

## CHAPTER 20:10:11

### PUBLIC GRAIN WAREHOUSES

#### Section

- 20:10:11:01 Monthly grain reports required -- Contents.
- 20:10:11:02 and 20:10:11:03 Repealed.
- 20:10:11:04 Form of public grain warehouse licensee's bond.
- 20:10:11:04.01 Form of public grain warehouse licensee's additional bond.
- 20:10:11:04.02 Release of bonds.
- 20:10:11:05 Repealed.
- 20:10:11:06 Form of acknowledgement.
- 20:10:11:07 Corporate surety bond required.
- 20:10:11:08 Posting of license required.
- 20:10:11:09 License revocation, suspension, or insolvency -- Notice to receipt holders and surety.
- 20:10:11:09.01 Pending transfer of ownership -- Notice to receipt holders and surety.
- 20:10:11:10 License suspension or revocation -- Notice to public.
- 20:10:11:11 Requirements for warehouse receipts.
- 20:10:11:12 Issuance of warehouse receipts and scale tickets.

<u>20:10:11:12.1</u>	<u>Numbering of receipts — No duplication.</u>
<u>20:10:11:12.2</u>	<u>Power of attorney requirement.</u>
20:10:11:13	Specifications for temporary public grain storage units.
20:10:11:14	Financial statement requirements.
20:10:11:15	Financial criteria for licensing.
20:10:11:16	Seasonal emergency storage.
20:10:11:17	Non-seasonal emergency storage.
20:10:11:18	Request for waiver.

**20:10:11:01. Monthly grain reports required -- Contents.** On the first day of every month, or within 10 days thereafter, every public grain warehouse licensee shall furnish to the commission in writing upon forms furnished by the commission, or through the use of the online monthly grain report, a report showing the following information as of the last day of the preceding month: the number of bushels of each kind and grade of grain in storage on the last day of the month; the price per bushel or hundred weight which the warehouse upon such date is offering for grain of like kind and grade; the total value of each kind of grain in storage; and the amount of the warehouse licensee's bond held by the public grain warehouse licensee.

**Source:** SL 1975, ch 16, § 1; 12 SDR 85, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986; 24 SDR 190, effective July 15, 1998

**General Authority:** SDCL ~~49-42-1.2(1)~~ 49-43-4.1(1).

**Law Implemented:** SDCL 49-43-4.1(1), 49-43-9.

**Declaratory Ruling:** ~~A vault storage facility, where customers have sole access to personal property stored in individual vaults or lock boxes, is not a public warehouse where property is "received for storage for hire" within the meaning of SDCL 49-42-3, and does not need to be licensed. Public Utilities Commission Declaratory Ruling No. 81-1.~~

**20:10:11:04.02. Release of bonds.** The commission may release an increase rider or additional bond to the warehouse licensee if it determines, after inspection or the submission of an updated grain report as required by § 20:10:11:01, that the original bond is adequate to cover one-half of the local market value of grain in the warehouse licensee's facilities.

An original bond filed with the commission for the license year may not be released if unless a new bond is executed to replace the original bond for the entire license year.

**Source:** 13 SDR 40, effective October 14, 1986; 14 SDR 62, effective October 28, 1987; 24 SDR 190, effective July 15, 1998.

**General Authority:** ~~SDCL 49-42-1.2(4)~~ 49-43-4.1(3).

**Law Implemented:** ~~SDCL 49-42-5.1, 49-42A-4~~ 49-43-4.1(3), 49-43-4.3, 49-43-5.3.

**Cross-Reference:** Claim against warehouseman, SDCL 49-43-5.9.

**20:10:11:10. License suspension or revocation -- Notice to public.** Following the suspension or revocation of a public grain warehouse license, notice thereof shall be posted by an agent or employee of the commission in a conspicuous place on the ~~warehouse premises~~ of all locations where grain is received. If necessary to protect the

public, the notice shall also be published by the commission in at least one newspaper of general circulation in the area served by the grain warehouse.

**Source:** 12 SDR 85, effective November 24, 1985; 12 SDR 151, 12 SDR 155, effective July 1, 1986; 24 SDR 190, effective July 15, 1998.

**General Authority:** SDCL ~~49-42-1.2(6)~~ 49-43-4.1(5).

**Law Implemented:** SDCL ~~49-42-2.1, 49-42-6~~ 49-43-4.1(5), 49-43-4.5, 49-43-5.6.

**20:10:11:12.1. Numbering of receipts — No duplication.** Electronic warehouse receipts shall be numbered and shall be issued consecutively starting with the number specified to the provider by the commission. A warehouse operator may not have an electronic warehouse receipt and a paper warehouse receipt outstanding for the same lot of grain.

**Source:**

**General Authority:** SDCL 49-43-2.1, 49-43-4.1(6), 49-43-56.

**Law Implemented:** SDCL 49-43-2.1, 49-43-4.1(6), 49-43-56.

**20:10:11:12.2. Power of attorney requirement.** A warehouse operator or a third party may not handle electronic warehouse receipts on behalf of a depositor unless a written power of attorney to do so has been provided by the depositor. The power of attorney shall be provided to the commission for inspection and verification upon the commission's request.

