

BILL ANALYSIS

Senate Research Center

H.B. 2586
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Natural Resources
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Engrossed

DIGEST AND PURPOSE

Public grain warehouses are critical to the marketing of agricultural products. Producers store their commodities in warehouses until the commodities are ready for sale and often use negotiable warehouse receipts as collateral to finance their farming operations. To protect farmers by ensuring commodities against loss, Texas enacted the first grain warehouse law in the 1950s. The grain warehouse industry has undergone changes in the past few years, including the corporate consolidation of farms and grain warehouses and improvements in technology and trade practices. These changes necessitate modifications to laws pertaining to grain warehouses. H.B. 2586 provides a new licensing option for multiple facilities, revises the bond rate minimum and maximum, and increases administrative penalties.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to Department of Agriculture in SECTION 1 (Section 14.065, Agriculture Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 14, Agriculture Code, by reorganizing and amending Chapters 14 and 14A, as follows:

CHAPTER 14. New heading: REGULATION OF PUBLIC GRAIN WAREHOUSE OPERATORS

SUBCHAPTER A. New heading: DEFINITIONS

Sec. 14.001. DEFINITIONS. (a) Redefines "depositor," "grain," "open storage grain," "public grain warehouse," "receipt," "license," "scale weight ticket," "receipted grain," and "warehouse operator." Deletes definition of "storage grain."

(b) Provides that for purposes of this chapter, the term "public grain warehouse" as defined by Subsection (a)(4) does not include railcars, trucks, boats, or other vehicles when used to transport grain.

(c) Provides that for purposes of this chapter, in those sections that require the warehouse operator to cooperate with or provide information to the department or issue documents or deliver grain to customers of the warehouse operator and in those sections that require notice to be provided to the warehouse operator by the department, the term "warehouse operator" includes all employees, agents, or other persons authorized by the warehouse operator to issue receipts or scale weight tickets or sign contracts or other agreements.

SUBCHAPTER B. GENERAL PROVISIONS

Sec. 14.011. New heading: LIMITATION OF CHAPTER. Changes references from

“subchapter” to “chapter,” “warehouse” to “public grain warehouse,” and “under the United States Warehouse Act” to “by the United States Department of Agriculture or other federal agency.”

Sec. 14.012. BUSINESS INFORMATION. (a) Provides that certain information, prepared by the Department of Agriculture (department) in the course of its regulatory authority under this chapter or required to be submitted to the department in accordance with the department's administration of this chapter, is confidential and not subject to public disclosure.

(b) Authorizes inspection reports containing information regarding grain inventory of a warehouse operator or financial information of a warehouse operator provided to the department to establish net worth, notwithstanding Subsection (a), to be used in certain ways.

Sec. 14.013. RIGHT TO INTERVENE AND NOTIFICATION OF DEPARTMENT. (a) Authorizes the department to intervene in a suit for receivership, garnishment, bankruptcy, or any other legal action affecting the assets of a warehouse operator licensed under this chapter or the grain assets of a depositor in a warehouse operated under a license issued by the department, including, to assert the rights of depositors not joined in the suit, a suit brought against a bond or surety under Section 14.065.

(b) Requires any person who files a suit for receivership, garnishment, or bankruptcy or who commences any other legal action affecting the assets of a warehouse operator licensed under this chapter or the grain assets of a depositor in a warehouse operated under a license issued by the department, including a suit against a bond or surety under Section 14.065, to give notice to the department of the suit or legal action.

(c) Requires notice under this section to be in writing and delivered to the department by certified mail, registered mail, or commercial delivery service not later than the 20th day after the date on which the suit or legal action is commenced.

(d) Provides that the judgment in an action described by Subsection (a) is voidable if the notice required by this section is not provided.

(e) Authorizes the court in which a suit or other legal action described by Subsection (a) is commenced to impose appropriate sanctions against a party who fails to provide the notice required by this section.

