

House Bill 876

By: Representatives Pirkle of the 155th, McCall of the 33rd, England of the 116th, Powell of the 32nd, Frye of the 118th, and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 6 of Title 4 of the Official Code of Georgia Annotated, relating to
2 livestock dealers and auctions, so as to update license and surety requirements of livestock
3 dealers and livestock market operators; to provide for publication of duly licensed dealers
4 and operators; to eliminate requirement for submission of certain reports; to correct
5 cross-references and provide for uniformity; to repeal conflicting laws; and for other
6 purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 **SECTION 1.**

9 Chapter 6 of Title 4 of the Official Code of Georgia Annotated, relating to livestock dealers
10 and auctions, is amended by revising Code Section 4-6-1, relating to definitions relative to
11 livestock dealers, as follows:

12 "4-6-1.

13 As used in this chapter, the term:

14 ~~(1) 'Bond' means a written instrument issued or executed by a bonding, surety, or~~
15 ~~insurance company licensed to do business in this state, guaranteeing that the person~~
16 ~~bonded shall faithfully fulfill the terms of the contract of purchases and guarantee the~~
17 ~~payment of the purchase price of all livestock purchased by him, made payable to the~~
18 ~~Commissioner for the benefit of persons sustaining loss resulting from the nonpayment~~
19 ~~of the purchase price or the failure to fulfill the terms of the contract of purchase.~~

20 ~~(2)~~(1) 'Cash' includes only currency, cashier's checks, and money orders.

21 ~~(3)~~(2) 'Dealer' is synonymous with the term 'broker' and means any person, firm, or
22 corporation, including a packer, engaged in the business of buying livestock of any kind
23 for resale or in selling livestock of any kind bought for the purpose of resale or in buying
24 livestock of any kind for slaughter. ~~Every agent acting for or on behalf of any dealer,~~
25 ~~broker, or livestock market operator is a dealer or broker.~~ means any person or agent of
26 such person who engages in or facilitates, including by electronic means, the business of

27 buying, selling, auctioning, exchanging, or otherwise transferring ownership of livestock
 28 within this state for his or her own account or for that of another. The term 'dealer' shall
 29 not include:

30 (A) Farmers acquiring livestock solely for the purpose of grazing and feeding as a part
 31 of their farm operations ~~are not encompassed by the definition of 'dealer' or 'broker';~~
 32 ~~and~~

33 (B) Packers whose total annual purchases of livestock are less than \$50,000.00 who
 34 buy only from licensed dealers and licensed sales establishments ~~are not included in the~~
 35 ~~definition of 'dealer' or 'broker'; or~~

36 (C) Persons selling only livestock of their own production or buying only for their own
 37 production.

38 ~~(4)~~(3) 'Livestock' means cattle, swine, equines, sheep, and goats of all kinds and species.

39 ~~(5)~~(4) 'Livestock market operator' means any person, ~~firm, or corporation~~ engaged in the
 40 business of operating a sales establishment, public auctions or sales of livestock, or barns
 41 and yards for the containment of livestock held for the purpose of auction or sale.

42 ~~(6)~~(5) 'Person' means any person, firm, corporation, association, cooperative, or
 43 combination thereof.

44 ~~(7)~~(6) 'Sales establishment' means any yard, barn, or other premises where livestock is
 45 sold at auction.

46 (7) 'Surety' means a letter of credit, certificate of deposit, or other written instrument
 47 issued or executed by a lending institution or bonding, surety, or insurance company
 48 licensed to do business in this state, guaranteeing the faithful performance of the terms
 49 of the contract of purchase, including the payment of the purchase price of all livestock
 50 purchased by the holder of such instrument, made payable to the Commissioner for the
 51 benefit of persons sustaining loss resulting from the nonpayment of the purchase price
 52 or the failure to fulfill the terms of the contract of purchase."

53 SECTION 2.

54 Said chapter is further amended by revising Code Section 4-6-2, relating to the sale, auction,
 55 transfer, or movement of infected livestock, as follows:

56 "4-6-2.

