

A-Engrossed

House Bill 4065

Ordered by the House February 13
Including House Amendments dated February 13

Sponsored by Representative SCHARF; Representative LEVY B (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act makes changes related to the late payment of seed contracts. The Act declares an emergency, effective on passage. (Flesch Readability Score: 61.3).

Modifies provisions relating to late payment of seed production contracts and seed purchase contracts for agricultural seed and other seed.

Declares an emergency, effective on passage.

A BILL FOR AN ACT

Relating to seed contract payments; amending ORS 576.738 and 576.802; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 576.738 is amended to read:

576.738. (1) If a seed dealer fails to pay a producer for agricultural seed when payment is due under a seed production contract or fails to pay a seed grower for grass seed when payment is due under a seed purchase contract, the producer or seed grower may notify the State Department of Agriculture. Upon notification by a producer or seed grower, the department shall determine whether payment has been made when due. If the department determines that the seed dealer has not made a payment that is due under a seed production contract or seed purchase contract, the department shall notify the seed dealer in writing [**that the** of the following requirements:

(a) **The seed dealer** [*has 30 days to*] **must** pay the producer or seed grower all delinquent amounts plus interest on each delinquent amount. **Interest shall be calculated** at the rate of one percent **above the bank prime loan interest rate set forth in the most recent Federal Reserve Statistical Release H.15** per month [*simple interest*] from the final payment date for that delinquent amount.

(b) **The payment required under paragraph (a) of this subsection must occur within 30 days of the date that the department's written notice was issued to the seed dealer.**

(c) **Within the 30-day period specified in paragraph (b) of this subsection, the seed dealer must provide to the department a written notice and supporting documentation verifying that the seed dealer has made the payment required under paragraph (a) of this subsection.**

(2) A seed production contract or seed purchase contract may not vary the terms of the remedy provided by this section. [*A seed dealer may appeal the notice*] **Notice** given by the department under this section [*as provided in*] **is subject to** ORS chapter 183. This section does not prevent a producer or seed grower from filing a notice of lien against a seed dealer.

(3) If a seed dealer fails to make payment [*as required by a notice given by the department under*

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 **this section] within the 30-day period specified in subsection (1) of this section**, the department
 2 shall suspend any seed dealer license issued to the dealer until the dealer demonstrates to the sat-
 3 isfaction of the department that the dealer is current on all payments due to all producers and seed
 4 growers. An order suspending a license under this subsection is subject to ORS chapter 183. How-
 5 ever, the department may not suspend a seed dealer license under this section using the procedure
 6 described in ORS 183.430 (2).

7 (4) A seed dealer that fails to make payment on a seed production contract or seed purchase
 8 contract as required by a notice given by the department under this section is considered to have
 9 authorized the producer or seed grower to sell in a commercially reasonable manner any seed from
 10 the contract that is still in the possession of the producer or seed grower. This subsection does not
 11 prevent a seed dealer from giving consent to the producer or seed grower by other means and does
 12 not supersede the terms of a consent given by other means.

13 (5) The department may charge a producer or seed grower a fee, not to exceed **\$100** **[\$50]**, for
 14 determining whether payment has been made in accordance with the terms of a seed production
 15 contract or seed purchase contract. The department may charge a producer or seed grower a fee,
 16 not to exceed **\$400** **[\$200]**, for notifying a seed dealer in writing regarding the deadline for payment
 17 of delinquent amounts plus interest.

18 **SECTION 2.** ORS 576.802 is amended to read:

19 576.802. (1) If a seed dealer fails to pay a producer for other seed when payment is due under
 20 a seed production contract or fails to pay a seed grower for other seed when payment is due under
 21 a seed purchase contract, the producer or seed grower may notify the State Department of Agri-
 22 culture. Upon notification by a producer or seed grower, the department shall determine whether
 23 payment has been made when due. If the department determines that the seed dealer has not made
 24 a payment that is due under a seed production contract or seed purchase contract, the department
 25 shall notify the seed dealer in writing **[that the] of the following requirements:**

26 (a) **The seed dealer** **[has 30 days to]** **must** pay the producer or seed grower all delinquent
 27 amounts plus interest on each delinquent amount. **Interest shall be calculated** at the rate of one
 28 percent **above the bank prime loan interest rate set forth in the most recent Federal Reserve**
 29 **Statistical Release H.15** per month **[simple interest]** from the final payment date for that delinquent
 30 amount.

31 (b) **The payment required under paragraph (a) of this subsection must occur within 30**
 32 **days of the date that the department's written notice was issued to the seed dealer.**

33 (c) **Within the 30-day period specified in paragraph (b) of this subsection, the seed dealer**
 34 **must provide to the department a written notice and supporting documentation verifying**
 35 **that the seed dealer has made the payment required under paragraph (a) of this subsection.**

36 (2) A seed production contract or seed purchase contract may not vary the terms of the remedy
 37 provided by this section. **[A seed dealer may appeal the notice]** **Notice** given by the department under
 38 this section **[as provided in]** **is subject to** ORS chapter 183. This section does not prevent a producer
 39 or seed grower from filing a notice of lien against a seed dealer.

40 (3) If a seed dealer fails to make payment **[as required by a notice given by the department under**
 41 **this section] within the 30-day period specified in subsection (1) of this section**, the department
 42 shall suspend any seed dealer license issued to the dealer until the dealer demonstrates to the sat-
 43 isfaction of the department that the dealer is current on all payments due to all producers and seed
 44 growers. An order suspending a license under this subsection is subject to ORS chapter 183. How-
 45 ever, the department may not suspend a seed dealer license under this section using the procedure

1 described in ORS 183.430 (2).

2 (4) A seed dealer that fails to make payment on a seed production contract or seed purchase
3 contract as required by a notice given by the department under this section is considered to have
4 authorized the producer or seed grower to sell in a commercially reasonable manner any seed from
5 the contract that is still in the possession of the producer or seed grower. This subsection does not
6 prevent a seed dealer from giving consent to the producer or seed grower by other means and does
7 not supersede the terms of a consent given by other means.

8 (5) The department may charge a producer or seed grower a fee, not to exceed **\$100** [\$200], for
9 determining whether payment has been made in accordance with the terms of a seed production
10 contract or seed purchase contract. The department may charge a producer or seed grower a fee,
11 not to exceed **\$400** [\$50], for notifying a seed dealer in writing regarding the deadline for payment
12 of delinquent amounts plus interest.

13 **SECTION 3. This 2026 Act being necessary for the immediate preservation of the public**
14 **peace, health and safety, an emergency is declared to exist, and this 2026 Act takes effect**
15 **on its passage.**

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