Sec. 14.014. RECEIVERSHIP AFFECTING WAREHOUSE ASSETS. (a) Provides that a person appointed receiver for the assets of a warehouse operator licensed under this chapter is not required to obtain a license from the department if the person meets certain requirements.

(b) Requires a person appointed receiver to maintain a bond in the same amount required for a licensed warehouse operator and casualty insurance in the same amount and type as required for a licensed warehouse operator.

(c) Requires a person appointed receiver to file proof of proper bonding and verification of insurance with the department on or before the date the person is appointed to act as receiver.

Sec. 14.015. POWERS AND DUTIES OF DEPARTMENT. Changes reference from “warehouseman” to “a warehouse operator or depositor.” Adds language authorizing the department to perform certain duties. Deletes language relating to certain duties of the State Office of Administrative Hearings and the department. Makes conforming changes.

SUBCHAPTER C. LICENSING

Sec. 14.021. LICENSE REQUIRED. Prohibits a person from operating a public grain warehouse without first obtaining from the department a license in the person's name covering the warehouse.

Sec. 14.022. LICENSING OF MULTIPLE WAREHOUSES. (a) Defines "combination" and "facility."

(b) Authorizes a warehouse operator to operate all public grain warehouses or facilities within an area no larger than 60 miles in diameter as a combination if a single license covering the combination is obtained from the department and certain other requirements are met.

(c) Prohibits a warehouse operator, except as permitted while operating a combination, from combining or intermingling assets, storage obligations, liabilities of any kind, records or record entries, contractual obligations, other transactions of any kind, or any other business or operating information from different warehouses or businesses owned, managed, or operated by the warehouse operator. Requires each licensed combination or individually licensed facility to be operated as a separate entity under a single, unique name and, except as provided by department rule, to be covered by a single, separate bond or bond substitute.

Sec. 14.023. LICENSING PROCEDURE. (a) Adds language relating to the department issuing, renewing, or amending a license following certain determinations and makes conforming changes.

(b) Makes a conforming change.

(c) No changes.

Deletes Section 14.006 relating to multiple warehouses operated under a single license.

Sec. 14.024. REQUIREMENT FOR INCREASING CAPACITY. Adds language to specify that the approval be in writing and makes a conforming change.

SUBCHAPTER D. BONDING

Sec. 14.031. BOND. (a) No changes.

(b) No changes.

(c) Makes conforming changes.

(d) Changes the requirement of the amount of the bond from being not less than \$15,000 nor more than \$500,000 based on certain rates, to \$20,000 based on six cents per bushel of storage capacity.

(e) Makes a conforming change.

(f) Deletes language relating to consideration of reissuance of a license and relating to applicants being covered by a bond. Requires the applicant, except as provided by department rule, to give a single bond meeting the requirements of this section to cover warehouses licensed as a single facility or combination. Prohibits a single bond from being used to cover more than one individually licensed facility, more than one combination, or one or more individually licensed facilities and one or more

combinations

(g) Makes a conforming change.

(h) Deletes language relating to negotiable securities, adds language relating to the term of the license, and makes a conforming change.

(i) Deletes language relating to securities deposited and makes a conforming change.

(j) Makes conforming changes.

Sec. 14.032 . New heading : ADDITIONAL BOND. (a) Deletes language relating to an insurance policy and makes conforming changes.

(b) Adds language relating to open storage accounts and makes a conforming change.

Sec. 14.033. New heading: BOND CANCELLATION. (a) Makes conforming changes.

(b) Deletes language relating to cancellation of an insurance policy, adds language relating to liability under a bond, and makes conforming changes.

(c) Makes a conforming change.

(d) Adds language relating to the suspension of a public grain warehouse and deletes language relating to the failure of the warehouse operator to file a new certificate of insurance before the cancellation of an insurance policy is effective.

(e) Makes conforming changes.

Sec. 14.034. CANCELLATION OF LETTER OF CREDIT. (a) Prohibits a warehouse operator from canceling a letter of credit approved by the department in lieu of a bond unless the department gives written approval of a substitute bond or letter of credit.