57 No dealer, ~~broker,~~ or livestock market operator shall sell, auction, transfer, or move any
 58 livestock which are infected with any disease or which have been placed under quarantine
 59 by the authority of the Commissioner. Until all such livestock have been inspected by a
 60 veterinarian approved by the Commissioner, no dealer, ~~broker,~~ or livestock market operator
 61 shall sell, auction, transfer, or move any livestock which have been infected, which are
 62 suspected of being infected, or which are likely to have been exposed to infection. No

63 dealer, ~~broker~~, or livestock market operator shall sell, auction, transfer, or move any
 64 livestock from any barn, yard, or premises unless all sanitary practices and precautions
 65 prescribed by the rules and regulations of the Commissioner have been observed in the
 66 premises, barn, or yard."

67 **SECTION 3.**

68 Said chapter is further amended by revising Code Section 4-6-3, relating to livestock dealer
 69 licenses, as follows:

70 "4-6-3.

71 (a) No livestock market operator shall engage in or carry on such business without first
 72 applying for and obtaining a license from the Commissioner. The annual fee for a
 73 livestock market operator license shall be proportionate to the surety acquired by such
 74 operator, but shall not exceed \$200.00.

75 (b) No ~~livestock dealer or broker~~ dealer who buys or sells through a livestock market
 76 operator or directly from producers shall engage in or carry on such business without first
 77 applying for and obtaining a license from the Commissioner. ~~There shall be no fee for such~~
 78 license. The annual fee for a dealer license shall be no more than \$25.00.

79 (c) No ~~such~~ license shall be issued to any person pursuant to this Code section unless the
 80 applicant therefor furnishes to the Commissioner the ~~required bond~~ surety required under
 81 this article and such surety is approved by the Commissioner. ~~The bonds shall be executed~~
 82 by a surety corporation authorized to transact business in this state and approved by the
 83 Commissioner. Any and all ~~bond~~ surety applications shall be accompanied by a certificate
 84 of 'good standing' issued by the Commissioner of Insurance. If any company issuing a
 85 ~~bond~~ surety shall be removed from doing ~~become~~ unauthorized to do business in this state,
 86 it shall be the duty of the Commissioner of Insurance to notify the Commissioner of
 87 Agriculture within 30 days. Such ~~bonds shall be upon forms prescribed by the~~
 88 ~~Commissioner and sureties~~ shall be conditioned to secure the faithful performance of ~~such~~
 89 a person's obligations as a livestock market operator, ~~livestock dealer~~, or ~~livestock broker~~
 90 or ~~dealer~~ under this article and the rules and regulations prescribed ~~under this article~~
 91 pursuant thereto. ~~Whenever the Commissioner shall determine that a previously approved~~
 92 ~~bond has for any cause become insufficient, the Commissioner may require an additional~~
 93 ~~bond or bonds to be given, conforming with the requirements of this Code section. Unless~~
 94 ~~the additional bond or bonds are given within the time fixed by written demand therefor,~~
 95 or if the ~~bond~~ If the surety of a dealer, ~~broker~~, or livestock market operator is canceled,
 96 then the license of such person shall immediately be revoked by operation of law without
 97 notice or hearing."

98 **SECTION 4.**

99 Said chapter is further amended by revising Code Section 4-6-4, relating to cancellation,
100 revocation, or suspension of licenses, as follows:

101 "4-6-4.

102 Every licensed dealer, ~~broker~~, and livestock market operator who shall violate this chapter
103 or rules and regulations established by the Commissioner pursuant to this chapter shall
104 have his or her license revoked, canceled, or suspended, upon a notice and hearing."

105 **SECTION 5.**

106 Said chapter is further amended by revising Code Section 4-6-5, relating to maintenance of
107 records, as follows:

108 "4-6-5.

109 No dealer, ~~broker~~, or livestock market operator shall buy, store, or otherwise receive any
110 livestock without first recording the name and address of the person or persons bringing
111 in the livestock and recording the license tag number of the vehicle used ~~by the person or~~
112 ~~persons~~ to transport the livestock."

113 **SECTION 6.**

114 Said chapter is further amended by revising Code Section 4-6-10, relating to penalties for
115 violations, as follows:

116 "4-6-10.

