

the federal government, state of Minnesota or subdivisions thereof or public service corporation for direct use by such purchaser. However, evidence concerning such sale shall be furnished the commissioner upon request.

Sec. 10. [24.175] **Penalties.** Any person convicted of violating any of the provisions of sections 2 to 10 or any regulations made thereunder is guilty of a misdemeanor.

Sec. 11. Minnesota Statutes 1957, Section 24.02, Subdivision 5, and Sections 24.13, 24.14, 24.15, 24.16, and 24.17, and acts amendatory thereof, are hereby repealed.

Sec. 12. Sections 1 to 11 take effect and are in force on and after January 1, 1962, but shall not apply to paint, varnish, paint oil or solvent owned by a dealer or distributor prior to such effective date.

Approved April 10, 1961.

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CHAPTER 232—S. F. No. 249

[Coded]

*An act relating to grain banks; providing for their establishment and operation; providing penalties.*

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

Section 1. [236.01] **Definitions.** Subdivision 1. For the purposes of sections 1 to 9, the following terms shall have the following meanings.

Subd. 2. "Person" includes any individual, partnership, association, corporation, joint venture or combinations thereof.

Subd. 3. "Grain Bank" means a feed-processing plant which receives and stores grain, the equivalent of which, except as is otherwise permitted by section 4, it processes and returns to the owner thereof, in such amounts, at such intervals, and with such added ingredients, as are mutually agreeable to the owner thereof and the person operating the plant.

Subd. 4. "Grain bank receipt" means a non-negotiable receipt issued to the owner of the grain or his agent.

**Changes or additions indicated by *italics*, deletions by ~~strikeout~~.**

Subd. 5. "Commission" means the Minnesota railroad and warehouse commission.

Sec. 2. [236.02] **Grain bank licensing; bonding of applicants.** Any person who (1) operates an establishment which processes grain into feed and (2) is licensed to buy grain as a public local grain warehouseman under Minnesota Statutes, Section 232.02, and acts amendatory thereof, may obtain a license to operate a grain bank. No person may conduct a grain bank without a grain bank license.

A grain bank license shall be obtained from the commission, which is hereby authorized to issue such a license upon compliance by the applicant with the bond requirements of sections 1 to 9. Such grain bank license shall be in addition to the license to buy grain as a public local grain warehouseman and shall empower the licensee to conduct a grain bank in accordance with sections 1 to 9.

Every grain bank license shall expire at midnight on the 30th day of June each year, the fee shall be \$10 for each license and a license shall be required for each location where a grain bank is operated. The fees collected under this section shall be paid into the state treasury and credited to the general revenue fund. Such licenses shall be revocable by the commission for cause upon notice and hearing. All licenses and rules regulating the operation of the grain bank shall be posted in a prominent and easily accessible place in the grain bank.

No license shall be issued for the operation of a grain bank until the applicant has filed with the commission a bond in such sum as the commission may prescribe, which sum shall not be less than \$1,500 for each license and shall at all times be in sufficient sum to cover the local market value of outstanding balances due on grain bank receipts. Such bonds shall be filed annually and cover the period of the grain bank license. Such bonds shall run to the state of Minnesota and shall be for the benefit of all persons storing grain in such grain bank. They shall be conditioned upon the faithful performance by the grain bank operator of all the provisions of the law relating to the operation of grain banks by such grain bank operator, and the rules and regulations of the commission relative thereto. The commission is authorized to require such increases in the amounts of such bonds from time to time as it deems necessary for the protection of grain bank receipt holders. The surety of such bonds shall be a corporate surety

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company authorized to transact business in the state of Minnesota. Any person for whose benefit the bond is given may commence an action thereof in their own name in district court. Any person who is granted a grain bank license at more than one location may, with the commission's approval, file one bond covering all locations in such total amount as the commission may require under sections 1 to 9 and the rules and regulations made pursuant to sections 1 to 9.

**Sec. 3. [236.03] Grain bank receipt; contents.** A grain bank receipt shall be issued for each delivery of grain to the grain bank. Each receipt shall contain the name and address of the grain bank establishment, the name or names of the person or persons for whom the grain is delivered to the grain bank, the kind, quantity, and grade of grain which shall be redelivered to the owner of the grain, and such other relevant factors as may be required by the rules and regulations of the commission.