(b) Sets forth provisions relating to the cancellation of a letter of credit.

(c) Requires the issuer of a letter of credit to send a copy of the notice required by this section to any government agency requesting the copy. Provides that, notwithstanding any other provision of this chapter, a public grain warehouse license is automatically suspended if the warehouse operator fails to file a new bond or letter of credit before the cancellation of a letter of credit is effective.

(d) Provides that the suspension of a license under this section continues as long as the warehouse operator fails to maintain the bond or letter of credit required by this chapter.

Sec. 14.035. CANCELLATION OF CERTIFICATE OF DEPOSIT OR CASH. (a) Prohibits a warehouse operator from repossessing a certificate of deposit or cash approved by and deposited with the department in lieu of a bond unless certain criteria are met.

(b) Prohibits the department, notwithstanding any other provision of this chapter, from releasing a certificate of deposit or cash deposited with the department while a claim filed within the applicable limitations period established under Section 14.065 is pending before the department or a court.

(c) Authorizes a warehouse operator to, on written request to the department, recover

cash or a certificate of deposit from the department before the expiration of the two-year period specified in Subsection (a)(2) under certain conditions.

(d) Requires a claim against the bond required by Subsection (c) to be filed with the department or in a court of competent jurisdiction not later than the second anniversary of the date of the closeout inspection.

SUBCHAPTER E. INSURANCE

Sec. 14.041. CASUALTY INSURANCE. (a) Adds language relating to loss due to water or other fluid, malicious mischief, vandalism, theft, intentional waste or destruction, smoke, or hurricane. Changes reference from “State Board of Insurance” to “commissioner” and “surplus lines insurer” to “an eligible surplus lines insurer.” Makes a conforming change.

(b) Makes conforming changes.

(c) Provides that an applicant is not required to file a certificate of insurance if the applicant certifies in writing, at or before the time the certificate of insurance is due, that all grain within the warehouse at the time the license is to be effective is or will be owned by the applicant free of any lien. Requires the applicant to file the required certificate of insurance on or before the first day any grain not owned by the applicant free of any lien is stored for hire, handled for hire, or shipped for hire.

Sec. 14.042. INSURANCE CANCELLATION. (a) Prohibits a warehouse operator from canceling an insurance policy approved by the department unless the department gives written approval of a substitute policy.

(b) Authorizes the insurer to cancel an insurance policy by sending notice of intent to cancel by registered or certified mail to the department. Provides that cancellation of an insurance policy is not effective before the 31st day following the date the insurer mails notice of intent to cancel. Requires that on receipt of notice of cancellation of an insurance policy, the department promptly notify the warehouse operator involved.

(c) Requires the insurer to send a copy of the notice required by this section to any government agency requesting the copy.

(d) Provides that, notwithstanding any other provision of this chapter, a public grain warehouse license is automatically suspended if the warehouse operator fails to file a new certificate of insurance before the cancellation of an insurance policy is effective or fails to provide a certification of ownership under Section 14.041(c).

(e) Provides that the suspension of a license under this section continues as long as the warehouse operator fails to maintain the insurance required by this chapter.

Sec. 14.043. ADDITIONAL INSURANCE. (a) Requires that if the department determines that an approved insurance policy is insufficient, the department require the warehouse operator to obtain additional insurance.

(b) Authorizes the department, if a license has been suspended or revoked or has expired, to require continued insurance coverage by the warehouse operator to protect depositors of grain for as long as any receipts or open storage accounts remain outstanding.

(c) Requires the warehouse operator to obtain the additional insurance required by this section and provide verification of the additional insurance within a time specified by the department, and the additional insurance to be maintained or continued as necessary to

meet the requirements of this chapter.

SUBCHAPTER F. WAREHOUSE OPERATOR OBLIGATIONS

Sec. 14.051. POSTING OF LICENSE. Adds language relating to the primary recordkeeping location for the facility.

