

Survey of States (Chart 1 of 2)  
Grain and Commodity Related Laws and Programs

State	Licenses Required	Bonds Required	Audits Required
Alabama	Public Warehouseman Permit - \$50.00  Grain Dealer License – \$25.00 - 500,000 bushels \$50.00 – over 500,000 bushels  Totals: 76 licenses; 13 also have federal license	Public Warehouseman Permit - .20/bushel for storage capacity \$5.00/bale for storage capacity  Grain Dealer License – .10 total dollar value handled for the year Min. bond \$25,000, Max. bond \$100,000	At least twice a year, check grain or cotton and compare to open receipts Most cotton warehouses are audited 4 times a year Most grain dealers & warehouses are audited 3 times a year
Alaska			
Arizona	3 federally licensed warehouses		
Arkansas			
California	None	None	None
Colorado	<p>--State licensed Commodity Warehouses are required to have a net worth of \$.25/bu. of licensed capacity with a minimum of \$25,000, submit a reviewed or audited financial statement annually, pay a license fee of \$50.00/year, and a yearly inspection fees of between \$350.00 and \$3,000.00 depending on licensed capacity. There are 57 state licensed commodity warehouses in Colorado.</p> <p>--Grain Dealers without a commodity warehouse are required to submit a reviewed or audited financial statement annually, pay a license fee of \$50.00/year and a yearly inspection fee of between \$100.00 and \$300.00 depending on the volume of grain purchased.</p> <p>--252 licensed grain dealers in Colorado.</p> <p>Federally licensed grain warehouses in Colorado are required to license as grain dealers.</p> <p>--18 federally licensed warehouses in Colorado.</p>	<p>---Commodity Warehouses are required to submit a surety bond or irrevocable letter of credit in the amount of the greater of \$25,000, \$.10/bu. Or 2% of annual commodity purchases, not to exceed \$500,000.</p> <p>--- Grain dealers are required to submit a surety bond or irrevocable letter of credit in the amount of the greater of \$10,000 or 2% of annual commodity purchases, not to exceed \$200,000.</p> <p>---Commodity warehouses are allowed to submit a surety bond or irrevocable letter of credit in a dollar per dollar basis to make up for any deficit in the net worth requirement. There is no maximum.</p>	<p>---Commodity warehouses and grain dealers are required to submit an annual financial statement at the review level or higher.</p> <p>---The state does not conduct financial audits on a routine basis, unless there is a concern regarding the warehouseman's financial stability. These are conducted as needed.</p>

Delaware	<p>---21 grain mills are currently certified in Delaware.</p> <p>---112 licensed Grain Inspectors. --- approximately 100 Weigh Master licenses. Of the total number of grain mills, 4 have Federal licenses, and 2 are Federally approved, but not yet licensed.</p>	<p>The Delaware Secretary of State lists all grain mills as businesses. As such, the Secretary of State bonds them under standard business practices.</p>	<p>The Plant Industries Section of the Delaware Department of Agriculture audits grain mills to determine if State law requirements are being met. This includes mill certification, Grain Inspector licenses, utilization of required equipment, and a records audit. These audits are conducted on a weekly basis.</p>
Georgia	<p>---Grain Warehouse License: Inspection of facility, application, fee \$500 – \$1,000 based on approved capacity, minimum \$20,000 stockholder's equity. 30 State licensed, 8 Federal.</p> <p>---Cotton Warehouse License: inspection of facility, application, fee \$500 – \$2,000 000 based on approved capacity,, minimum \$20,000 stockholder's equity. 41 State licensed, 21 Federal.</p> <p>---Grain Dealer License: Application, fee \$100, minimum \$20,000 stockholder's equity. 49 State licensed, 0 Fed.</p> <p>---Cotton Dealer License: Application, no fee, no financial requirements. 30 State licensed, 0 Fed.</p> <p>---Seed Dealer License: Application, \$50 for 3 year license. 3,200 State licensed, 0 Federal</p>	<p>---Grain Warehouse bonds: minimum \$20,000 – maximum \$150,000, based on 12% value of approved storage.</p> <p>---Cotton Warehouse bonds: minimum \$20,000 – maximum \$150,000. based on \$5 per bale.</p> <p>---Grain Dealer bonds: minimum \$20,000 – maximum \$150,000. based on average of 3 year highest 1 months producer purchases in dollars.</p> <p>---Cotton Dealer bonds: Equal to highest 1 month's producer purchases up to maximum of \$150,000.</p> <p>---Seed Dealer – No bond.</p>	<p>Comprehensive examinations are required of both cotton and grain warehouses, which consist of a detailed review and recap of records, classification of products stored, determination of receipt and open storage obligations and reconciliation with measured physical inventories.</p>
