Stricken language would be deleted from and underlined language would be added to present law. Act 588 of the Regular Session

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3	3 Regular Session, 2023	HOUSE BILL 1618
4		
5	5 By: Representative Wing	
6	6 By: Senator Hill	
7		
8	For An Act To Be E	ntitled
9	9 AN ACT TO AMEND THE LAW REGARDING	CATFISH PROCESSORS
10	AND COMMERCIAL BAIT AND ORNAMENTAL	L FISH; TO TRANSFER
11	THE POWERS, DUTIES, AND RESPONSIB	ILITIES OF THE STATE
12	PLANT BOARD REGARDING CATFISH PROC	CESSORS AND
13	COMMERCIAL BAIT AND ORNAMENTAL FIS	SH TO THE DEPARTMENT
14	OF AGRICULTURE; AND FOR OTHER PUR	POSES.
15	1.5	
16	16	
17	Subtitle Subtitle	
18	TO TRANSFER THE POWERS, DUTI	ES, AND
19	9 RESPONSIBILITIES OF THE STAT	E PLANT BOARD
20	20 REGARDING CATFISH PROCESSORS	AND
21	COMMERCIAL BAIT AND ORNAMENT	AL FISH TO
22	THE DEPARTMENT OF AGRICULTUR	Е.
23	23	
24	24	
25	BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE S	STATE OF ARKANSAS:
26	26	
27	SECTION 1. DO NOT CODIFY. TEMPORARY LA	ANGUAGE. <u>Rules.</u>
28	(a)(1) The transfer of duties from the	State Plant Board to the
29	29 <u>Department of Agriculture under this act does</u>	not affect the orders, rules,
30	directives, registration, licensing, or standa	ards made or promulgated by the
31	State Plant Board under § 2-5-201 et seq. and	§ 2-6-101 et seq. before the
32	32 <u>effective date of this act.</u>	
33	(2) The orders, rules, directives	s, registration, licensing, or
34	34 standards of the State Plant Board promulgated	l under § 2-5-201 et seq. and §
35	35 <u>2-6-101 et seq. shall continue to be in effec</u>	until they are amended or
36	repealed under authority given by this law.	

1	(b) A proposed rule that has been initiated by the State Plant Board
2	under § 2-5-201 et seq. and § 2-6-101 et seq. but is not final shall be
3	transferred to the Department of Agriculture to continue through the rule
4	promulgation process under the Administrative Procedure Act, § 25-15-201 et
5	seq.
6	
7	SECTION 2. Arkansas Code § 2-5-203 is amended to read as follows:
8	2-5-203. Definitions.
9	As used in this subchapter+,
10	(1) "Board" means the State Plant Board; and
11	(2) "Person" "person" means an individual, partnership, limited
12	liability company, corporation, association, or two (2) or more individuals
13	having a joint or common interest.
14	
15	SECTION 3. Arkansas Code §§ 2-5-204 through 2-5-208 are amended to
16	read as follows:
17	2-5-204. Powers and duties of State Plant Board Department of
18	Agriculture.
19	(a) The State Plant Board Department of Agriculture shall:
20	(1) Administer this subchapter and the Commercial Bait and
21	Ornamental Fish Fund Livestock and Poultry Special Revenue Fund;
22	(2) Certify the commercial bait and ornamental fish that meet
23	the standards and qualifications of the board <u>department</u> under this
24	subchapter;
25	(3) Investigate methods of production and the occurrence of
26	certain diseases, undesirable plants, undesirable animals, and other
27	contaminants of commercial bait and ornamental fish and fisheries;
28	(4) Conduct marketing programs to promote the use and sale of
29	certified bait and ornamental fish raised in Arkansas; and
30	(5) (A) Promulgate all rules the board department considers
31	necessary or desirable to implement this subchapter \pm ; and
32	(B) The board shall establish (6) Establish in its rules
33	the management practices, testing procedures, and appropriate science
34	criteria required for certification under this subchapter.
35	(b) The board may authorize the Director of the State Plant Board to
36	appoint any deputy the board considers necessary to implement this subchapter

