

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1010*
Committee Substitute Favorable 6/1/99
Committee Substitute #2 Favorable 7/5/99

Short Title: Cotton Gins, Warehouses, Merchants.

(Public)

Sponsors:

Referred to:

April 13, 1999

1 A BILL TO BE ENTITLED
2 AN ACT TO REGULATE COTTON GINS, COTTON WAREHOUSES, AND
3 COTTON MERCHANTS.

4 The General Assembly of North Carolina enacts:

5 Section 1. Chapter 106 of the General Statutes is amended by adding a new
6 Article to read:

7 **“ARTICLE 38B.**

8 **“COTTON GINS, WAREHOUSES, MERCHANTS.**

9 **“§ 106-451.40. Definitions.**

- 10 (1) “Cotton gin” means any cotton gin.
11 (2) “Cotton merchant” means any person who buys cotton from the producer
12 for the purpose of resale, or acts as a broker or agent for the producer in
13 arranging the sale of cotton. It does not include a person who buys
14 cotton for his own use.
15 (3) “Cotton warehouse” means any enclosure in which producer-owned
16 cotton is stored or held for longer than 48 hours.

17 **“§ 106-451.41. Registration required.**

1 No person shall engage in business as a cotton gin, cotton warehouse, or cotton
2 merchant without first having registered with the Commissioner of Agriculture. This
3 shall include a cotton marketing cooperative or association that performs any of these
4 functions.

5 **"§ 106-451.42. Application; bond; display of certificate of registration.**

6 (a) A cotton gin, cotton warehouse, cotton merchant, or cotton marketing
7 cooperative or association shall, on or before July 1 of each year, file an application for
8 registration on a form provided by the Commissioner of Agriculture. A fee of twenty-
9 five dollars (\$25.00) shall be submitted with each application.

10 (b) An application for registration as a cotton warehouse shall also be
11 accompanied by a bond in the amount of three hundred thousand dollars (\$300,000)
12 issued by a company authorized to issue surety bonds in North Carolina and shall be
13 conditioned upon fulfillment of contractual obligations related to the purchase or storage
14 of cotton. A bond shall not be required for a person who is licensed and bonded under
15 the U.S. Warehouse Act.

16 (c) The registration certificate shall be conspicuously displayed at the place of
17 business.

18 **"§ 106-451.43. Records; receipts; other duties; denial of registration.**

19 (a) Cotton gins, cotton warehouses, cotton merchants, and cotton cooperatives or
20 associations shall keep records of producer-owned cotton transactions for seven years,
21 showing the producer's name, bale number, and bale weight.

22 (b) Cotton gins shall, within 48 hours of ginning, make available to the person
23 from whom cotton was received, a paper document showing the bale number and weight
24 for each bale of cotton ginned.

25 (c) Cotton gins, cotton warehouses, cotton merchants, and cotton cooperatives or
26 associations shall not market, obligate for sale, or otherwise dispose of producer-owned
27 cotton without written consent from the producer.

28 (d) Cotton gins, cotton warehouses, cotton merchants, and cotton cooperatives or
29 associations shall assist the Commissioner of Agriculture or his agents in inspecting
30 records of producer-owned cotton transactions. Cotton gins, cotton warehouses, cotton
31 merchants, and cotton cooperatives or associations shall assist the Commissioner or his
32 agents in weighing or reweighing a representative sample of cotton bales stored or held at
33 their premises, using sampling procedures approved by the Board of Agriculture.

34 (e) Violation of any of the requirements of this section shall be grounds for denial,
35 suspension, or revocation of registration under G.S. 106-451.41.

36 **"§ 106-451.44. Operation without registration unlawful; injunction.**

37 Engaging in business as a cotton gin, cotton warehouse, or cotton merchant without
38 being registered under G.S. 106-451.41 is punishable as a Class 2 misdemeanor. In
39 addition, the Commissioner of Agriculture may apply to any court of competent
40 jurisdiction to obtain injunctive relief to prevent violations of this act."

41 Section 2. This act becomes effective January 1, 2000.