Idaho	<p>---Bonded Warehouse License (68 Licensed Idaho Bonded Warehouses) License fees range from \$180.00 to \$1,070.00. Renewal application fees range from \$50.00 to \$290.00 Commodity Dealer license (67 licensed Idaho Commodity Dealers)</p>	<p>---Bonded Warehouse Provide a sufficient and current bond made out in favor of the Commodity Indemnity Fund. For each warehouse (which ever is the greatest): a. 20¢ per bushel of licensed capacity or b. 6% of the total value of agricultural</p>	<p>Statute requires Idaho to examine every warehouse once per year. Examinations have been accelerated to once every eight (8) months.</p> <p>Commodity Dealers are examined every eight (8) months.</p>

<p>Idaho (continued)</p>	<p>(Six companies licensed under the U.S. Warehouse Act representing 51 locations in Idaho)</p> <p>---Class 1 license Purchases in excess of \$250,000 in a twelve (12) month period</p> <p>---Class 2 license Purchases in excess of \$10,000 but less than \$250,000 in a twelve (12) month period.</p> <p>License fee For Class 1-- \$360.00 For Class 2-- \$180.00</p> <p>Seed Buyer License (75 Idaho Licensed Seed Buyers) License fee (up to \$500). License fee is exempt if Seed Buyer has a current Seed Dealers' license</p>	<p>commodities stored.</p> <p>c. Minimum \$25,000. d. Maximum \$500,000.</p> <p>90-day written notice shall be given to the department by the bonding company for bond cancellation.</p> <p>---A Certificate of Deposit may be submitted in lieu of a bond made out in favor of the Commodity Indemnity Fund.</p> <p>---An Irrevocable Letter of Credit may be submitted in lieu of a bond made out in favor of the Commodity Indemnity Fund.</p> <p>Commodity Dealer Provide a sufficient and current bond made out in favor of the Commodity Indemnity Fund. For Class 1 license - \$25,000 bond For Class 2 license - \$15,000 bond 90-day written notice shall be given to the department by the bonding company for bond cancellation. A Certificate of Deposit may be submitted in lieu of a bond made out in favor of the Commodity Indemnity Fund.</p> <p>Seed Buyer - Provide a sufficient and current bond made out in favor of the Seed Indemnity Fund. 6% of the total Seed Buyer indebtedness paid or owed to producers based on the previous year or the estimated current year. Whichever is the greatest value. Bond limits: Minimum \$25,000 Maximum \$500,000 An Irrevocable Letter of Credit may be submitted in lieu of a bond made out in favor of the Seed Indemnity Fund. 90-day written notice shall be given to the department by the bonding company for bond cancellation.</p>	<p>Seed Buyers are examined every eight (8) months to verify the collection and remittance of Seed Indemnity Fund assessments.</p>
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<p>Illinois</p>	<p><b><u>Regular Grain Dealer</u></b> (entity engaging in the business of buying grain from producers, delivered to a location in the State of Illinois – other than for the sole purpose of being resold as agricultural seed or for its own use as seed or feed, which are exempt from the requirement to be a licensed grain dealer.)</p> <p><b><u>Incidental Grain Dealer</u></b> (entity purchasing \$100,000 or less of grain from producers, where the grain is used solely in a feed business.)</p> <p><b><u>Class I Warehouse License</u></b> (public grain warehouse with the authority to issue both negotiable and non-negotiable warehouse receipts, and to co-mingle grain owned by licensee with grain stored for others)</p> <p><b><u>Class II Warehouse License</u></b> (public grain warehouse with the authority to issue only non-negotiable warehouse receipts, and co-mingle grain owned by license with grain stored for others.)</p> <p>Fee requirements:</p> <p><b><u>Grain Dealer</u></b>          Annual license fee \$100          Location certificates \$25 each          Truck certificates \$25 each          Illinois Grain Insurance Fund assessments (the first, second, and third year a company is licensed. Thereafter, only when the fund is below \$3,000,000 on September 1st of any year)</p> <p><b><u>Warehouse</u></b>          Annual license fee \$100          Illinois Grain Insurance Fund (IGIF) assessments (the first, second, and third year a company is licensed. Thereafter,</p>	<p>Illinois has the Illinois Grain Insurance Fund to protect depositors, lenders and producers.