Sec. 14.052. New heading: WAREHOUSE OPERATOR OBLIGATIONS . (a) Adds language relating to the obligations of a warehouse operator.

(b) Adds language relating to an exception as otherwise provided by this chapter or by department rule and makes a conforming change.

(c) Requires that if a warehouse operator accepts for storage, shipping, handling, purchase, or sale any grain that is nonfungible or for which identity must be preserved, the warehouse operator safeguard the grain from intermingling with grain that would impair or destroy the identity-preserved or nonfungible nature of the grain. Provides that nothing in this section requires the warehouse operator to accept grain that is nonfungible or that requires identity preservation.

(d) Provides that the warehouse operator remains liable for the quality and quantity of grain deposited at the warehouse and for any other obligations established under this chapter for any period during which the warehouse has been sealed or during any period of probation, suspension, or revocation imposed under this chapter or for grain abandoned by the warehouse operator unless certain requirements are met.

(e) Entitles the department, on behalf of depositors, to recover from the warehouse operator's bond the cost of damages suffered by depositors as a result of sealing the warehouse or as a result of the warehouse operator abandoning the warehouse and the grain contained in the warehouse.

Sec. 14.053. RECEIPT FORMS. (a) Requires a warehouse operator to use one set of serially numbered and sequentially issued receipts for all warehouses operated under a single license. Requires that in addition to a unique serial number, each receipt form contain all of the information prescribed by department rule. Requires that if further provided by department rule, the warehouse operator request the receipt forms from the printer on a form approved, prescribed, or furnished by the department.

(b) Requires the warehouse operator to provide the department with an exemplar of the receipt forms and an affidavit from the printer showing the number of receipts printed and their serial numbers before issuing any receipt from the printed set. Requires the exemplar and affidavit required by this subsection to be provided each time a new set of receipts is printed.

(c) Authorizes the warehouse operator to use an electronic receipt system if the provider of the electronic receipt system has been approved by the department or by the United States Department of Agriculture or any other federal agency that issues a license for the operation of a public grain warehouse.

(d) Authorizes the department to require a warehouse operator to provide a bond to cover any loss resulting from unlawful use of a receipt. Deletes language relating to the department supplying all receipt forms.

Sec. 14.054. ISSUANCE OF SCALE WEIGHT TICKET OR RECEIPT. (a) Makes a conforming change.

- (b) Makes a conforming change.
- (c) No change.
- (d) No change.
- (e) Makes conforming changes.
- (f) Changes reference from “commodity” to “grain” and makes conforming changes.

Sec. 14.055. DUPLICATE RECEIPTS. (a) Makes conforming changes.

- (b) Makes conforming changes.
- (c) Adds language relating to the obtaining or purchasing of a surety on a bond and makes a conforming change.
- (d) Prohibits a court from ordering delivery of grain covered by a lost, stolen, or destroyed receipt without requiring the bond provided by this section.

Sec. 14.056. New heading: RECEIPT FOR GRAIN OWNED BY WAREHOUSE OPERATOR. Makes conforming changes.

Sec. 14.057. RECORDS. (a) Makes conforming changes.

- (b) Makes conforming changes.
- (c) Adds language relating to duties of the warehouse operator and makes conforming changes.
- (d) Makes conforming changes.
- (e) Makes conforming changes.
- (f) Requires the warehouse operator to make any records required by this section or department rule accessible and available for inspection by the department at any reasonable time.

Sec. 14.058. POSTING OF STORAGE RATES OR TARIFFS. (a) Makes conforming changes.

- (b) Requires the warehouse operator to post any change to the posted storage rates or tariffs not later than the third, rather than the 14th day, before the day on which the change is to take effect.
- (c) Makes conforming changes.

Sec. 14.059. INSPECTIONS; FEE. (a) Makes conforming changes.

- (b) Deletes language relating to department inspection of public grain warehouses. Makes conforming changes.
- (c) Adds language relating to the way an inspection is conducted and makes conforming changes.

