

# House Bill 4065

Sponsored by Representative SCHARF (Presession filed.)

## 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**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act makes changes related to the late payment of seed contracts. The Act declares an emergency, effective on passage. (Flesch Readability Score: 61.3).

Modifies provisions relating to late payment of seed production contracts and seed purchase contracts for agricultural seed and other seed.

Declares an emergency, effective on passage.

## A BILL FOR AN ACT

Relating to seed contract payments; amending ORS 576.738 and 576.802; and declaring an emergency.

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

**SECTION 1.** ORS 576.738 is amended to read:

576.738. (1) If a seed dealer fails to pay a producer for agricultural seed when payment is due under a seed production contract or fails to pay a seed grower for grass seed when payment is due under a seed purchase contract, the producer or seed grower may notify the State Department of Agriculture. Upon notification by a producer or seed grower, the department shall determine whether payment has been made when due. If the department determines that the seed dealer has not made a payment that is due under a seed production contract or seed purchase contract, the department shall notify the seed dealer in writing *[that the]* **of the following requirements:**

**(a) The seed dealer** *[has 30 days to]* **must** pay the producer or seed grower all delinquent amounts plus interest on each delinquent amount. **Interest is calculated** at the rate of one percent per month simple interest **or the current market interest rate as determined by the department for loans of an amount similar to the delinquent amount, whichever is higher,** from the final payment date for that delinquent amount.

**(b) The payment required under paragraph (a) of this subsection must occur within 30 days of the date that the department's written notice was issued to the seed dealer.**

**(c) Within the 30-day period specified in paragraph (b) of this subsection, the seed dealer must provide to the department a written notice and supporting documentation verifying that the seed dealer has made the payment required under paragraph (a) of this subsection.**

(2) A seed production contract or seed purchase contract may not vary the terms of the remedy provided by this section. *[A seed dealer may appeal the notice]* **Notice** given by the department under this section *[as provided in]* **is subject to** ORS chapter 183. This section does not prevent a producer or seed grower from filing a notice of lien against a seed dealer.

(3) If a seed dealer fails to make payment *[as required by a notice given by the department under this section]* **within the 30-day period specified in subsection (1) of this section,** the department shall suspend any seed dealer license issued to the dealer until the dealer demonstrates to the satisfaction of the department that the dealer is current on all payments due to all producers and seed

**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.

growers. An order suspending a license under this subsection is subject to ORS chapter 183. However, the department may not suspend a seed dealer license under this section using the procedure described in ORS 183.430 (2).

(4) A seed dealer that fails to make payment on a seed production contract or seed purchase contract as required by a notice given by the department under this section is considered to have authorized the producer or seed grower to sell in a commercially reasonable manner any seed from the contract that is still in the possession of the producer or seed grower. This subsection does not prevent a seed dealer from giving consent to the producer or seed grower by other means and does not supersede the terms of a consent given by other means.

(5) The department may charge a producer or seed grower a fee, not to exceed **\$100** [\$50], for determining whether payment has been made in accordance with the terms of a seed production contract or seed purchase contract. The department may charge a producer or seed grower a fee, not to exceed **\$400** [\$200], for notifying a seed dealer in writing regarding the deadline for payment of delinquent amounts plus interest.

**SECTION 2.** ORS 576.802 is amended to read:

576.802. (1) If a seed dealer fails to pay a producer for other seed when payment is due under a seed production contract or fails to pay a seed grower for other seed when payment is due under a seed purchase contract, the producer or seed grower may notify the State Department of Agriculture. Upon notification by a producer or seed grower, the department shall determine whether payment has been made when due. If the department determines that the seed dealer has not made a payment that is due under a seed production contract or seed purchase contract, the department shall notify the seed dealer in writing [*that the*] **of the following requirements:**

(a) **The seed dealer** [*has 30 days to*] **must** pay the producer or seed grower all delinquent amounts plus interest on each delinquent amount. **Interest is calculated** at the rate of one percent per month simple interest **or the current market interest rate as determined by the department for loans of an amount similar to the delinquent amount, whichever is higher,** from the final payment date for that delinquent amount.

(b) **The payment required under paragraph (a) of this subsection must occur within 30 days of the date that the department's written notice was issued to the seed dealer.**

(c) **Within the 30-day period specified in paragraph (b) of this subsection, the seed dealer must provide to the department a written notice and supporting documentation verifying that the seed dealer has made the payment required under paragraph (a) of this subsection.**

(2) A seed production contract or seed purchase contract may not vary the terms of the remedy provided by this section. [*A seed dealer may appeal the notice*] **Notice** given by the department under this section [*as provided in*] **is subject to** ORS chapter 183. This section does not prevent a producer or seed grower from filing a notice of lien against a seed dealer.

(3) If a seed dealer fails to make payment [*as required by a notice given by the department under this section*] **within the 30-day period specified in subsection (1) of this section,** the department shall suspend any seed dealer license issued to the dealer until the dealer demonstrates to the satisfaction of the department that the dealer is current on all payments due to all producers and seed growers. An order suspending a license under this subsection is subject to ORS chapter 183. However, the department may not suspend a seed dealer license under this section using the procedure described in ORS 183.430 (2).

(4) A seed dealer that fails to make payment on a seed production contract or seed purchase contract as required by a notice given by the department under this section is considered to have

1 authorized the producer or seed grower to sell in a commercially reasonable manner any seed from  
2 the contract that is still in the possession of the producer or seed grower. This subsection does not  
3 prevent a seed dealer from giving consent to the producer or seed grower by other means and does  
4 not supersede the terms of a consent given by other means.

5 (5) The department may charge a producer or seed grower a fee, not to exceed **\$100** [\$200], for  
6 determining whether payment has been made in accordance with the terms of a seed production  
7 contract or seed purchase contract. The department may charge a producer or seed grower a fee,  
8 not to exceed **\$400** [\$50], for notifying a seed dealer in writing regarding the deadline for payment  
9 of delinquent amounts plus interest.

10 **SECTION 3. This 2026 Act being necessary for the immediate preservation of the public**  
11 **peace, health and safety, an emergency is declared to exist, and this 2026 Act takes effect**  
12 **on its passage.**  
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