117 (a) Any dealer, ~~broker~~, or livestock market operator who violates any of the provisions of
118 this chapter, any quarantine provision, or any rule or regulation established by the
119 Commissioner under the authority of this or any other law for the protection of the general
120 public in the prevention of livestock diseases shall be guilty of a misdemeanor.

121 (b) Any dealer, ~~broker~~, or livestock market operator who violates Code Section 4-6-5,
122 relating to maintenance of records, for a third or subsequent time shall be guilty of a felony
123 and, upon conviction thereof, shall be punished by a fine not to exceed \$10,000.00 or by
124 imprisonment for not less than one nor more than three years, or both, and any person so
125 convicted shall have any license issued under this article permanently revoked and shall
126 be ineligible to apply for a subsequent license under this article.

127 (c) Any dealer, ~~broker~~, or livestock market operator who violates Code Section 4-6-2,
128 relating to the sale, auction, or transfer of known infected livestock, or Code Section 4-6-6,
129 relating to quarantines, for the third or subsequent time shall be guilty of a felony and, upon
130 conviction thereof, shall be punished by a fine not to exceed \$10,000.00 or by
131 imprisonment for not less than one nor more than three years, or both, and any person so

132 convicted shall have any license issued under this article permanently revoked and shall
 133 be ineligible to apply for a subsequent license under this article."

134 **SECTION 7.**

135 Said chapter is further amended by adding a new Code section to read as follows:

136 "4-6-12.

137 The Commissioner shall publish in print or electronically the names and locations of duly
 138 licensed dealers and livestock market operators."

139 **SECTION 8.**

140 Said chapter is further amended by revising Code Section 4-6-42, relating to surety bonds
 141 generally, as follows:

142 "4-6-42.

143 ~~(a) No person shall operate a sales establishment for the sale of livestock at auction unless~~
 144 ~~he or she has then in force a bond surety in an amount calculated as follows: established~~
 145 ~~in a memorandum of agreement with the department sufficient to secure the performance~~
 146 ~~of the obligations of the holder of such surety.~~

147 ~~(1) If the annual sales of the establishment are \$2,600,000.00 or less, the amount of the~~
 148 ~~bond shall be one fifty-second of the amount of annual sales but not less than \$10,000.00;~~

149 ~~or~~

150 ~~(2) If the annual sales of the establishment are more than \$2,600,000.00, the amount of~~
 151 ~~the bond shall be \$50,000.00 plus one fifty-second of the amount of annual sales in~~
 152 ~~excess of \$2,600,000.00 times a factor of 0.20.~~

153 ~~(b) An amount calculated under subsection (a) of this Code section, if not a multiple of~~
 154 ~~\$5,000.00, shall be rounded to nearest higher multiple of \$5,000.00."~~

155 **SECTION 9.**

156 Said chapter is further amended by revising Code Section 4-6-43, relating to surety bonds
 157 relative to dealers and brokers generally, as follows:

158 "4-6-43.

159 ~~(a) No dealer or broker shall purchase livestock at any sales establishment or directly from~~
 160 ~~producers unless he or she has then in force a bond surety in an amount calculated as~~
 161 ~~follows: established in a memorandum of agreement with the department sufficient to~~
 162 ~~secure the performance of the obligations of the holder of such surety.~~

163 ~~(1) Determine a number which is the number of days during the preceding year on which~~
 164 ~~the dealer or broker did business;~~

- 165 ~~(2) Divide the total dollar value of livestock purchased by the dealer or broker during the~~
 166 ~~preceding year by the lesser of:~~
- 167 ~~(A) One-half of the number determined under paragraph (1) of this subsection, or~~
 168 ~~(B) One hundred thirty; and~~
- 169 ~~(3) Adjust the amount obtained under paragraph (2) of this subsection as follows:~~
- 170 ~~(A) If the amount obtained under paragraph (2) of this subsection is \$10,000.00 or less~~
 171 ~~then the amount of the bond shall be \$10,000.00;~~
- 172 ~~(B) If the amount obtained under paragraph (2) of this subsection is more than~~
 173 ~~\$10,000.00 but not more than \$75,000.00 then that amount shall be the amount of the~~
 174 ~~bond; or~~
- 175 ~~(C) If the amount obtained under paragraph (2) of this subsection is more than~~
 176 ~~\$75,000.00 then the amount of the bond shall be the sum of \$75,000.00 plus 10 percent~~
 177 ~~of the amount by which the amount obtained under paragraph (2) of this subsection~~
 178 ~~exceeds \$75,000.00.~~
- 179 ~~(b) An amount calculated under subsection (a) of this Code section, if not a multiple of~~
 180 ~~\$5,000.00, shall be rounded up to the nearest multiple of \$5,000.00.~~
- 181 ~~(c) This Code section shall not be applicable to nor shall a bond surety be required of a~~
 182 ~~dealer who purchases livestock at sales establishments for cash only. No livestock market~~
 183 ~~operator shall permit a dealer ~~or broker~~ who is not properly licensed and bonded holding~~
 184 ~~surety to purchase livestock other than for cash."~~