</p> <p>Warehouse claims are covered 100% up to a maximum draw of \$1,000,000 from the insurance fund <i>(CHANGE)</i></p> <p>Grain dealer claims are subject to time limitations but valid claimants can draw up to \$1,000,000 from the insurance fund.</p>	<p><b><u>Regular Grain Dealer and Class I Warehouse License</u></b>          Financial statement made within 90 days after the applicant's fiscal year-end and prepared in conformity with generally accepted accounting principles following an examination conducted in accordance with generally accepted auditing standards that has attached the unqualified opinion, or other opinion acceptable to the Illinois Department of Agriculture (the Department), of an independent certified public accountant licensed under Illinois law. The financial statement shall consist of a balance sheet, statement of income, statement of retained earnings, statement of cash flows, notes to financial statements, and other information as required by the Department. The financial statement shall set forth the financial position and results in operations for the most recent fiscal year of the applicant.</p> <p><b><u>Incidental Grain Dealer and Class II Warehouse License</u></b>          Financial statement made within 90 days after the date of the application prepared or certified by an independent accountant and verified under oath by the applicant. The financial statement shall set forth the balance sheet and statement of income of the applicant and other information with respect to the financial resources of the applicant that the Department may require.</p>
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<p>Illinois (continued)</p>	<p>only when the fund is below \$3,000,000 on September 1st of any year)</p> <p>Financial requirements:  <b>All Licensees</b>                  Adjusted current ratio must be at least one to one                  Adjusted debt to adjusted equity ratio must not be more than three to one.                  Net worth must be at least \$50,000                  Companies renewing their license can collateralize a deficiency</p> <p><b>26 IL Grain Dealer Only Licensees Holding Federal Warehouse</b>                  (Number of Federal Licensed Warehouses in IGIF -- 18)  <b>79 IL Grain Dealer Only</b></p> <p><b>314 IL Grain Dealer and IL Warehouse</b>  <b>8 IL Warehouse Only</b>                  427 Total Companies</p>		
<p>Indiana</p>	<p>Indiana issues 4 different licenses addressing grain warehousing &amp; merchandising activities.</p> <p><b>Grain Buyer License</b> – issued to a company that purchases more than 50,000 bushels of grain from producers and offers contracts linked to the commodity futures and or options market and or deferred pricing and delayed payment contracts. (This includes seed firms and firms licensed under the U.S. Warehouse Act.)</p> <p>Annual Fee = \$500.00 for the company and 1 facility plus \$50.00 for each additional facility</p> <p>Financial Requirements – Reviewed level financial statement with a current ration of 1:1 and net worth equal to</p>	<p>Bonding requirements under the following licenses:</p> <p>Grain Buyer License – \$10,000 or the total cost of grain purchases X ½% (.005) whichever is greater. (Indiana accepts second beneficiary on federal bonds to meet bonding requirements of federal warehouses.)</p> <p>Buyer / Warehouse License - \$10,000 plus ten cents (\$.10) X total storage capacity or the total cost of grain purchases X ½% (.005) whichever is greater.</p> <p>Warehouse License Bonding Requirements - \$10,000 plus ten cents (\$.10) X total storage capacity.</p> <p>Grain Bank License - \$10,000 plus ten</p>	<p>The Indiana Grain Buyers and Warehouse Licensing Agency audits each licensed firm for their ability to pay their grain liabilities. If the firm fails to meet the statutory 80% rule (the firm must maintain 80% of it's grain liability in grain assets) the auditor will continue with a current ratio audit. If the firm does not meet a 1:1 current ratio the auditor will continue with a balance sheet audit. Firms are audited 3 to 4 times every 2 years. An accelerated audit schedule is used on firms that have had prior violations or have displayed a weak financial condition.</p>

