

1 INTERIM STUDY PROPOSAL 2013-021

2 State of Arkansas

As Engrossed: H3/21/13

3 89th General Assembly

A Bill

4 Regular Session, 2013

HOUSE BILL 2091

5
6 By: Representative Eubanks

7 Filed with: Interim House Committee on Agriculture, Forestry and Economic Development

8 pursuant to A.C.A. §10-3-217.

For An Act To Be Entitled

9
10 AN ACT TO REGULATE PRODUCTION CONTRACTS; TO PROTECT
11 GROWERS FROM CERTAIN PROVISIONS IN PRODUCTION
12 CONTRACTS; TO DECLARE AN EMERGENCY; AND FOR OTHER
13 PURPOSES.

Subtitle

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17 TO REGULATE PRODUCTION CONTRACTS; TO
18 PROTECT GROWERS FROM CERTAIN PROVISIONS
19 IN PRODUCTION CONTRACTS; AND TO DECLARE
20 AN EMERGENCY.

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23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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25 *SECTION 1. Arkansas Code § 2-32-201(b), concerning production*
26 *contracts, is amended to read as follows:*

27 *(b) A production contract shall:*

28 *(1) Be written in a readable form and ~~shall be~~ accompanied by a*
29 *clearly written disclosure statement setting forth the nature of the material*
30 *risk faced by all growers if the growers enter into the production contract;*

31 *(2) Be negotiated, entered into, and executed in an environment*
32 *free from unfair or deceptive trade practices or other violations of law;*

33 *(3) Not prohibit or discourage a grower from associating with*
34 *other growers to compare production contract terms or to address concerns or*
35 *problems;*

1 (4) Not prohibit or discourage growers from seeking
2 professional, legal, financial, and agricultural production advice and
3 counsel related to the production contract's terms, obligations, and
4 responsibilities; ~~and~~

5 (5)(A) Not deny ~~any~~ a party to the production contract the
6 ability to address a dispute in any court of competent jurisdiction.

7 (B) If after a dispute arises, all parties to the
8 production contract agree, then ~~any~~ a dispute arising under the contract may
9 be submitted to arbitration; and

10 (6)(A) Not require a grower to purchase additional equipment or
11 upgrade structures housing poultry as a condition to the renewal of a
12 contract with the grower.

13 (B) The prohibition stated in subdivision (b)(6)(A) of
14 this section applies only to a grower who performs in the top eighty percent
15 (80%) of the grower's complex based on the most recent annual average of the
16 grower's cost of production.

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18 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
19 General Assembly of the State of Arkansas that poultry integrators are
20 imposing unreasonable, unnecessary, and burdensome requirements on poultry
21 growers that unfairly force high-performing poultry growers to purchase
22 additional equipment and upgrade structures in order to renew their contracts
23 with the poultry integrators; that these types of contract provisions have an
24 adverse effect on the poultry industry, which is an important part of
25 Arkansas's economy that should be protected; and that this act is immediately
26 necessary because without a statutory prohibition on these types of
27 unreasonable and burdensome contract provisions, poultry integrators will
28 begin enforcing these provisions as early as May 1, 2013, which will have a
29 detrimental effect on the poultry industry in the state. Therefore, an
30 emergency is declared to exist, and this act being immediately necessary for
31 the preservation of the public peace, health, and safety shall become
32 effective on:

33 (1) The date of its approval by the Governor;

34 (2) If the bill is neither approved nor vetoed by the Governor,
35 the expiration of the period of time during which the Governor may veto the
36 bill; or