1	If necessary to prevent the spread of disease, the State Veterinarian
2	in consultation with the Secretary of the Department of Agriculture may issue
3	orders under this subchapter for the:
4	(1) Isolation or quarantine of infected fish;
5	(2) Disinfection of premises;
6	(3) Destruction of incurably-diseased fish; and
7	(4) Disposal of fish.
8	
9	2-5-205. Certificates.
10	(a) A person that has met the standards and qualifications established
11	by the State Plant Board <u>Department of Agriculture</u> under this subchapter
12	shall receive from the $\frac{board}{constant}$ department a commercial bait and ornamental fish
13	certificate.
14	(b) The certificate shall be in the form prescribed by the board
15	department and shall attest that the commercial bait and ornamental fish
16	covered by the certificate have met the standards and qualifications
17	established by the board department under this subchapter.
18	(c) The certificate shall be displayed only by a person who is
19	certified under this subchapter.
20	
21	2-5-206. Fees.
22	(a) The State Plant Board <u>Department of Agriculture</u> may prescribe
23	application, certification, and other fees to cover the costs of inspection,
24	certification, and marketing under this subchapter.
25	(b) All fees collected under this subchapter shall be deposited into
26	the Commercial Bait and Ornamental Fish <u>Livestock and Poultry Special Revenue</u>
27	Fund to be used by the board <u>department</u> to administer this subchapter.
28	
29	2-5-207. Unlawful acts — Penalties — Revocation of certificate.
30	(a) It is unlawful for any person to:
31	(1) Use the term "Arkansas certified" or any similar term
32	concerning the quality of bait or ornamental fish without the proper
33	certification from the State Plant Board Department of Agriculture;
34	(2) Falsely advertise or represent any bait or ornamental fish
35	as being certified by the board <u>department</u> ;
36	(3) Use any emblem, label, or language for the purpose of

- 1 misleading a person into believing that any bait or ornamental fish has been
- 2 certified by the board <u>department</u> when the certification has not been
- 3 obtained;
- 4 (4) Misuse any tag, label, or certificate issued by the board
- 5 department;
- 6 (5) Obtain or attempt to obtain the certification of any bait or
- 7 ornamental fish by making a false statement or misrepresentation to the board
- 8 department or to the board's department's inspectors, deputies, or agents;
- 9 (6) Violate any rule of the board department under this
- 10 subchapter; or
- 11 (7) Violate any agreement made as a condition for receiving a
- 12 certificate.
- 13 (b) Any person who pleads guilty or nolo contendere to or is found
- 14 guilty of violating this section is guilty of a violation and shall be
- 15 punished by a fine of not less than twenty-five dollars (\$25.00) nor more
- 16 than five hundred dollars (\$500) for each offense A person who violates this
- 17 <u>subchapter or the rules promulgated under this subchapter is subject to</u>
- 18 suspension or revocation of certification or a civil penalty as provided by
- 19 <u>rule</u>, or both.
- 20 (c)(1) A certificate issued under this subchapter may be revoked by
- 21 the Director of the State Plant Board Secretary of the Department of
- 22 Agriculture after a hearing before the director secretary or his or her
- 23 designee, regardless of whether a prosecution is commenced.
- 24 (2)(A) Any person whose certificate is revoked by the director
- 25 is entitled to an appeal to the board.
- 26 (B) The decision of the board on appeal is final
- 27 department may be appealed as provided in the Arkansas Administrative
- 28 Procedure Act, § 25-15-201 et seq.

- 30 2-5-208. Intergovernmental cooperation.
- In administering this subchapter, the State Plant Board Department of
- 32 Agriculture shall cooperate to the fullest extent possible with other
- 33 agencies of the state and the federal government.

