

Who can store grain for hire?

Any state licensed or federally licensed grain warehouse may store grain.

How are grain warehouse licenses obtained?

To obtain a **State Warehouse License**, individuals, partnerships, corporations, etc. must submit a completed grain warehouse application, required fees, a grain warehouse bond in the minimum amount of \$25,000 at any one municipality or location or 50% of the value of stored grain, whichever is greater, and a financial statement for the most recent completed year of operation to the South Dakota Public Utilities Commission Grain Warehouse Division. The Commission will then issue the license if the applicant meets all the requirements. The Commission requires monthly grain reports to be filed to provide evidence that the warehouseman is keeping 50% of the value of the stored grain covered by bond. The Commission also has inspectors that perform inspections at each warehouse annually.

To obtain a **Federal Warehouse License**, the USDA in Kansas City, MO must be contacted for their procedures and application.

State licensed facilities may also have an UGRSA agreement from the USDA at no extra charge. The UGRSA agreement allows the facility to store government loaned grain.

What happens if my grain spoils while it is stored in a state licensed warehouse?

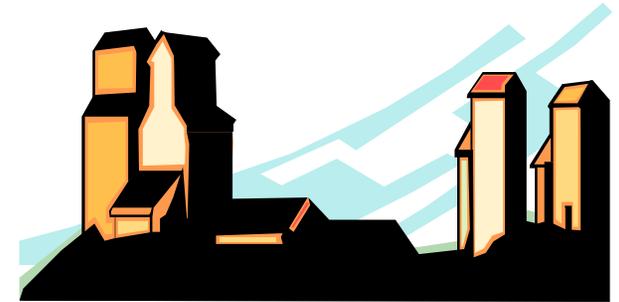
According to South Dakota law, the warehouseman must redeliver, to the owner, grain of the same grade, kind, and quality as was delivered to the warehouseman. The risk of spoilage is with the warehouseman.

Things to remember:

- Only state or federally licensed grain warehouses are licensed and bonded to store your grain.
- Always obtain a warehouse receipt within 30 days of delivery if you want to store your grain.
- Deferred-Payment, Delayed-Pricing and other Voluntary Credit Sale Contracts **are not storage agreements and are not protected by South Dakota statutory bond coverages.** If a warehouseman/grain dealer fails you may incur a loss of the entire amount of the contract.



Storing Grain At Elevators



Public Utilities Commission

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What is stored grain?

Stored grain is any grain that is in grain bank or on warehouse receipt. Grain that is sold or on a Deferred-Payment, Delayed-Price or any other Voluntary Credit Sale Contract is not considered to be stored.

What is grain bank?

Grain bank is grain placed in storage to be withdrawn and processed into feed as needed. Generally, only a ledger is kept by the warehouseman tracking the grain the owner has in grain bank.

What is a warehouse receipt?

A warehouse receipt is a negotiable document, much like a check, showing the owner has clear title to the grain in storage at the grain warehouse. When endorsed, it can be transferred to another. Many farmers use the receipt to obtain loans from the FSA or their bank.

When is a warehouse receipt issued?

A warehouse receipt is issued if the owner of the grain decides to place the grain in storage. The longer the owner of the grain waits to have a warehouse receipt issued, the greater the risk he assumes of not having evidence of clear title to the stored grain. The scale ticket should be presented to the issuing public grain warehouse licensee within 30 days of the date of issue for conversion to a uniform warehouse receipt, cash, check or other grain purchase contract. Offers of free storage without a warehouse receipt may subject you to a loss if a failure occurs.

Why should a warehouse receipt be issued?

The warehouse receipt serves as documentation that the owner of grain has grain in storage and has clear title to this grain. The warehouse receipt is a negotiable instrument which can be endorsed for transfer. In comparison, the scale ticket merely shows that grain was delivered to the warehouse. The warehouse receipt is the documentation which will insure a claim against the elevator's warehouse bond if the need arises.

When and how does a person file a claim against a warehouse?

Upon revocation of a license the PUC will make a determination of those who, according to the warehouseman's records, may have claims against the warehouse. The parties are notified of how and when they are required to file a claim in writing with the PUC.

An official notice will be published in newspapers alerting those who do not receive direct notice of the time limitations for filing claims. The PUC will petition the state circuit court in the county in which the warehouseman operates to be appointed receiver.

