

Indiana Grain Buyers law change

For Farmers

The Grain Buyers law change goes into effect on July 1, 2025. The changes should not impact farmers directly, unless their current grain buyer loses their license.

Your grain will be priced within the crop year (approx. 12 months) - either by you or by your buyer. This went into effect July 1, 2024 and was not changed by SEA 461.



? What is a crop year?

A crop year is defined as the period from one year's harvest to the next year for field crops as follows:

- Barley and barley seed from June 1 to May 31
- Canola and canola seed from July 1 to June 30
- Corn and corn seed from September 1 to August 31
- Lentils and lentil seed from July 1 to June 30
- Oats and oat seed from June 1 to May 31
- Popcorn and popcorn seed from September 1 to August 31
- Rye and rye seed from June 1 to May 31
- Sorghum and sorghum seed from September 1 to August 31
- Soybeans and soybean seed from September 1 to August 31
- Sunflower and sunflower seed from September 1 to August 31
- Wheat and wheat seed from June 1 to May 31
- For all other field crops and other field crop seed from September 1 to August
 - Source: Indiana Code 26-3-7-2(7)

? Why do my crops have to be priced within a crop year?

To ensure that the grain buyer is aware of all debts on a yearly basis. Keeping grain on DP for years on end causes confusion and allows for easier money mismanagement on the part of the buyer.

? When I put my grain on DP, is it still mine?

No. In most cases when you deliver grain on DP, you are handing the title of the grain over to the buyer.

? What is the difference between IGIC and IGBWLA?

IGBWLA is the staff of the Indiana Grain Buyers and Warehouse Licensing Agency. This team works to process renewals, does on site audits, test moisture meters, processes new license requests and performs the daily, monthly, and yearly tasks as required by IC 26-3-7. All employees of the IGBWLA are full-time employees of ISDA and the State of Indiana. Indiana Grain Indemnity Corporation (IGIC) is a board made up of farmers, grain industry professionals, and banking industry representatives that are responsible for carrying out the duties of 26-4 code, mainly vetting and approving/denying claims made against the Indiana Grain Indemnity Fund. This board is required to meet twice a year, with most members having full-time jobs outside of their duties as a member of the IGIC board. SEA 461 further separates the two entities by removing the IGBWLA director as chairperson of IGIC and at the July meeting, the IGIC board will select a chairperson and vice chairperson from the voting members.

? How does revocation of a license work? And how would this impact me?

Revocation of a license, similar to previous language of failure, means that a grain bank, buyer, warehouse, or buyer-warehouse in Indiana can no longer operate. This can be due to a variety of reasons including bankruptcy, violation of Indiana code, acting contrary to, or a variety of other reasons.

Once a licensee's license has been revoked, the licensee must cease doing business according to their license immediately and their license should immediately be taken down from their facilities and offices. Their licensee must also turn over all documentation, obligations and other records to the agency. Once this has happened, farmers will be notified that the claims process has begun and a public hearing will be held. Once the claims process is complete, the claims will be turned over to the Indiana Grain Indemnity Corporation to approve any potential payouts to farmers from the Indiana Grain Indemnity Fund. Storage fees and proof of storage fees are required if a claimant is going to be paid out 100% from the Indemnity Fund in the case of a revocation.

Indiana Grain Buyers law change

For Licensees

The changes in SEA 461 remove agency discretion as it relates to potential revocation and provides a clear path for revocation of a grain buyers license.



? Do I need to prepare anything new for an audit?

- Current review level or audit level financial statement and contain the following:
 - Income statement
 - Balance sheet
 - Statement of cash flow
 - Statement of retained earnings
 - Preparers Notes
 - Other information agency requires
 - Aged AR 90 and 120 days
 - Daily position record as of fiscal year end
- Prepared by an independent accountant certified under IC 25-2.1
- Complies with generally accepted United States accounting principles

? Does ISDA still do the audits or is it a third-party?

Yes, ISDA employees will still be doing the audits under the direction of the Indiana Grain Buyers and Warehouse Licensing Agency director.

? Why was the law change needed?

Because of the results of the previous failures and the Huntington County Court case, the legislature decided to act and change the laws. Additionally, the agency requested for more clear parameters for revoking a license, which lawmakers agreed with.

? Why would the agency revoke a license?

Revocation happens to minimize the impact of the financial loss for farmers. The new law spells out the requirements that lead to a license revocation. For example, if a licensee does not have the necessary 1:1 ratio after a 90-day notice or if they don't have the 85% of the unpaid balance of grain payables in unencumbered assets (aka-their cash needs to meet their grain debts).

? How many grain buyers will this impact?

The law has the potential to impact more licensees than previous laws.

? How does a revocation of a license work?

Once a licensee's license is revoked, the licensee must do the following:

- Immediately cease all activities covered by the revoked license.
- Immediately remove all public indications regarding the license.
- Promptly turn over and deliver to the IGBWLA director or representative all books, records, and other property related to or containing information on the activities and any obligations covered by the revoked license.
- Comply with any additional terms and conditions.
- Comply with orders from the director respecting the revoked license, any obligations or activities covered by the revoked license or claims administration process.

Reminder: In most situations, a licensee will have multiple touchpoints with the agency before a license is revoked, including an informal meeting. The agency does have the authority to revoke a license whenever a person or licensee is acting contrary to Indiana code.

? Does this new law allow for electronic submission of financial documents and other renewal documents?

Yes, the agency is preparing to rollout a new software that over the course of the next year will facilitate the transition from paper and mailing renewal documents to a completely electronic renewal process.

? What changed with the insurance and bonding?

If a licensee does not keep their insurance and/or bonding active the agency will be assessing a \$1,000 late fee if insurance proof is not provided to IGBWLA.