34

- 35 SECTION 4. Arkansas Code § 2-6-103(1), concerning the definition of
- 36 "board" under the Arkansas Catfish Processor Fair Practices Act of 1987, is

1	repealed.
2	(1) "Board" means the State Plant Board;
3	
4	SECTION 5. Arkansas Code \S 2-6-103(7), concerning the definition of
5	"board" under the Arkansas Catfish Processor Fair Practices Act of 1987, is
6	repealed.
7	(7) "Director" means the Director of the State Plant Board or
8	his or her designee;
9	
10	SECTION 6. Arkansas Code § 2-6-104 is amended to read as follows:
11	2-6-104. Administration.
12	(a) This chapter shall be administered by the State Plant Board
13	<u>Department of Agriculture</u> .
14	(b) The board <u>department</u> is authorized to promulgate such rules as may
15	be necessary for the efficient enforcement of this chapter, including the
16	establishment of reasonable fees for registering with the board <u>department</u> .
17	(c) If necessary to prevent the spread of disease, the State
18	<u>Veterinarian in consultation with the Secretary of the Department of</u>
19	Agriculture may issue orders under this subchapter for the:
20	(1) Isolation or quarantine of infected fish;
21	(2) Disinfection of premises;
22	(3) Destruction of incurably-diseased fish; and
23	(4) Disposal of fish.
24	
25	SECTION 7. Arkansas Code § 2-6-105 is amended to read as follows:
26	2-6-105. Registration and suspension — Exception.
27	(a)(l) Except as provided in subsection (e) of this section, every
28	catfish processor in the state shall register with the State Plant Board
29	Department of Agriculture.
30	(2) Applications for registration as a catfish processor under
31	this chapter shall be made on forms prescribed by the Director of the State
32	Plant Board department.
33	(3) Every application is to be accompanied by an application fee
34	of one hundred fifty dollars (\$150), a certified financial statement in a
35	form prescribed by the director department, and any further information the
36	director department may by rule require.

- 1 (b) The board department shall promulgate such rules as necessary to 2 secure the performance of catfish purchasing obligations.
 - (c) Whenever, after due notice and hearing, the board department finds any registrant is insolvent or has violated any provisions of this chapter, it may issue an order suspending the registrant for a reasonable specified period. The order of suspension shall take effect within five (5) days unless suspended, modified, or set aside by the board department or a court of competent jurisdiction.
 - (d) If the board department finds any processor is insolvent, is issuing invalid or insufficient checks, or is causing a breach of contract with the producer by failure to pay the producer in accordance with the contract, the board department shall issue an order requiring the processor to cease and desist from purchasing catfish except under such conditions as the board department may prescribe to effectuate the purposes of this chapter.
 - (e) Those processors whose average annual purchases from catfish producers do not exceed one hundred thousand dollars (\$100,000) shall be exempt from the provisions of this section.

- SECTION 8. Arkansas Code § 2-6-106 is amended to read as follows: 21 2-6-106. Unlawful practices — Penalties.
 - (a)(1) With respect to catfish or catfish products, it shall be unlawful for any processor to engage in or use any unfair, unjustly discriminatory, or deceptive practice.
 - (2) If any person subject to this chapter violates any of the provisions of this chapter or of any order of the State Plant Board

 Department of Agriculture under this chapter relating to the purchase, sale, or handling of catfish, he or she shall be liable to the person injured for the full amount of damages sustained in consequence of the violation.
 - (b) This liability may be enforced either by complaint to the board department or by suit in any circuit court of competent jurisdiction. This section shall not in any way abridge or alter the remedies now existing at common law or by statute, but the provisions of this section are in addition to those remedies.
 - (c) The board <u>department</u> is authorized to apply for and the court is authorized to grant a temporary or permanent injunction restraining any

- l person from violating or continuing to violate any of the provisions of this
- 2 chapter or any rule promulgated under this chapter, notwithstanding the
- 3 existence of other remedies at law. The injunction shall be issued without
- 4 bond.
- 5 (d) The board <u>department</u> may assess civil penalties against any Class
- 6 A registrant as follows:
- 7 (1) Not more than fifty dollars (\$50.00) for each day payment to
- 8 the producer is late under § 2-6-107(a)(2);
- 9 (2) Not more than one hundred dollars (\$100) for each day
- 10 payment to the producer is late under the contract between the registrant and
- 11 the producer; and
- 12 (3) In instances where the registrant has paid a producer with
- an invalid or insufficient check, not more than two hundred dollars (\$200)
- 14 for each day the check is invalid or insufficiently funded.
- 15 (e) Civil penalties collected under this subchapter shall be deposited
- 16 into the Livestock and Poultry Special Revenue Fund.

