

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	6 - 0 - 0
Yeas:	Atkinson, Burdick, Edwards, Girod, Starr, Beyer
Nays:	0
Exc.:	0
Prepared By:	Richard Berger, Administrator
Meeting Dates:	3/29, 5/10, 5/12

WHAT THE MEASURE DOES: Establishes default terms and format for production contracts between agricultural grass seed producers and seed dealers. Establishes an alternative to the default contract if the contract is authenticated before planting, includes forty percent payment by March 15, and a final payment date. Establishes remedies for nonperformance and price disputes. Establishes regulations to deal with seeds that do not meet the quality specifications of the contract. Allows the Department of Agriculture to deny a seed dealer license based on an owner or manager’s previous or current status of exercising substantial control of a seed dealer company that previously had a license suspended or revoked. Allows the Department to adopt rules to require that each seed dealer provide, as a condition of issuing a seed dealer license, financial assurance for the performance for seed production contracts entered into by the seed dealer. Requires the Department to report back to the Legislative Assembly if rules are adopted to provide assurances for performance by seed dealers.

ISSUES DISCUSSED:

- Need to put the grower and the dealer on equal terms
- Ability of the dealer and grower to negotiate changes in terms if a contract authenticated before planting
- Need to ensure dealers have the financial means to fulfill their contract obligations
- Complications with storage and delivery of seed
- Provisions for off-quality seed

EFFECT OF COMMITTEE AMENDMENT: Replaces the original measure.

BACKGROUND: ORS 576.727, sometimes referred to as the “slow pay/no pay” statute, was established during the 2001 Legislative Session with the intent of addressing delayed contract payments by grass seed dealers to Oregon grass seed growers. House Bill 2159 A addresses cases where slow pay/no pay provisions was previously unenforceable because grass seed production contracts often did not provide for payment date or price.