

CHAPTER 50

H.B. No. 1721

AN ACT

relating to the regulation of public grain warehouses.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 14.023, Agriculture Code, is amended to read as follows:

Sec. 14.023. TERMINATION OF STORAGE. (a) A warehouseman desiring to terminate the storage of grain in the warehouseman's warehouse, *including grain that is*

abandoned or is unclaimed prior to the sale of a warehouse, shall do so in accordance with Sections [Section] 7.206 and 7.210, Business & Commerce Code, except that the warehouseman is not required to hold the balance of the proceeds of a sale, but may transfer the balance to the state treasurer, who shall treat the money in the same manner as an escheated bank account.

(b) A purchaser in good faith of grain sold under Section 7.210, Business & Commerce Code, takes the grain free of any rights of the holder of the receipt, but the receipt is evidence of entitlement to the escheated funds deposited with the state treasurer under Subsection (a) of this section.

SECTION 2. Section 14.009, Agriculture Code, is amended by amending Subsections (d) and (e) and adding Subsections (i), (j), and (k) to read as follows:

(d) The bond must be in an amount of not less than \$15,000 nor more than \$500,000, based on the following rate:

- (1) seven [20] cents per bushel on the first million bushels of storage capacity;
- (2) five [15] cents per bushel on the second million bushels of storage capacity; and
- (3) three [10] cents per bushel on all bushels of storage capacity above two million bushels.

(e) If the actual net worth of an applicant equals less than 25 [20] cents per bushel of storage capacity, the applicant shall file a deficiency bond in an amount equal to the difference between the actual net worth and an amount determined by multiplying 25 [20] cents times each bushel of storage capacity in the applicant's warehouse. A deficiency bond is in addition to the bond required of an applicant by this section, and the maximum amount of a bond provided by Subsection (d) of this section does not apply.

(i) Subject to the approval of the department, a warehouseman may deposit the following with the department in lieu of a bond required by this section:

- (1) cash;
- (2) an irrevocable letter of credit, payable to the State of Texas;
- (3) a certificate of deposit from a federally insured bank or savings and loan institution authorized to do business in this state, assigned to the State of Texas; or
- (4) negotiable securities approved by the department as providing the same protection as a surety bond for the grain depositor.

(j) The cash, letter of credit, certificate of deposit, or securities deposited under Subsection (i) of this section must be in the same amount or have a value in the same amount as required for the warehouse bond.

(k) Any interest or income earned on an assigned certificate of deposit or securities accrues to the owner of the certificate or securities during the time of the assignment.

SECTION 3. Section 14.005, Agriculture Code, is amended by adding Subsection (c) to read as follows:

(c) If an applicant for a license previously operated a grain warehouse in this state or another state and that warehouse ceased to operate while the applicant was the operator, the applicant must submit with the application evidence acceptable to the department that all debts from the previous operation evidenced by receipts have been satisfied. The department may not issue a license to an applicant who the department determines has not satisfied all such debts from a previous operation.

SECTION 4. Section 14.032(b), Agriculture Code, is amended to read as follows:

(b) It is a defense to prosecution under this section that the change on the receipt or scale weight ticket is a notation by the warehouseman for partial delivery or corrections made by the warehouseman to reflect accuracy of accounts.

SECTION 5. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed by the House on April 13, 1987, by the following vote: Yeas 138, Nays 0, 1 present, not voting. Passed by the Senate on April 22, 1987, by the following vote: Yeas 30, Nays 0.

Approved April 30, 1987.

Effective April 30, 1987.