185 **SECTION 10.**

186 Said chapter is further amended by repealing in its entirety Code Section 4-6-44, relating to
 187 calculation of bonds, and designating said Code section as reserved.

188 **SECTION 11.**

189 Said chapter is further amended by repealing in its entirety Code Section 4-6-49, relating to
 190 annual sale and purchase reports and proof of bonding requirements, and designating said
 191 Code section as reserved.

192 **SECTION 12.**

193 Said chapter is further amended by revising Code Section 4-6-49.1, relating to denial of
 194 licenses and required statements and records, as follows:

195 "4-6-49.1.

196 (a) No license shall be issued to or allowed to be maintained by any sales establishment
 197 or dealer if:

- 198 (1) Any beneficial interest in the business of the sales establishment or dealer is directly
 199 or indirectly owned by a defaulter; or
 200 (2) Any defaulter is employed in a management position by the sales establishment or
 201 dealer.
 202 (b) As used in this Code section, the term 'defaulter' means any person who has, within the
 203 past five years, been employed in a managerial position by or owned any beneficial interest
 204 in the business of a sales establishment or dealer which business has ceased operations
 205 without satisfying all liabilities of the business either from assets of the business or from
 206 any ~~bond or bonds~~ surety.
 207 (c) The Commissioner shall have full authority to require disclosure from licensees and
 208 applicants of information sufficient to determine whether the licensee or applicant is
 209 qualified to be licensed under this Code section. The Commissioner shall have full
 210 authority to examine the records and accounts of all licensees in order to determine whether
 211 any proceeds of the business are being paid to any defaulter.
 212 (d) This Code section shall not prohibit the Commissioner from allowing a defaulter to
 213 operate as a dealer who purchases livestock for cash only.
 214 (e) All applicants for licensure shall submit to the Commissioner a current financial
 215 statement; and all licensees shall submit a current financial statement annually."

216 **SECTION 13.**

217 Said chapter is further amended by revising Code Section 4-6-52, relating to special sales,
 218 as follows:

219 "4-6-52.

- 220 (a) As used in this Code section, 'special sale' means any livestock sale, except a regular
 221 sale at an establishment and any sale by a farmer of livestock owned by the farmer, with
 222 payment made directly to the farmer.
 223 (b) The Commissioner is authorized to prescribe rules and regulations for the operation of
 224 special sales. No person shall hold a special sale without obtaining a permit therefor from
 225 the Commissioner or his or her duly authorized representative, which shall be granted
 226 without charge upon submission of proof satisfactory to the Commissioner that the person
 227 applying for the permit ~~is bonded~~ has procured a surety in an amount equal to one-fourth
 228 of the anticipated proceeds of the sale; provided, however, that such bond surety shall be
 229 not less than \$10,000.00 and not more than \$150,000.00 in amount.
 230 (c) Associations holding sales of animals consigned by members of the association only
 231 shall not be required to procure a ~~bond~~ surety if the directors of the association accept full
 232 responsibility for financial obligations of sale and release the Commissioner, in writing,
 233 from any responsibility.

234 ~~(c.1)(d)~~ Georgia 4-H clubs and Georgia Future Farmers of America chapters shall not be
235 required to procure a ~~bond~~ surety.
236 ~~(d) Any person who violates this Code section shall be guilty of a misdemeanor."~~

237

SECTION 14.

238 All laws and parts of laws in conflict with this Act are repealed.