

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1010*

Short Title: Cotton Gins, Warehouses, Merchants.

(Public)

Sponsors: Representatives Hill, Brown, Mitchell; and Yongue.

Referred to: Agriculture.

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. Cotton merchant includes a cotton
14 marketing cooperative or association that performs the functions of a
15 cotton merchant. Cotton merchant does not include a person who buys
16 cotton for the person's own use.
17 (3) ‘Cotton warehouse’ means any enclosure in which grower-owned cotton
18 is stored or held for longer than 48 hours.

19 **“§ 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.

3 **"§ 106-451.42. Application; bond; display of certificate of registration.**

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

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

14 (c) A certificate of the registration under G.S. 106-451.41 shall be conspicuously
15 displayed at the place of business.

16 **"§ 106-451.43. Records; receipts; other duties; denial of registration.**

17 (a) Cotton gins, cotton warehouses, and cotton merchants shall keep records of
18 cotton transactions for seven years and shall keep records in accordance with good
19 business practices.

20 (b) Cotton gins shall, within 48 hours of receipt, make available to the person from
21 whom cotton was received, a receipt or ticket showing the bale numbers and weights for
22 each bale of cotton ginned or received.

23 (c) Cotton gins, cotton warehouses, and cotton merchants shall not market,
24 obligate for sale, or otherwise dispose of cotton as first handler without written consent
25 from the producer of the cotton.

26 (d) Cotton gins, cotton warehouses, and cotton merchants shall assist the
27 Commissioner of Agriculture or his agents in inspecting records of cotton transactions.
28 Cotton gins and cotton warehouses shall assist the Commissioner or his agents in
29 weighing or reweighing cotton bales stored or held at their premises.

30 (e) Violation of any of the requirements of this section shall be grounds for the
31 denial, suspension, or revocation of the registration under G.S. 143-451.41.

32 **"§ 106-451.44. Operation without registration unlawful; injunction.**

33 Engaging in business as a cotton gin, cotton warehouse, or cotton merchant without
34 being registered under G.S. 143-451.41 is punishable as a Class 2 misdemeanor. In
35 addition, the Commissioner of Agriculture may apply to any court of competent
36 jurisdiction to obtain injunctive relief to prevent violations of this act."

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