

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
89th General Assembly
Regular Session, 2013

As Engrossed: H3/21/13
A Bill

HOUSE BILL 2091

By: Representative Eubanks

For An Act To Be Entitled

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

Subtitle

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

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

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

(b) A production contract shall:

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

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

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

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



responsibilities; ~~and~~

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

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

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

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

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

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

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

(3) If the bill is vetoed by the Governor and the veto is overridden, the date the last house overrides the veto.

/s/Eubanks