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Factsheet: Arkansas Grain Warehouse Laws

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Arkansas is one of thirty states that have laws in place to regulate grain warehouses within the state. A warehouse operator can choose to be regulated under the Arkansas state laws or the federal laws.¹ If the operator chooses the state laws, the warehouse must follow the rules set by the “Arkansas Public Grain Warehouse Law.”² This law regulates licensing, auditing, bonding, failure, liquidation, and penalties.

Licensing

Arkansas requires any grain warehouse to obtain a license before operation.³ A warehouseman files an [application](#)⁴, which is accompanied by a \$150 fee. In addition, the following also must be completed and sent to obtain a license:

1. Schedule of Charges for Storing and Handling Grain (Form GW-5)
2. Certificate of Fact (Form GW-3) – must be signed by an authorized person
3. Certificate of Insurance on Stored Grain (Form GW-4) – grain insured for full market value
4. Certified Financial Statement- closing date within the last 6 months
5. A voided triplicate original of a scale ticket, purchase contract(s), and a daily position record

¹ Ralph Hinden, Office of General Counsel, Public Hearing of Warehouse (January 23, 2001), http://www.fsa.usda.gov/Internet/FSA_File/uswa2000implementation.pdf

² Ark. Code Ann. Ch. 17, Subch. 2

³ Ark. Code Ann. §2-17-206 to 208; 211 to 217; 237

⁴ Available at: <http://plantboard.arkansas.gov/FeedFertilizer/Pages/LicensingRequirements.aspx>

Licenses must be renewed on a yearly basis and be posted in a conspicuous place in the warehouse office. If a warehouseman is convicted of any crime involving fraud or has violated a provision of the law, Arkansas may suspend, cancel, or revoke the license.

Auditing

A grain warehouse is required to keep complete, separate and correct records and accounts pertaining to the warehouse.⁵ These can include unissued and issued receipts and tickets, receipts and tickets returned, and accounts of all grains received and withdrawn. These records must be kept for a period of five years. In addition to recordkeeping, the warehouse must be examined on a yearly basis and can be examined at the Commissioner's discretion. The warehouse audits may include facilities, equipment, inventories, property, records, and accounts

Failure and Liquidation

If a warehouse is discovered to be insolvent, the Commissioner will close the warehouse and take charge of all property.⁶ The Commissioner may liquidate the warehouse's indebtedness to the satisfaction of its creditors. In addition, the Commissioner must notify the surety bond and report the insolvency to the Attorney General.

Bonding

A surety bond, to benefit all depositors or storers of grain, must be executed by the warehouse before any license is issued.⁷ In lieu of a bond, a warehouse applicant may be a self-insurer by posting with the Commissioner cash or a combination of securities. These bonds (or securities) are fixed at a rate of:

1. Twenty cents per bushel for the first one million bushels;
2. Fifteen cents per bushel for the next one million bushels of licensed capacity; and
3. Ten cents per bushel for all licensed capacity over two million bushels.

If a warehouse fails to deliver grain the receipt holder may, after ten days of the demand, make a demand of the surety for payment under the bond. Within fifteen days following receipt the surety has the responsibility to pay.

⁵ Ark. Code Ann. §2-17-234 to 235

⁶ Ark. Code Ann. §2-17-236

⁷ Ark. Code Ann. §2-17-209 to 210; 226

Penalties

The State Plant Board is given the authority to enforce the provisions of the warehouse laws.⁸ An unintentional or negligent violation of these laws are guilty of a Class A misdemeanor. Any person who issues a warehouse receipt without a license or willful violates any provision of the law is guilty of a Class D felony.

For more information about statutory requirements relevant to grain warehouses, the National Agricultural Law Center has compiled a guide listing specific citations for each state. In addition, the National Agricultural Law Center has compiled a short fact sheet concerning the United States Warehouse Act. This information is freely available at <http://nationalaglawcenter.org/state-compilations/grainsalesstorage/>.

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⁸ Ark. Code Ann. §2-17-204 to 205