- SECTION 9. Arkansas Code § 2-6-107(b), concerning the requirement
- 19 related to bonding by a Class A registrant, is amended to read as follows:
- 20 (b)(1) Regardless of the method elected under subdivision (a)(2) of
- 21 this section to purchase catfish products, a Class A registrant, before the
- 22 transaction, shall be required to:
- 23 (A) Be bonded in the amount of two hundred fifty thousand
- 24 dollars (\$250,000) or in an amount which may be determined by the State Plant
- 25 Board Department of Agriculture;
- 26 (B) Post a security bond in the amount of two hundred
- 27 fifty thousand dollars (\$250,000) or in an amount which may be determined by
- 28 the board department; or
- 29 (C) Provide cash security, letters of credit, and such
- 30 other evidences of security as shall be authorized by the board department.
- 31 (2) However, if a Class A registrant purchases catfish solely
- 32 and exclusively from producers that are also the owners of the processor,
- 33 then the Class A registrant is exempt from the bonding or security
- 34 requirements imposed under subdivision (b)(1) of this section.

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SECTION 10. Arkansas Code § 2-6-107(e)(3), concerning the contents of

- 1 the ticket related to the weight of catfish, is amended to read as follows:
- 2 (3) The ticket shall also contain the following:
- 3 (A) The name and address of the processor;
- 4 (B) The name of the owner of the catfish being weighed;
- 5 (C) The date the catfish are weighed;
- 6 (D) The signature of the individual who weighs the
- 7 catfish; and
- 8 (E) Any additional information as the board <u>department</u>
- 9 deems necessary for the lawful and accurate recording of the weight of the
- 10 catfish.

- SECTION 11. Arkansas Code § 2-6-107(g), concerning the responsibility for enforcement of methods related to the purchase of catfish, is amended to
- 14 read as follows:
- 15 (g) The board <u>department</u> shall be responsible for the enforcement of
- 16 this section, and its agents shall perform periodic inspections of processing
- 17 plants to ensure that the provisions of this section are being carried out
- 18 and that all deductions for foreign material are legitimate and fair to the
- 19 producer.

- 21 SECTION 12. Arkansas Code § 2-6-109 is amended to read as follows:
- 22 2-6-109. Receivership Petition Assets.
- 23 (a) The Director of the State Plant Board Secretary of the Department
- 24 of Agriculture or his or her designee in his or her discretion may, following
- 25 a suspension of a Class A registrant as provided in this chapter, file a
- 26 verified petition in the proper court requesting that the director secretary
- 27 be appointed as a receiver to take custody of catfish in the registrant's
- 28 facility and to provide for the disposition of those assets in the manner
- 29 provided in this chapter and under the supervision of the court.
- 30 (b) The petition shall be filed in the county in which the registrant
- 31 is located. The proper court shall appoint the director secretary as
- 32 receiver.
- 33 (c) Upon the filing of the petition, the court shall issue ex parte
- 34 such temporary orders as may be necessary to preserve or protect the assets
- 35 in receivership, or the value thereof, and the rights of producers, until a
- 36 plan of disposition is approved.

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by the records of the Class A registrant or the records of the director secretary.

manner required for service of an original notice.

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SECTION 13. Arkansas Code § 2-6-110 is amended to read as follows:

A petition filed by the Director of the State Plant Board Secretary of

2-6-110. Receivership - Plan for disposition of catfish.

the Department of Agriculture under § 2-6-109 shall be accompanied by the

director's secretary's plan for disposition of the processed catfish. The

plan may provide for the pro rata delivery of part or all of the processed

the supervision of the director secretary of part or all of the processed

combination thereof, as the director secretary in his or her discretion

2-6-111. Receivership - Hearings on plan - Notice - Service.

catfish for the benefit of those producers, or may provide for any

determines to be necessary to minimize losses.

catfish to producers holding weigh tickets, or may provide for the sale under

SECTION 14. Arkansas Code § 2-6-111 is amended to read as follows:

