

HB 1375 -- Agricultural Production Contract Code

Sponsor: Crawford

This bill creates the Agricultural Production Contract Code. Provisions of the code include:

- (1) The exemption of any production contract under which the producer is required to deliver the commodity within 30 days of the production agreement;
- (2) The form in which the production contract is to be written;
- (3) The indexing requirements for a production contract;
- (4) A listing of exceptions to a confidentiality requirement and the option to include a confidentiality requirement in a production contract; and
- (5) A required explanation of any special production or handling guidelines to be included in a production contract.

The bill also prohibits with certain exceptions the cancellation or termination of a production contract by the contractor. Production contracts which require a capital investment by the producer will not be terminated without at least a 60-day prior notification, and the contracted producer is to be reimbursed for the value of the remaining useful life of any capital investment items. A contractor may terminate a production contract requiring a capital investment if the producer voluntarily abandons the contract relationship, fails to meet the provisions of the contract or satisfactorily remedy the failure, or is convicted of fraud or theft against the contractor.

The Attorney General is primarily responsible for enforcement of the bill. Persons in violation of certain provisions are guilty of a class A misdemeanor and subject to civil liability for any resulting damages.

A claim that a production contract violates a provision of the bill is to be filed within four years of the date the party alleging the violation knew or should have known of the violation.

Any provision of the bill will supercede the federal Uniform Commercial Code.