## Stricken language would be deleted from and underlined language would be added to present law. Act 1169 of the Regular Session

1 2	State of Arkansas As Engrossed: $H2/4/15$ $H2/12/15$ $A$ $Bill$		
3	Regular Session, 2015 HOUSE BILI	. 1214	
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5	By: Representative Eubanks		
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7	For An Act To Be Entitled		
8	AN ACT TO REQUIRE THAT NOTICE BE GIVEN TO GROWERS		
9	CONCERNING ADDITIONAL INVESTMENTS THAT MAY BE		
10	REQUIRED UNDER A PRODUCTION CONTRACT; TO DECLARE AN		
11	EMERGENCY; AND FOR OTHER PURPOSES.		
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13			
14	Subtitle		
15	TO REQUIRE THAT NOTICE BE GIVEN TO		
16	GROWERS CONCERNING ADDITIONAL INVESTMENTS		
17	THAT MAY BE REQUIRED UNDER A PRODUCTION		
18	CONTRACT; AND TO DECLARE AN EMERGENCY.		
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20	BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:		
22	DE II ENACIED DI THE GENERAL ASSEMBLI OF THE STATE OF ARRANGAS:		
23	SECTION 1. Arkansas Code § 2-32-201(b) and (c), concerning product	ion	
24	contracts, are amended to read as follows:	1011	
25	(b) A production contract shall:		
26	(1) Be written in a readable form and <del>shall</del> be accompanied by	a a	
27	clearly written disclosure statement, signed by the grower, setting forth		
28	nature of the material risk faced by all growers if the growers enter int		
29	the production contract;		
30	(2) Be negotiated, entered into, and executed in an environme	nt	
31	free from unfair or deceptive trade practices or other violations of law;		
32	(3) Not prohibit or discourage a grower from associating with	L	
33	other growers to compare production contract terms or to address concerns or		
34	problems;		
35	(4) Not prohibit or discourage growers from seeking profession	nal,	
36	legal, financial, and agricultural production advice and counsel related	to	

1	the production contract's terms, obligations, and responsibilities; and
2	(5)(A) Not deny $\frac{1}{2}$ a party to the production contract the
3	ability to address a dispute in $\frac{any}{a}$ court of competent jurisdiction.
4	(B) If after a dispute arises, all parties to the
5	production contract agree, then $\frac{1}{2}$ dispute arising under the contract may
6	be submitted to arbitration+; and
7	(6) Contain certain disclosure notices, including without
8	<u>limitation:</u>
9	(A) The notices required under 7 U.S.C. § 197a, as it
10	existed on January 1, 2015; and
11	(B) Notice that the grower's execution of the production
12	contract establishes that the grower understands and acknowledges that
13	additional large capital investments, including without limitation the
14	purchase of additional equipment, the completion of improvements, and the
15	upgrade of structures housing poultry or livestock, may be required of the
16	grower during the term of the production contract.
17	(c)(l) Any A production contract or a provision of a production
18	contract that violates a provision of subsection (b) of this section is void
19	and unenforceable.
20	(2) This subsection shall not affect another provision of a
21	production contract, including a contract or related document, policy, or
22	agreement that can be given effect without the voided provision.
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24	SECTION 2. Arkansas Code Title 4, Chapter 86, Subchapter 1, is amended
25	to add an additional section to read as follows:
26	4-86-110. Additional investment for production contracts.
27	(a) For purposes of this section, "production contract" means the same
28	as defined in § 2-32-201.
29	(b) A lender or loan originator shall provide the following notice in
30	boldface in or attached as a separate document to a commercial loan agreement
31	if the borrower is obtaining financing relating to a production contract:
32	"NOTICE: The Borrower may be required to make additional investments to
33	comply with the related production contract before the term of this agreement
34	is complete. The Lender is not obligated to make any additional loans to the
35	Borrower if additional investments are required to comply with the related
36	production contract.

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2	SECTION 3. EMERGENCY CLAUSE. It is found and determined by the
3	General Assembly of the State of Arkansas that agriculture is an essential
4	element of Arkansas's economy; that protecting the members of the
5	agricultural community in Arkansas is in the best interests of the state;
6	that the failure of some contractors to notify growers in advance that
7	additional investments may be required under a production contract has
8	resulted in some growers being forced to close their businesses; and that
9	this act is immediately necessary because the unexpected closure of these
10	businesses is harmful to the state's agricultural community and overall
11	economy. Therefore, an emergency is declared to exist, and this act being
12	immediately necessary for the preservation of the public peace, health, and
13	safety shall become effective on:
14	(1) The date of its approval by the Governor;
15	(2) If the bill is neither approved nor vetoed by the Governor,
16	the expiration of the period of time during which the Governor may veto the
17	<u>bill; or</u>
18	(3) If the bill is vetoed by the Governor and the veto is
19	overridden, the date the last house overrides the veto.
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21	/s/Eubanks
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24	APPROVED: 04/07/2015 Emergency Clause failed.
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