**Source:**

**General Authority:** SDCL 49-43-2.1, 49-43-4.1(6), 49-43-56.

**Law Implemented:** SDCL 49-43-2.1, 49-43-4.1(6), 49-43-56.

**20:10:11:14. Financial statement requirements.** Each applicant for a public grain warehouse license shall submit a financial ~~statement~~ statements for the most

recently completed year of operation. The ~~statement~~ statements shall be prepared by a certified public accountant, independent public accountant, a grain commission or management firm, or other individual skilled in the preparation of financial statements in accordance with generally accepted accounting principles or international financial reporting standards. The financial ~~statement~~ statements may not be prepared by the applicant or an employee of the applicant, and if the applicant is a partnership or corporation, by an officer, shareholder, partner, or an employee of the partnership or corporation. The commission may require the applicant to submit a second set of financial statement statements prepared by a certified public accountant at the compilation, review, or audit level if the commission determines that the first financial ~~statement~~ statements submitted ~~is~~ are incomplete or otherwise unsatisfactory.

The financial ~~statement~~ statements must include a balance sheet and statement of profit and loss. If the applicant's accountant has prepared a statement of retained earnings, a statement of cash flows, a statement of changes in financial position, and notes and disclosures to the financial ~~statement~~ statements, those items must also be submitted.

~~The financial statement must be prepared in accordance with generally accepted accounting principles. Depreciable assets must be shown at original cost minus accumulated depreciation unless the applicant is an individual and generally accepted accounting principles allow the valuation of depreciable assets at the lower of cost or fair market value.~~

If the valuation of any assets are listed at fair market value, those valuations shall be established or confirmed by a person experienced in making assessments of the fair market value of fixed assets. ~~Each valuation~~ The valuations must be accompanied by a

statement signed by the person who establishes or confirms the values stating that such person:

- (1) Has no interest in the property;
- (2) Is not an employee of the applicant; and
- (3) Has no personal bias with respect to the parties involved.

**Source:** 24 SDR 190, effective July 15, 1998.

**General Authority:** SDCL ~~49-42-1.2(9)~~ 49-43-4.1(2).

**Law Implemented:** SDCL ~~49-42-5.1~~, 49-43-4.1(2), 49-43-4.2, 49-43-4.3.

**20:10:11:15. Financial criteria for licensing.** At a minimum, the applicant's balance sheet must show a positive net worth. In determining net worth, the commission may disallow the following assets if the assets are withdrawals of equity or are uncollectible:

- (1) Accounts and notes receivable from or advances to stockholders, owners, partners, employees, or affiliates;
- (2) Accounts receivable over 180 days old;
- (3) Investments or equities in cooperatives; or
- (4) Goodwill.

At a minimum, the balance sheet must show current assets ~~equal to or~~ greater than current liabilities. In determining working capital, the commission may disallow the following assets if the assets are withdrawals of equity or are uncollectible:

- (1) Accounts and notes receivable from or advances to stockholders, owners, partners, employees, or affiliates;

- (2) Accounts receivable over 180 days old;
- (3) Investments or equities in cooperatives; or
- (4) Goodwill.

**Source:** 24 SDR 190, effective July 15, 1998.

**General Authority:** SDCL ~~49-42-1.2(9)~~ 49-43-4.1(2).

**Law Implemented:** SDCL ~~49-42-5.1~~ 49-43-4.1(2), 49-43-4.2, 49-43-4.3.

**20:10:11:16. Seasonal emergency storage.** A public grain warehouse may store grain outside on a seasonal emergency storage basis between July 1 and January 31 without having to comply with § 20:10:11:13. Seasonal emergency storage is allowed only if the public grain warehouse lacks sufficient permanent roofed storage or temporary storage in conformity with § 20:10:11:13 to accommodate the amount of grain delivered to the warehouse. A public grain warehouse shall maintain its bond coverage in an amount sufficient to cover both its grain stored outside and its other warehouse grain at the coverage level specified in SDCL 49-43-5.3. A warehouse operator must maintain a separate record of all grain stored in a seasonal emergency storage and must account for that grain in the daily position record.

**Source:** 33 SDR 43, effective September 18, 2006.

**General Authority:** SDCL ~~49-42-1.2(8)~~ 49-43-4.1(7).

**Law Implemented:** SDCL ~~49-42-1.2, 49-42-2.1, 49-42-5.1, 49-42-6, 49-42-15.1~~ 49-43-4.1(7), 49-43-4.3, 49-43-5.3, 49-43-5.7, 49-43-9, 49-43-10, 49-43-11, 49-43-22.

**20:10:11:17. Non-seasonal emergency storage.** A public grain warehouse may submit an application to the commission for approval to store grain outside on a non-seasonal emergency storage basis between February 1 and June 30 without complying

with § 20:10:11:13. To be granted approval, the applicant shall demonstrate that it is in sound financial condition, that the storage site does not pose a significant threat to the condition of the grain, and that it has bond coverage of public warehouse grain stored in non-seasonal emergency storage in an amount equal to one hundred percent of the local market value of the grain. In addition, the bond coverage for all other public warehouse grain shall be at the coverage level specified in SDCL 49-43-5.3. A warehouse operator must maintain a separate record of all grain stored in non-seasonal emergency storage and must account for that grain in the daily position record.

**Source:** 33 SDR 43, effective September 18, 2006.

**General Authority:** SDCL ~~49-42-1.2(8)~~ 49-43-4.1(7).

**Law Implemented:** SDCL ~~49-42-1.2, 49-42-2.1, 49-42-5.1, 49-42-6, 49-42-15.1~~  
49-43-4.1(7), 49-43-4.3, 49-43-5.3, 49-43-5.7, 49-43-9, 49-43-10, 49-43-11, 49-43-22.