Secretary of Department of Agriculture or his or her designee under § 2-6-109

the clerk of court shall set a date for hearing on the director's secretary's

proposed plan of disposition at a time not less than ten (10) nor more than

secretary's plan of disposition shall be served upon the Class A registrant

shall not be cause for denying the appointment of a receiver and shall not be

SECTION 15. Arkansas Code § 2-6-112(a), concerning receivership and

The Director of the State Plant Board Secretary of the Department

grounds for invalidating any action or proceeding in connection therewith.

of Agriculture shall cause a copy of each of the documents served upon the

Class A registrant under § 2-6-111 to be mailed by ordinary mail to every

person holding a weigh ticket issued by the Class A registrant, as determined

notification to weigh ticket holders, is amended to read as follows:

and upon the surety company issuing the Class A registrant's bond in the

fifteen (15) calendar days after the date the petition is filed.

(a) When a petition is filed by the Director of the State Plant Board

(b) Copies of the petition, the notice of hearing, and the director's

(c) A delay in effecting service upon the Class A registrant or surety

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2 SECTION 16. Arkansas Code §§ 2-6-113 through 2-6-116 are amended to read as follows:

2-6-113. Receivership — Publication of notification of receiver's appointment.

When appointed as a receiver under this chapter the Director of the State Plant Board Secretary of the Department of Agriculture shall cause notification of the appointment to be published once each week for two (2) consecutive weeks in a newspaper of general circulation in each of the counties in which the Class A registrant maintains a business location, and in a newspaper of general circulation in this state.

13 2-6-114. Receivership - Designee - Duties of director secretary.

The Director of the State Plant Board Secretary of the Department of Agriculture may designate one (1) of his or her employees an employee to appear on behalf of the director secretary in any proceedings before the court with respect to the receivership, and to exercise the functions of the director secretary as receiver, except that the director secretary shall determine whether or not to petition for the appointment as receiver, shall approve the proposed plan for disposition of processed catfish, shall approve the proposed plan for distribution of any cash proceeds, and shall approve the proposed final report.

2-6-115. Receivership - Applicability of administrative procedures.

The actions of the Director of the State Plant Board Secretary of the Department of Agriculture in connection with petitioning for appointment as a receiver, and all actions under such appointment, shall not be subject to the provisions of the Arkansas Administrative Procedure Act, § 25-15-201 et seq.

2-6-116. Receivership - Sureties.

When the Director of the State Plant Board Secretary of the Department of Agriculture or his or her designee is appointed as receiver under this chapter, the surety on the bond of the Class A registrant shall be joined as a party defendant by the director secretary. If required by the court, the surety shall pay the bond proceeds, or so much thereof as the court finds necessary, into the court, and when so paid the surety shall be absolutely

discharged from any further liability under the bond to the extent of the payment.

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- SECTION 17. Arkansas Code § 2-6-117(a), concerning receivership and the notice of claims filing deadline, is amended to read as follows:
- (a) When appointed as receiver under this chapter, the Director of the State Plant Board Secretary of the Department of Agriculture or his or her designee is authorized to give notice in the manner specified by the court to persons holding weigh tickets issued by the Class A registrant to file their claims within sixty (60) calendar days after the date of appointment.

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- 12 SECTION 18. Arkansas Code §§ 2-6-118 through 2-6-123 is amended to read as follows:
- 14 2-6-118. Receivership Sale of processed catfish Merchandiser.
- 15 (a) When the court approves the sale of processed catfish the Director
 16 of the State Plant Board Secretary of the Department of Agriculture shall
 17 employ a merchandiser to effect the sale of those commodities.
 - (b) A person employed as a merchandiser must meet the following requirements:
 - (1) The person shall be experienced or knowledgeable in the operation of processors registered under this chapter, and if the person has ever held a registration certificate issued under this chapter, the person shall never have had the registration suspended;
- 24 (2) The person shall be experienced or knowledgeable in the 25 marketing of aquacultural products;
- 26 (3) The person shall not be the holder of a weigh ticket issued 27 by the Class A registrant and shall not have a claim against the Class A 28 registrant, whether as a secured or unsecured creditor, and otherwise shall 29 not have any pecuniary interest in the Class A registrant or the Class A 30 registrant's business.
- 31 (c) The merchandiser shall be entitled to reasonable compensation as 32 determined by the director secretary.
 - (d) A sale of processed catfish shall be made in a commercially reasonable manner and under the supervision of the director secretary.
 - (e) The <u>director</u> secretary shall have authority to sell the processed catfish, and provisions of the Uniform Commercial Code, § 4-1-101 et seq., to

the contrary notwithstanding, any processed catfish so sold shall be free of all liens and other encumbrances.