<p>Indiana (continued)</p>	<p>\$10,000 plus five cents (\$.05) X total number of bushels purchased in the last fiscal year.</p> <p>Bonding Requirements – \$10,000 or the total cost of grain purchases X ½% (.005) whichever is greater. (Indiana accepts second beneficiary on federal bonds to meet bonding requirements of federal warehouses.)</p> <p>Grain Buyer Licenses issued – 112 licenses covering 184 facilities (this includes 22 companies with 96 facilities licensed under the U.S. Warehouse Act).</p> <p><b>Buyer / Warehouse Licenses – a company that operates as a grain buyer and a warehouseman.</b></p> <p>Annual Fee –          Less than 250,000 bu. storage capacity - \$250.00          250,000 – 999,999 bu. storage capacity - \$500.00          1,000,000 – 10,000,000 bu. storage capacity - \$750.00          Over 10,000,000 bu. storage capacity - \$1,000.00</p> <p>Financial Requirements – Reviewed level financial statement with a current ration of 1:1. Net worth requirement for firms with less than 1,000,000 storage capacity is \$10,000 plus ten cents (\$.10) X bu. storage capacity or the total number of bushels purchased X five cents (\$.05) whichever is greater. The requirement for firms with 1,000,000 bu. storage capacity or better is \$50,000 plus ten cents (\$.10) X bu. storage capacity or the total number of bushels purchased X five cents (\$.05) whichever is greater.</p>	<p>cents (\$.10) X total storage capacity.</p> <p>Bonding requirements are limited to a maximum of \$100,000 per license or \$500,000 for companies that maintain multiple licenses within the state. If the director finds that conditions exist that warrant requiring additional bond or cash deposit, there shall be added to the amount of bond or cash deposit as determined under the other provisions of this section, a further amount to meet the conditions.</p>	
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<p>Indiana (continued)</p>	<p>Bonding Requirements - \$10,000 plus ten cents (\$.10) X total storage capacity or the total cost of grain purchases X ½% (.005) whichever is greater.</p> <p>Buyer / Warehouse Licenses issued – 189 licenses covering 300 facilities</p> <p><b>Warehouse License</b> – a company that stores grain for hire and purchases less than 50,000 bu. of grain annually.</p> <p>Financial Requirements – Reviewed level financial statement with a current ration of 1:1. Net worth requirement is \$15,000 plus ten cents (\$.10) X bu. storage capacity.</p> <p>Bonding Requirements - \$10,000 plus ten cents (\$.10) X total storage capacity.</p> <p>Warehouse Licenses issued – 6 companies covering 13 facilities</p> <p><b>Grain Bank License</b> – a company that stores only grain bank (feed bank) grain and purchases less than 50,000 bu. of grain annually with a storage capacity of not more than 50,000 bu.</p> <p>Financial Requirements – Reviewed level financial statement with a current ration of 1:1. Net worth requirement is \$10,000 plus ten cents (\$.10) X bu. storage capacity.</p> <p>Bonding Requirements - \$10,000 plus ten cents (\$.10) X total storage capacity.</p> <p>Warehouse Licenses issued – 11 companies covering 11 facilities.</p>		
<p>Iowa</p>	<p><b>Warehouse License.</b> In Iowa if an entity accepts bulk grain for storage for</p>	<p>In Iowa we have the Grain Indemnity Fund in lieu of Surety bonds.</p>	<p>Iowa performs examinations not audits.</p>

<p>Iowa (continued)</p>	<p>more than 30 days a warehouse license is required. Exceptions to this requirement are: an entity that stores grain for less than 30 days and certain small grain bank operators who has a capacity of 25,000 bushels or less. A Class 1 (a warehouse with a capacity of 100,000 bushels or more) and Class 2 (a warehouse with a capacity of 100,000 bushels or less) Warehouse must maintain a net worth of at least 25 cents (25¢) per bushel of licensed capacity.</p> <p>Fees – Warehouse licensing fees are based upon the capacity of the warehouse and range from \$58.00 to \$440.00</p> <p>As of November 1, 2002,          State Licensed Warehouse           265          Federal Licensed Warehouses       135          (approximately)</p> <p><b>Grain Dealer License – An Iowa Grain Dealers license is required of most people who purchase grain from producers within the State of Iowa. Exceptions to this requirement are: a person who purchases less than 1,000 bushels per calendar month, a producer who purchases grain for their own use as seed or feed, certain seed dealers, certain feed manufactures and a custom livestock feeder.