

BILL ANALYSIS

Senate Research Center

H.B. 338
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Agriculture, Water & Rural Affairs
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Informed observers note that the practice of agriculture and the related industry can be unpredictable and that farmers and producers are often unable to accurately predict crop yields, which has led to certain acreage contract disputes pitting large multinational agricultural product buyers with dedicated litigation budgets against much smaller producers and farmers. H.B. 338 seeks to avoid these disputes by providing for a contract type disclosure for the purchase of an agricultural product.

H.B. 338 amends the Agriculture Code to require a contract between a producer and a purchaser regarding an agricultural product to clearly and conspicuously state on its face that it is an acreage contract or a quantity contract, as applicable. H.B. 338 defines "acreage contract" as a contract that requires a producer to deliver to a purchaser all of the production of a specified agricultural product grown on land described in the contract, unless clearly and conspicuously stated otherwise in the contract's language, and expressly excludes from the term a contract that requires a producer to deliver a specified quantity of an agricultural product. H.B. 338 defines "quantity contract" as a contract that requires a producer to deliver to a purchaser a specified quantity of an agricultural product, regardless of the amount of the product grown by the producer. H.B. 338 prohibits a purchaser from filing suit against a producer under an acreage contract unless the producer knowingly fails to deliver to the purchaser all of an agricultural product grown on specified land as provided by the acreage contract.

H.B. 338 amends current law relating to acreage contracts and quantity contracts for the purchase of agricultural products.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Authorizes this Act to be cited as the Producer Protection Act.

SECTION 2. Amends Subtitle D, Title 5, Agriculture Code, by adding Chapter 104, as follows:

CHAPTER 104. ACREAGE CONTRACTS AND QUANTITY CONTRACTS

Sec. 104.001. DEFINITIONS. Defines "acreage contract," "producer," "purchaser," and "quantity contract."

Sec. 104.002. CONTRACT TYPE DISCLOSURE. Requires that a contract between a producer and a purchaser regarding an agricultural product clearly and conspicuously state on its face that it is an acreage contract or a quantity contract, as applicable.

Sec. 104.003. SUIT BY PURCHASER UNDER ACREAGE CONTRACT. Prohibits a purchaser from filing suit against a producer under an acreage contract unless the producer knowingly fails to deliver to the purchaser all of an agricultural product grown on specified land as provided by the acreage contract.

SECTION 3. Makes application of Chapter 104, Agriculture Code, as added by this Act, prospective.

SECTION 4. Effective date: September 1, 2017.