2-6-119. Receivership — Distribution to producers.

The plan of disposition, as approved by the court, shall provide for the distribution of the processed catfish, or the proceeds from the sale of processed catfish or the proceeds from any surety bond, or any combination thereof, less expenses incurred by the Director of the State Plant Board Secretary of the Department of Agriculture in connection with the receivership, to producers on a pro rata basis as their interests are determined. Distribution shall be without regard to any setoff, counterclaim, or charge.

 2-6-120. Receivership — Continued operation of business.

The Director of the State Plant Board Secretary of the Department of Agriculture or his or her designee may, with the approval of the court, continue the operation of all or any part of the business of the Class A registrant on a temporary basis and take any other course of action or procedure which will serve the interests of the producers.

2-6-121. Receivership - Reimbursement.

The Director of the State Plant Board Secretary of the Department of Agriculture shall be entitled to reimbursement out of processed catfish or proceeds held in receivership for all expenses incurred as court costs or in handling and disposing of processed catfish, and for all other costs directly attributable to the receivership. The right of reimbursement of the director secretary shall be prior to any claims against the processed catfish or proceeds of sale thereof and shall constitute a claim against the surety bond of the Class A registrant.

2-6-122. Receivership - Proceeds - Termination.

In the event the approved plan of disposition requires the sale of processed catfish, or the distribution of proceeds from the surety bond, or both, the Director of the State Plant Board Secretary of the Department of Agriculture or his or her designee shall submit to the court a proposed plan of distribution of those proceeds. Upon such notice and hearing as may be

1 required by the court, the court shall accept or modify the proposed plan. 2 When the plan is approved by the court and executed by the director secretary or his or her designee, the director secretary or his or her designee shall 3 4 be discharged and the receivership terminated. 5 6 2-6-123. Receivership - Final report. At the termination of the receivership, the Director of the State Plant 7 8 Board Secretary of the Department of Agriculture shall file a final report 9 containing the details of his or her actions, together with such additional 10 information as the court may require. 11 12 SECTION 19. Arkansas Code § 19-6-301(34), concerning the enumeration 13 of special revenues related to the Arkansas Livestock and Poultry Commission, 14 is amended to add additional subdivisions to read as follows: 15 (I) Commercial bait and ornamental fish fees collected under the 16 Commercial Bait and Ornamental Fish Act, § 2-5-201 et seq.; and 17 (J) Catfish processor civil penalties collected under the 18 Arkansas Catfish Processor Fair Practices Act of 1987, § 2-6-101 et seq.; 19 20 SECTION 20. Arkansas Code § 19-6-480 is amended to read as follows: 21 19-6-480. Livestock and Poultry Special Revenue Fund. 22 (a) The Livestock and Poultry Special Revenue Fund shall consist of 23 those special revenues as specified in 919-6-301(33) and 34, and 92-5-10024 204, 2-5-206, and 2-6-106 which that are not required for support of the 25 Arkansas Livestock and Poultry Commission Poultry and Egg Grading Program, 26 there to be used for those purposes as set out by law. 27 (b) The Director of the Arkansas Livestock and Poultry Commission, 28 with the approval of the Chief Fiscal Officer of the State, shall have the 29 authority to transfer funds from the Livestock and Poultry Special Revenue 30 Fund to the Livestock and Poultry Fund Account. 31 32 SECTION 21. Arkansas Code § 19-6-801 is repealed. 19-6-801. Commercial Bait and Ornamental Fish Fund. 33 (a) There is established on the books of the Treasurer of State, the 34 35 Auditor of State, and the Chief Fiscal Officer of the State a fund to be

known as the "Commercial Bait and Ornamental Fish Fund".

1	(b) The fund is to be used by the State Plant Board to administer the	
2	Commercial Bait and Ornamental Fish Act, § 2-5-201 et seq.	
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5	APPROVED: 4/11/23	
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