(d) No changes.

SUBCHAPTER G. REMEDIES AND CLAIMS

Sec. 14.061. WAREHOUSE RECEIPT AS PRIMA FACIE EVIDENCE. Makes conforming changes.

Sec. 14.062. INVALID RECEIPTS. Provides that notwithstanding any other provision of this code or the Business & Commerce Code, a receipt for grain is void as to any person who receives the receipt with knowledge that the grain purported to be covered by the receipt was not, at the time the receipt was issued, actually stored in the warehouse of the warehouse operator issuing the receipt.

Sec. 14.063. TERMINATION OF STORAGE. (a) Makes conforming changes.

(b) Makes a conforming change.

Sec. 14.064. CERTAIN LOADOUT FEES PROHIBITED. (a) Prohibits a warehouse operator from charging a fee for loading out grain if the loadout was the result of the misconduct of the warehouse operator.

(b) Sets forth provisions relating to misconduct under this section.

(c) Requires a loadout fee collected during a period of suspension of a warehouse operator's license by the department, after revocation of a warehouse operator's license, or during a period in which criminal charges are pending against a warehouse operator, to be placed in an escrow account by the warehouse operator until certain actions take place.

(d) Requires that if misconduct is finally determined to have occurred as provided by Subsection (b), the loadout fees placed in escrow be returned to the person originally paying those fees. Requires the loadout fees placed in escrow to be returned to the warehouse operator if the warehouse operator is found not to have committed misconduct by acquittal, by the dismissal of the criminal charges, or by final order of the commissioner.

Sec. 14.065. New heading: RECOVERY ON BOND; LIABILITY OF WAREHOUSE OPERATOR. (a) Adds language relating to cash, certificate of deposit, or letter of credit deposited in lieu of a bond and makes conforming changes.

(b) Requires recovery on a bond to be prorated if claims exceed liability on a bond, but provides that a depositor suing on a bond is not required to join other depositors in a suit. Provides that the burden of establishing proration is on the surety as a matter of defense or is on the department as intervenor on behalf of other depositors.

(c) Makes conforming changes.

(d) Requires a person who files an action on a bond under this section to serve notice of the suit on the department in the same manner and within the same period as for the defendant or surety who issued the bond.

(e) Requires that on authentication by the department, the court accept into evidence as a public record any report prepared by the department under this chapter that describes potential bond claims by other depositors, regardless of whether any of those depositors are joined in the suit.

(f) Prohibits a person from filing a claim on an invalid receipt.

(g) Requires an action under this section to be brought not later than the second anniversary of the date of expiration of the public grain warehouse license in effect at the time the claim arose.

(h) Authorizes the department by rule to set a limitations period for filing claims with the department on a bond filed with the department or cash, a certificate of deposit, or a letter of credit deposited with the department in lieu of a bond.

Sec. 14.066. APPEAL OF DEPARTMENT ACTION BY WAREHOUSE OPERATOR.

(a) Provides that a department action or order affecting a warehouse operator under this chapter, other than by rulemaking, assessment of an administrative penalty, or imposition of a license sanction, including a suspension under Section 14.083(c), is appealable in accordance with this section.

(b) Authorizes the warehouse operator, not later than the 10th day after the date the department takes an action or issues an order described by Subsection (a), to serve notice on the department to appear in a district court of Travis County or the district court of the county in which the public grain warehouse is located. Requires the court to fix the time of the hearing not less than 3 days or more than 20 days after the date of service of the notice.

(c) Provides that the burden is on the warehouse operator to show by a preponderance of the evidence that the action taken or order issued by the department was not authorized under this chapter or, if authorized, was an abuse of the department's discretion.

SUBCHAPTER H. OFFENSES

Sec. 14.071. GENERAL PENALTY. (a) Makes conforming and nonsubstantive changes.

(b) No change.

Sec. 14.072. PENALTY FOR OPERATING WITHOUT A LICENSE. (a) Makes conforming changes.