**Sec. 4. [236.04] Charges.** Grain for which a grain bank receipt is issued shall be received and stored for processing. Storage charges shall be paid by the owner at rates prescribed by Minnesota Statutes, Section 232.06, Subdivision 1, and acts amendatory thereof, from ten days after the date on which the grain is delivered to the grain bank until the date the grain or processed grain represented by a grain bank receipt is redelivered to the owner of the grain. Storage charges shall be computed and recorded at the time of the redelivery of grain or processed grain to the owner or at time of sale by the owner. If grain evidenced by a grain bank receipt is not processed or is not sold to the operator of the grain bank, the owner thereof or his authorized agent may obtain redelivery of grain of the kind, quantity, and grade shown on the grain bank receipt which evidences such grain, if the owner or his authorized agent pays to the grain bank operator a delivery charge in an amount prescribed for delivery charges in public local warehouses by Minnesota Statutes, Section 232.06, Subdivision 1, and acts amendatory thereof. Nothing in sections 1 to 9, however, shall authorize the storage of grain or the issuance of a grain bank receipt for any grain which is not intended, when received at the grain bank, to be redelivered to the owner of the grain or his authorized agent as a part of mixed or as otherwise processed feeds within a reasonable time after such receipt.

**Sec. 5. [236.05] Duties of grain bank operator.** Subdivision 1. The operator of the grain bank shall keep

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all grain storage insured against loss by fire, windstorm and extended coverage risks for the account of the owner and shall furnish the commission with such evidence as it shall require that such insurance is in force.

Subd. 2. The grain bank operator shall determine the quantities, kinds, and grades of grain to be received from a depositor, and grain equal to the grade shown on the receipt to be due the owner of the grain on redelivery shall be used in the delivery back to the owner. However, nothing herein shall prohibit commingling of like kinds of grain or the addition to the grain of materials used in the lawful formulation of mixed feeds as may be required by the depositor of the grain. Where through no fault of the grain bank operator, redelivery of grain equal to the grade shown on the receipt cannot be made, then redelivery to the owner of a lesser grade may be made; provided the operator pays to the owner in money the difference in market value between the two grades.

Subd. 3. Deliveries of mixed or otherwise processed feeds formulated from grain bank stocks shall be at such intervals of time and in such quantities as are mutually agreeable to the owner thereof and the grain bank operator.

Subd. 4. The operator of the grain bank shall keep separate records for each customer of the balances which remain between the grain bank operator and the owner of grain who has deposited grain in the grain bank, including but not limited to the charges made under section 4 and the figures which support all balances shown.

Subd. 5. The operator of the grain bank must keep on hand at all times grain sufficient to cover all outstanding storage receipts and outstanding grain bank receipts balances.

Sec. 6. [236.06] **Grain bank's possessory lien.** The operator of a grain bank shall have a possessory lien against grain represented by a grain bank receipt for all charges and moneys owed the operator by the owner of said grain as a result of the receiving, storing, processing and other activities performed by the operator for the owner as part of the grain bank operation.

Sec. 7. [236.07] **Reports.** Every person licensed to operate a grain bank under sections 1 to 9 shall, on or before the 10th day of June of each year, render to the com-

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mission on blanks or forms prepared by it, an itemized and verified report stating the gross bushels of all grain of various kinds on hand at the beginning of the year, the gross bushels received during the year and the gross bushels redelivered to the owners of the grain as feed and otherwise, and such other information as may be provided for by the rules and regulations of the commission.

The commission may require special reports from such licensee at such times as the commission may deem expedient.

No license shall be issued to any licensed grain bank operator who has failed to make the annual report as required herein.

The commission may cause each grain bank and the business thereof and the mode of conducting the same to be inspected by one or more of its members or by its authorized agent when deemed proper, and the property, books, records, accounts, papers and proceedings of each grain bank shall at all times during business hours be subject to inspection.

**Sec. 8. [236.08] Rules and regulations by commission.** The commission is hereby authorized to promulgate in the manner provided by law such rules and regulations relative to grain bank operations as are reasonably necessary.

**Sec. 9. [236.09] Penalties for violations.** Any person who shall violate the provisions of sections 1 to 9 or the valid rules and regulations made by the commission under sections 1 to 9 shall be guilty of a misdemeanor and upon conviction shall be punished by a fine of not less than \$50 or more than \$100 or by imprisonment in the county jail for not less than 30 days or more than 90 days. It shall be the duty of the commission whenever it finds after a hearing that any of the provisions of sections 1 to 9 or its valid rules and regulations made under sections 1 to 9 have been violated by any person holding a license to operate a grain bank in this state to revoke such license, and in each case no new license shall be granted to the person whose license is so revoked nor to anyone directly or indirectly engaged in the said business for a period of one year.

**Sec. 10.** This act shall become effective July 1, 1961.

Approved April 10, 1961.

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