

# Senate Bill 866

Sponsored by Senator BEYER (at the request of Oregon Grass Seed Bargaining Association)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires seed dealers to carry bonds for seed purchased under seed production contracts.

## A BILL FOR AN ACT

1  
2 Relating to seed dealer bonding; amending ORS 576.741.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1.** ORS 576.741 is amended to read:

5 576.741. (1) As used in this section:

6 (a) "Officer" means any of the following individuals:

7 (A) A president, vice president, secretary, treasurer or director of a corporation.

8 (B) A general partner in a limited partnership.

9 (C) A manager in a manager-managed limited liability company.

10 (D) A member of a member-managed limited liability company.

11 (E) A trustee.

12 (F) An individual that is an officer as defined by the State Department of Agriculture by rule.

13 A definition of "officer" adopted by department rule may include individuals not listed in this paragraph who may exercise substantial control over a business.

14 (b) "Owner" means:

15 (A) A sole proprietor of, partner in or holder of a controlling interest in an applicant; or

16 (B) Any person that is an owner as defined by the department by rule.

17 (2) The State Department of Agriculture [*may*] **shall** adopt rules to require, as a condition of  
18 issuing a seed dealer license under ORS 633.700, that each seed dealer [*provide the department fi-*  
19 *nancial assurance for the performance by the seed dealer under any seed production contract or seed*  
20 *purchase contract entered into by the seed dealer.*] **file with the department a surety bond with**  
21 **one or more corporate sureties authorized to do business in this state, or an irrevocable**  
22 **letter of credit issued by an insured institution, as defined in ORS 706.008. The amount of the**  
23 **bond or letter of credit shall be not less than 60 percent of the estimated value of the seed**  
24 **for which the seed dealer has contracted under a seed production contract for the year.**

25 (3) The department may refuse to issue a seed dealer license to an applicant if the applicant,  
26 any owner or officer of the applicant or any individual exercising substantial control over the seed  
27 industry activities of the applicant:

28 (a) Is a seed dealer for which the license has been suspended under ORS 576.738;

29 (b) Is or was an owner or officer of a seed dealer at the time of an event that resulted in the  
30 license of the seed dealer being suspended under ORS 576.738; or

31 (c) Was an individual who exercised substantial control over the seed industry activities of a  
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**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 seed dealer at the time of an event that resulted in the license of the seed dealer being suspended  
2 under ORS 576.738.

3 (4) An agent that enters into a seed production contract on behalf of a seed dealer is conclu-  
4 sively presumed to have actual authority to establish the performance obligations of the seed dealer  
5 under the contract.

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