</b></p> <p>Financial Requirements – A Class 1 Grain Dealer (an entity that purchases more than \$500,000 from producers per the Grain Dealer’s fiscal year or purchases grain by credit-sale contract) must maintain at all times a net worth of at least \$75,000. Class 2 Grain Dealers (an entity that purchases less than \$500,000 from producers and can not purchase any grain by credit-sale</p>	<p>Coverage is 90% of the loss up to a maximum of \$150,000 per claimant. The Indemnity fund does not cover any credit-sale contract transaction or grain in store at a federally licensed warehouse. Currently only new applicants are paying into the indemnity fund.</p> <p>The only bonds that <u>State Licensed Warehouses</u> file with the Department are for net worth deficiencies (two thousands dollars for each one thousand dollars or fraction thereof of net worth deficiency), to cover a quality and/or quantity shortage (the quality and/or quantity shortage bond is 100% of the shortage and the warehouse operator must correct the deficiency within 30 days) and emergency storage space (two dollars for each bushel in emergency storage space)</p> <p>The only bonds that Grain Dealer’s file with the Department are for net worth and/or current ratio deficiencies (two thousands dollars for each one thousand dollars or fraction thereof of net worth and/or current ratio deficiency). (The maximum bond to cover a current ratio is one million dollars.); Class 1 grain dealer’s who are authorized to purchases grain by credit-sale contract, must furnish the Department with either a audited financial statement or a \$100,000 bond/letter of Credit and if a Class 1 grain dealer’s debt to asset ratio exceeds .75 to 1 the Department may require the grain dealer to file a dollar for dollar bond on the amount of grain that the grain dealer purchases by means of credit-sale contract.</p>	<p>Warehouse Examinations -The Code of Iowa requires all state licensed warehouses to be examined once every 12 months to determine whether they are complying with state laws and regulations and that sufficient grain is being held to meet the warehouse operator’s obligations. The Code of Iowa also requires the Department to perform at least two examinations on warehouses with a probability of failure factor greater than 40 percent.</p> <p>Grain Dealer Examinations – The Code of Iowa requires all grain dealers to be examined once every eighteen months to determine whether they are complying with state laws and regulations and to insure that producers are properly paid in accordance with Iowa law. The Code of Iowa also requires the Department to perform at least two examinations on warehouses with a probability of failure factor greater than 40 percent.</p>
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<p>Iowa (continued)</p>	<p>contracts) must maintain a net worth of \$37,500.</p> <p>All Grain Dealers (Class 1 and Class 2) must maintain a current ratio of 1:1. (For every dollar of current liabilities they have, they must have one dollar of current assets).</p> <p>Only Class 1 Grain Dealers who are <u>authorized</u> by the Department can purchase grain by credit-sale contract. (A credit-sale contract is a contract for the sale of grain pursuant to which the sale price is to be paid more than thirty days after the delivery of the grain to the buyer, or a contract which is titled as a credit-sale contract.</p> <p>Grain Dealer Fees – The license and inspection fees are based upon the amount of purchases, which the grain dealer makes per calendar year and range from \$60.00 to \$955.00.</p> <p>As of November 1, 2002, 509 licensed Grain Dealers.</p> <p><b>Weights and Measurement</b> - All devices used for custody of grain must be legal for trade, licensed, and certified according to Iowa Code. These devices include but are not limited to scales, grain moisture meters and grain test scales. License fees range from \$9.00 for grain test scales to \$106.50 for the largest truck scales. All grain moisture meter fees are \$24.00.</p>		
<p>Kansas</p>	<p>A licensed warehouse in Kansas must submit a reviewed or audited financial statement by an independent Certified Public Accountant indicating a net worth of twenty five cents per bushel of</p>	<p>Every facility must file a bond with good corporate surety qualified under the law in the state of Kansas. The amount of the bond shall be twenty cent per bushel of licensed</p>	<p>Examinations are conducted once every fiscal year at a minimum. Facilities with identifiable problems may be placed on an accelerate examination schedule. Examinations include a complete</p>