(b) No change.

(c) No change.

Sec. 14.073. PENALTY FOR FRAUD. (a) Makes conforming changes.

(b) No change.

Sec. 14.074. PENALTY FOR UNLAWFUL DELIVERY. (a) Makes conforming changes.

(b) Adds language relating to an affirmative defense to prosecution under this section.

(c) No change.

Sec. 14.075. PENALTY FOR FRAUDULENTLY ISSUING A SCALE WEIGHT TICKET OR RECEIPT. (a) No change.

(b) No change.

Sec. 14.076. PENALTY FOR CHANGING A RECEIPT OR SCALE WEIGHT TICKET AFTER ISSUANCE. (a) No change.

(b) Makes conforming changes.

Sec. 14.077. PENALTY FOR DEPOSITING GRAIN WITHOUT TITLE. (a) No change.

(b) No change.

Sec. 14.078. PENALTY FOR STEALING GRAIN OR RECEIVING STOLEN GRAIN.

(a) No change.

(b) No change.

Sec. 14.079. PENALTY FOR INTERFERING WITH SEALED WAREHOUSE OR DEPARTMENT INSPECTION OR INVESTIGATION. (a) Provides that a person commits an offense if the person performs certain actions.

(b) Provides that it is an affirmative defense to prosecution under this section that the person's action is necessary to prevent destruction of stored grain or the sealed structure or taken under the order of a state or federal court.

(c) Provides that an offense under this section is a felony of the third degree.

SUBCHAPTER I. ENFORCEMENT

Sec. 14.081. OFFENSE IS VIOLATION; STANDARD OF PROOF. (a) Provides that commission of an offense under this chapter is also a violation for purposes of administrative enforcement by the department.

(b) Provides that proof of a violation under this chapter for purposes of administrative enforcement, by assessment of an administrative penalty or license sanction, is by a preponderance of the evidence.

(c) Provides that in an administrative enforcement action against a person for the commission of an offense under this chapter, the department is required to prove any intent element provided by the description of the offense.

(d) Authorizes both an administrative enforcement action and a criminal prosecution to be maintained against a person who violates this chapter.

Sec. 14.082. DISCOVERY OF SHORTAGE; REFUSAL OF INSPECTION. (a) Adds language relating to discovery of shortage and refusal of inspection and makes conforming changes.

(b) - (f) Makes conforming changes.

Sec. 14.083. New heading: DENIAL, REVOCATION, MODIFICATION, OR SUSPENSION OF LICENSE OR PROBATION. (a) Authorizes the department to deny an application for a license or license renewal if the applicant fails to comply with a requirement of this chapter, a rule adopted by the department under this chapter, or a lawful order of the commissioner or the commissioner's designee.

(b) Authorizes, rather than requires the department to revoke, modify, or suspend a license or assess an administrative penalty against, place on probation, or reprimand a

license holder for a violation of this chapter, a rule adopted by the department under this chapter, or a lawful order of the commissioner or the commissioner's designee.

(c) Authorizes the department, if the department considers it necessary, to suspend a license without a hearing for one or more periods not to cumulatively exceed 30 days in one licensing period.

(d) Authorizes the department, during a period of license suspension or probation, to seal and restrict access to the warehouse operator's buildings, bins, or other similar structures used to receive, store, ship, or handle grain, for hire, and require the warehouse operator to perform certain duties.

(e) Makes conforming changes.

Sec. 14.084. New heading: OPERATION AFTER REVOCATION OR SUSPENSION OF A LICENSE OR PROBATION. (a) Makes conforming changes.

(b) Sets forth provisions relating to a period of suspension of a license or probation.

Sec. 14.085. INJUNCTION. (a) Authorizes, rather than requires, the department to apply for an injunction in a district court in Travis County or in a district or county court in the county where the warehouse is located if, after notice, a warehouse operator refuses to comply with this chapter.

(b) Provides that the courts of this state are vested with jurisdiction to issue a temporary or permanent injunction under certain conditions.

