

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT**

LS 7517
BILL NUMBER: SB 461

NOTE PREPARED: Jan 28, 2025
BILL AMENDED: Jan 28, 2025

SUBJECT: Grain Indemnity.

FIRST AUTHOR: Sen. Leising
FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: *Grain Buyer and Warehouse Licenses:* The bill defines "revocation of a license". It creates a process in which the Director of the Indiana Grain Buyers and Warehouse Licensing Agency (IGBWLA) determines whether a building or other protected enclosure constitutes a single warehouse that requires one or more licenses. It specifies the documents a person who desires to conduct business as a grain buyer, warehouse operator, or buyer-warehouse must submit to the IGBWLA to renew a license to operate. It specifies how a business as a licensee may renew its license. It specifies the types of licenses the IGBWLA shall issue and how a license may be relinquished. It establishes what information must be included in a financial statement submitted by a licensee to the IGBWLA. It removes the ability of the IGBWLA to temporarily suspend a licensee's license. It specifies various matters related to on-premises inspections.

Enforcement Actions: The bill permits the Director of the IGBWLA to call an informal meeting with a licensee. It provides how the Director may begin an enforcement action and what information the Director must send to the licensee. It provides when the Director may revoke a licensee's license and what information the Director must share with the licensee. It establishes various notice requirements. It permits the IGBWLA to adopt rules. It requires the Director to inspect and test all equipment used to test the moisture content of grain purchased from producers once per year.

Indiana Grain Indemnity Corporation: The bill requires the Indiana Grain Indemnity Corporation (IGIC) board to elect a chairperson and vice chairperson and take on various new responsibilities. It addresses various issues with producer premiums. It provides that a grain buyer shall keep accurate and correct records of grain purchased from producers documenting the producer premiums paid by producers. It establishes storage fees to determine storage loss.

Effective Date: Upon passage; July 1, 2025.

Explanation of State Expenditures: *Summary:* The bill will increase workload for the IGBWLA and the IGIC board, but will have an indeterminate impact on their expenditures and expenditures from the Indiana Grain Indemnity Fund. It makes various changes to requirements for grain buyer and warehouse licenses, renewals, revocations, and enforcement actions. It also makes changes to the timing of eligible

claims made by a producer wishing to reenter the indemnity program and establishes minimum grain storage fees for determining storage losses. If the actions required by the bill for the IGBWLA help to ensure that a licensee maintains the financial requirements specified in the bill, future payouts from the fund could be reduced or avoided. The bill adds authorized and required purposes for which the Administrative Expense Account, within the Indiana Grain Indemnity Fund may be spent.

Additional Information:

Grain Buyer and Warehouse Licenses: The bill could increase workload for the IGBWLA to review documents and financial statements for license applications and renewals, to conduct on-premises inspections, to hold hearings, and to perform a closeout audit of a licensee that requests to relinquish a license. The bill also provides that the IGBWLA is to provide administrative support to the IGIC board, at the request of the chairperson of the IGIC board.

The bill transfers duties to inspect and test equipment used to test the moisture content of grain to the Director of the IGBWLA (rather than the Director of the Indiana State Department of Agriculture (ISDA)). This provision may have little impact, as the IGBWLA is an agency within the ISDA.

Indiana Grain Indemnity Fund: The bill authorizes the use of the Administrative Expense Account within the Indiana Grain Indemnity Fund for various legal expenses and requires the IGIC board to hire a manager or management firm, not associated with or related to any board member, to assist in actions pertaining to any claim made against the fund.

Expenditures from the Indiana Grain Indemnity Fund could be impacted indeterminately as the bill sets rates for minimum storage fees that the IGIC board must use when determining the storage losses to be paid from the fund (\$0.05 to \$0.15 per bushel per month, depending on the type of grain).

Currently, if a grain producer has received a refund of a producer premium and then requests reentry into the indemnity program, the producer cannot make a claim on the fund from a “failure” (changed by the bill to “revocation of a license”) that occurred prior to the producer meeting all the requirements for reentry. The bill requires that the claim be from the revocation of a license that occurs at least six months after the producer meets all requirements for reentry. This provision could reduce potential future payouts.

Various IGIC Provisions: The bill specifies that the six members whose affirmative votes are necessary in order for the IGIC board to take an action, must be members who are present in person. Expenditures for travel reimbursement could increase if this is not current practice. It lists requirements for the IGIC board after the revocation of a license. It authorizes the IGIC board to use the services of the ISDA, when it is considered necessary.

There are currently 418 licensed grain facilities.

Explanation of State Revenues: (Revised) *IGBWLA License Fee Fund:* The bill will have an indeterminate impact on revenue to the IGBWLA License Fee Fund, as it establishes and eliminates several fines that may be imposed on a licensee. The impact will depend on which violations are fined and whether the provisions of the bill allow for stronger enforcement or encourage compliance.

Current law states that fees collected for testing and inspection of moisture testing equipment, which are deposited into the IGBWLA License Fee Fund, are appropriated to the ISDA. The bill removes this

appropriation. This provision may have little impact, as the IGBWLA is an agency within the ISDA.

Indiana Grain Indemnity Fund: Any provision that impacts payouts from the Indiana Grain Indemnity Fund (either the amount or the timing) can also impact revenues, as current law only provides for producer premiums on grain to be collected when the fund balance drops below \$20 M. Therefore, if the bill's provisions influence when a license is revoked, prevent a license from being revoked, or increase the amounts transferred into the Administrative Expense Account within the fund for the new allowable expenses, the provisions could also impact revenues to the fund. There have only been two collection periods in the history of the fund (1996-1998 and 2015-2017).

The balance of the Indiana Grain Indemnity Fund as of June 30, 2024, was \$33.7 M. There have been \$3 M in additional payouts since the close of FY 2024, and there is \$4.6 M in expected additional payouts.

Penalty Provision: The bill establishes a Class A misdemeanor for a member of the IGIC board that violates the terms of a confidentiality agreement. When court actions occur and fines are collected, revenue to both the Common School Fund and the state General Fund increase. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in criminal, juvenile, and civil violation cases.](#)

Explanation of Local Expenditures: *Penalty Provision:* A Class A misdemeanor is punishable by up to one year in jail.

Explanation of Local Revenues: *Penalty Provision:* A member of the IGIC board that violates the terms of a confidentiality agreement commits a Class A misdemeanor. When court actions occur and guilty verdicts are entered revenue is collected by certain local units. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in criminal, juvenile, and civil violation cases.](#)

State Agencies Affected: Indiana Grain Buyers and Warehouse Licensing Agency; Indiana Grain Indemnity Corporation; Indiana State Department of Agriculture.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: mycase.in.gov: 35D01-2210-PL-000629;
<https://www.in.gov/omb/rule-approval-process/headdocumentation/>;
<https://www.in.gov/isda/divisions/indiana-grain-buyers/licensing/>;
<https://www.in.gov/isda/files/Licensees-by-County-9.18.24.pdf>;
<https://www.in.gov/isda/files/Licensees-by-Name-9.18.24.pdf>;
<https://www.in.gov/isda/divisions/indiana-grain-buyers/failures/>;
<https://www.in.gov/isda/files/BROCHURE Indiana-Grain-Indemnity-Fund.pdf>.

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