



www.lsc.ohio.gov

OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

H.B. 95
135th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Click and Creech

Jeff Grim, Research Analyst

SUMMARY

- Revises several of the circumstances under which claims by a depositor of agricultural commodities with an agricultural commodity handler who fails to pay the depositor are reimbursed at 100% from the Agricultural Commodity Depositors Fund.
- If a commodity depositor's loss involves circumstances other than when 100% payment for the loss is required, decreases the fund's liability to an amount equal to 75% of the loss, rather than 100% of the first \$10,000 of losses and 80% of the remaining dollar value of losses as in current law.

DETAILED ANALYSIS

Agricultural commodity handlers

Background

The law governing agricultural commodities provides for the licensure and regulation of agricultural commodity handlers (commonly known as grain elevators) in Ohio. All licensed handlers must remit fees established by the Director of Agriculture on each bushel of an agricultural commodity deposited with the handler. The Director must deposit these fees in the Agricultural Commodities Fund. The fund is used to pay claims made by agricultural commodity depositors when the handler, for a variety of reasons, is unable to pay the depositor for the deposited commodity. Under current law, an agricultural commodity is corn, soybeans, or wheat, and the Director may add additional commodities by rule.¹

¹ R.C. 926.18; R.C. 926.01, 926.16, and 926.17, not in the bill. According to the Department of Agriculture, licensed agricultural commodity handlers must meet certain net worth requirements that are verified by financial statements annually submitted to the Department. Licensed agricultural

Claims

The bill revises several of the circumstances under which claims must be paid from the fund to a depositor who has not received payment from an agricultural commodity handler. Current law establishes circumstances under which a depositor receives 100% of the depositor's loss from the fund. Losses incurred outside of those circumstances are paid at 100% of the first \$10,000 of loss and 80% of the remaining dollar value of that loss.

The bill first revises the circumstances under which a depositor is paid 100% of the depositor's loss by doing the following:

1. If the commodity handler's license is suspended and the handler failed to pay for the commodities on or before the date on which the suspension occurred, increasing the number of days by which the commodities had to be priced prior to the suspension from 30 days to 45 days;
2. If the commodity handler's license is suspended and there is a deferred payment agreement between the depositor and the commodity handler, doing all of the following:
 - a. Increasing the number of days by which the commodities had to be priced prior to the suspension from 90 days to 365 days;
 - b. Increasing the number of days by which payment for the commodity must be made pursuant to the deferred payment agreement from 90 days to 365 days following the date of delivery; and
 - c. Requiring that the deferred payment agreement between the handler and depositor be signed.
3. Adding a new circumstance that requires payment of 100% of the depositor's loss when the commodities were delivered and marketed under a delayed price agreement up to two years prior to the commodity handler's license suspension. The delivery date as marked on the receipt tickets are used to determine the two-year period. The bill stipulates that the fund has no liability if the delayed price agreement was entered into more than two years prior to the commodity handler's license suspension.

The bill retains two additional circumstances in which a depositor is required to receive 100% of the depositor's loss from the fund. The first circumstance is when the commodities deposited by the depositor were stored under a bailment agreement. The second circumstance is when payment for the commodities was tendered, but the payment was subsequently denied (e.g., a check written on an account with insufficient funds).

commodity handlers also must have insurance coverage equal to full-market value on grain in their facilities to protect all or part of their losses in case of fire or other disasters. See R.C. Chapter 926.

If a commodity depositor's loss involves circumstances other than those when 100% payment for the loss is required, the bill decreases the fund's liability to an amount equal to 75% of the loss, rather than 100% of the first \$10,000 of the loss and 80% of the remaining dollar value of that loss as provided in current law.²

HISTORY

Action	Date
Introduced	03-07-23

ANHB0095IN-135/ks

² R.C. 926.18.