

1 State of Arkansas
2 90th General Assembly
3 Regular Session, 2015
4

A Bill

HOUSE BILL 1214

5 By: Representative Eubanks
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For An Act To Be Entitled

8 AN ACT TO REQUIRE THAT NOTICE BE GIVEN TO GROWERS
9 CONCERNING ADDITIONAL INVESTMENTS THAT MAY BE
10 REQUIRED UNDER A PRODUCTION CONTRACT; AND FOR OTHER
11 PURPOSES.
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Subtitle

14 TO REQUIRE THAT NOTICE BE GIVEN TO
15 GROWERS CONCERNING ADDITIONAL INVESTMENTS
16 THAT MAY BE REQUIRED UNDER A PRODUCTION
17 CONTRACT.
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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23 SECTION 1. Arkansas Code § 2-32-201(b) and (c), concerning production
24 contracts, are amended to read as follows:

25 (b) A production contract shall:

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

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

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

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



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

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

6 (6) Contain the following notice in boldface on the front page
 7 of the production contract: "NOTICE: In the course of this contract, the
 8 contractor may require the grower to purchase additional equipment, make
 9 improvements, or upgrade structures housing poultry or livestock to comply
 10 with this contract."

11 (c)(1) ~~Any~~ A production contract or a provision of a production
 12 contract that violates a provision of subsection (b) of this section is void
 13 and unenforceable.

14 (2) This subsection shall not affect another provision of a
 15 production contract, including a contract or related document, policy, or
 16 agreement that can be given effect without the voided provision.

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 18 SECTION 2. Arkansas Code Title 4, Chapter 86, Subchapter 1, is amended
 19 to add an additional section to read as follows:

20 4-86-110. Additional investment for production contracts.

21 (a) For purposes of this section, "production contract" means the same
 22 as defined in § 2-32-201.

23 (b) A mortgage broker or loan originator on behalf of a mortgage
 24 broker shall provide the following notice in boldface in or attached to a
 25 commercial mortgage agreement if the mortgagee is obtaining financing
 26 relating to a production contract: "NOTICE: The Mortgagee may be required to
 27 make additional investments to comply with the related production contract
 28 before the term of this mortgage is complete."