(c) Requires the notice provided for in Subsection (a) to be delivered to the warehouse operator not less than 10 business days before the date the department applies for an injunction under Subsection (b)(1).

(d) Requires the notice provided for in Subsection (a) to be delivered to the warehouse operator not less than two business days before the date the department applies for an injunction under Subsection (b)(2) or (3).

Sec. 14.086. CIVIL PENALTY. (a) Provides that a person who violates this chapter is liable for a civil penalty of not less than \$500 or more than \$10,000 for each violation. Authorizes each day a violation occurs or continues to be considered a separate violation for purposes of a civil penalty assessment.

(b) Requires that on request of the department, the attorney general or the county attorney or the district attorney of the county in which the violation is alleged to have occurred file suit to collect the penalty. Authorizes the attorney general, a county attorney, or a district attorney to file suit under this section without a request from the department.

(c) Requires a county attorney, a district attorney, or the attorney general to sue in the name of the state for the collection of a penalty provided by this section.

(d) Sets forth provisions relating to civil penalties.

(e) Prohibits a civil penalty from being collected for any violation that constituted the basis for a department proceeding to assess an administrative penalty, regardless of whether the department was successful in obtaining a judgment for the administrative penalty.

Deletes Sec. 14.026 relating to court enforcement of department subpoena.

Sec. 14.087. RECOVERY OF COURT COSTS. (a) Makes conforming changes.

(b) No changes.

Sec. 14.088. VENUE. (a) Provides that venue for a criminal prosecution under this chapter is in the county in which the alleged offense occurred.

(b) Provides that, except for an action for injunctive relief, venue for a civil action under this chapter commenced by the attorney general or a county or district attorney, either independently or on behalf of the department, is in any county in which all or part of the cause of the action accrued.

(c) Provides that venue for an action for injunctive relief under this chapter is in a district court in Travis County or in a district or county court in the county where the warehouse is located.

(d) Provides that venue for an administrative action commenced under this chapter is governed by Chapter 2001, Government Code, or, to the extent not inconsistent with Chapter 2001, the rules of the State Office of Administrative Hearings or the department.

CHAPTER 14A. OTHER PUBLIC WAREHOUSE OPERATORS

Sec. 14A.001. DEFINITIONS. Makes conforming changes.

Sec. 14A.002. CERTIFICATE TO TRANSACT BUSINESS. Makes a conforming change.

Sec. 14A.003. APPLICATION FOR CERTIFICATE. No change.

Sec. 14A.004. BOND. (a) No change.

(b) Makes a conforming change.

(c) No change.

Sec. 14A.005. RECEIPTS. (a) Makes a conforming change.

(b) Makes a conforming change.

(c) Makes a conforming change.

Sec. 14A.006. RECEIPT FOR COTTON. Makes conforming changes.

Sec. 14A.007. DUPLICATE RECEIPTS. Makes conforming changes.

Sec. 14A.008. EXCHANGE OF COTTON RECEIPTS. Makes conforming changes.

Sec. 14A.009. COTTON UNDER LIEN. Makes a conforming change.

Sec. 14A.010. RECEIPT TO BE ISSUED ONLY ON DELIVERY. Makes conforming changes.

Sec. 14A.011. DELIVERY. Makes conforming changes.

Sec. 14A.012. EXCEPTIONS. Makes conforming changes.

Deletes Section 14.215 relating to storage charges.

Sec. 14A.013. REVOCATION OF A CERTIFICATE. No change.

SECTION 2. Amends Section 12.020(c), Agriculture Code, to amend provisions regarding penalty amounts by deleting Chapter 75 from the list of sections subject to a penalty, adding Chapter 14A, and increasing from \$500 to \$10,000 the penalty for a violation of Chapter 14.

SECTION 3. Amends Section 59.003(b), Property Code, is amended to make conforming changes.

SECTION 4. Makes application of this Act prospective.

SECTION 5. Effective date: September 1, 2001.