Joint Rule 17 and as a correctional impact statement pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 502 specifies the legal requirements of an agricultural contract. The Bill specifies contract provisions containing confidential information are void or not enforceable when they contain confidential information. The Bill specifies the Attorney General may enforce a producer's contract in District Court to impose and award civil penalties.

**ASSUMPTIONS**

1. There were no convictions regarding agricultural contracts during FY 2000
2. The median cost for attorney time and paralegal time per case is \$200 for a simple misdemeanor. Court costs for a simple misdemeanor range from \$50 to \$500. A simple misdemeanor may serve up to 30 days in a residential Community-Based Correctional program, however, it is unlikely.

**CORRECTIONAL IMPACT**

Senate File 502 is expected to have a minimal correctional impact.

**FISCAL IMPACT**

Senate File 502 is expected to have a minimal impact on revenues to the General Fund.

**SOURCES**

Department of Agriculture and Land Stewardship  
Attorney General  
Criminal and Juvenile Justice Planning Division, Department of Human Rights

(LSB 3348SV, DFK)

FILED MARCH 27, 2001

BY DENNIS PROUTY, FISCAL DIRECTOR