

HOUSE BILL No. 1305

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-2-7-3; IC 26-3-7; IC 26-4.

Synopsis: Grain shortages, claims, and payments. Allows the inspector general to receive complaints regarding violations of the Indiana grain buyers and warehouse licensing and bonding law by the director of the Indiana grain buyers and warehouse licensing agency. Reorganizes the existing statute regarding grain shortages, claims, and payments. Provides for certain notices to be included in contracts for the purchase of grain. Requires an administrative law judge to award reasonable attorney's fees to the claimant in certain administrative adjudications. Makes conforming and technical corrections.

Effective: July 1, 2026.

Sweet

January 6, 2026, read first time and referred to Committee on Agriculture and Rural Development.



Second Regular Session of the 124th General Assembly (2026)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2025 Regular Session of the General Assembly.

HOUSE BILL No. 1305

A BILL FOR AN ACT to amend the Indiana Code concerning commercial law.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-2-7-3, AS AMENDED BY P.L.201-2023,
2 SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2026]: Sec. 3. The inspector general shall do the following:

- 4 (1) Initiate, supervise, and coordinate investigations.
5 (2) Recommend policies and carry out other activities designed to
6 deter, detect, and eradicate fraud, waste, abuse, mismanagement,
7 and misconduct in state government.
8 (3) Receive complaints alleging the following:
9 (A) A violation of the code of ethics.
10 (B) Bribery (IC 35-44.1-1-2).
11 (C) Official misconduct (IC 35-44.1-1-1).
12 (D) Conflict of interest (IC 35-44.1-1-4).
13 (E) Profiteering from public service (IC 35-44.1-1-5).
14 (F) A violation of the executive branch lobbying rules.
15 (G) A violation of a statute or rule relating to the purchase of
16 goods or services by a current or former employee, state
17 officer, special state appointee, lobbyist, or person who has a



business relationship with an agency.

(H) A violation of the Indiana grain buyers and warehouse licensing and bonding law (IC 26-3-7) by the director of the Indiana grain buyers and warehouse licensing agency.

(4) If the inspector general has reasonable cause to believe that a crime has occurred or is occurring, report the suspected crime to:

(A) the governor; and

(B) appropriate state or federal law enforcement agencies and prosecuting authorities having jurisdiction over the matter.

(5) Adopt rules under IC 4-22-2 to implement IC 4-2-6 and this chapter.

(6) Adopt rules under IC 4-22-2 and section 5 of this chapter to implement a code of ethics.

(7) Ensure that every:

(A) employee;

(B) state officer;

(C) special state appointee; and

(D) person who has a business relationship with an agency; is properly trained in the code of ethics.

(8) Provide advice to an agency on developing, implementing, and enforcing policies and procedures to prevent or reduce the risk of fraudulent or wrongful acts within the agency.

(9) Provide informal advisory opinions to current, former, and prospective state employees, state officers, and special state appointees. An informal advisory opinion issued by the office of the inspector general is confidential under IC 5-14-3-4, including any previously issued informal advisory opinion by the office of the inspector general that recites that it is confidential.

(10) Recommend legislation to the governor and general assembly to strengthen public integrity laws, including the code of ethics for state officers, employees, special state appointees, and persons who have a business relationship with an agency, including whether additional specific state officers, employees, or special state appointees should be required to file a financial disclosure statement under IC 4-2-6-8.

(11) Annually submit a report to the legislative council detailing the inspector general's activities. The report must be in an electronic format under IC 5-14-6.

(12) Prescribe and provide forms for statements required to be filed under IC 4-2-6 or this chapter.

(13) Accept and file information that:

(A) is voluntarily supplied; and



- 1 (B) exceeds the requirements of this chapter.
- 2 (14) Inspect financial disclosure forms.
- 3 (15) Notify persons who fail to file forms required under IC 4-2-6
- 4 or this chapter.
- 5 (16) Develop a filing, a coding, and an indexing system required
- 6 by IC 4-2-6 and IC 35-44.1-1.
- 7 (17) Prepare interpretive and educational materials and programs.
- 8 SECTION 2. IC 26-3-7-3, AS AMENDED BY THE TECHNICAL
- 9 CORRECTIONS BILL OF THE 2026 GENERAL ASSEMBLY, IS
- 10 AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]:
- 11 Sec. 3. (a) The director may do the following:
- 12 (1) Require any reports that are necessary to administer this
- 13 chapter.
- 14 (2) Administer oaths, issue subpoenas, compel the attendance and
- 15 testimony of witnesses, and compel the production of records in
- 16 connection with any investigation, informal meeting, **or hearing**
- 17 **preliminary meeting, or claims meeting** under this chapter.
- 18 (3) Prescribe all forms within the provisions of this chapter.
- 19 (4) Establish grain standards in accordance with the grain
- 20 standards act and federal regulations promulgated under that act
- 21 that must be used by warehouses.
- 22 (5) Investigate the activities required by this chapter including the
- 23 storage, shipping, marketing, and handling of grain and
- 24 complaints with respect to the storage, shipping, marketing, and
- 25 handling of grain.
- 26 (6) Inspect a facility, the grain stored in a facility, and all property
- 27 and records pertaining to a facility. All inspections of an applicant
- 28 or licensee under this chapter must take into consideration the
- 29 proprietary nature of an applicant's or licensee's commercial
- 30 information. This chapter does not authorize the inspection of an
- 31 applicant's or licensee's trade secret or intellectual property
- 32 information.
- 33 (7) Determine whether a facility for which a license has been
- 34 applied for or has been issued is suitable for the proper storage,
- 35 shipping, and handling of the grain that is stored, shipped, or
- 36 handled, or is expected to be stored, shipped, or handled.
- 37 (8) Require a licensee to terminate storage, shipping, marketing,
- 38 and handling agreements upon revocation of a license.
- 39 (9) Attend and preside over any investigation, informal meeting,
- 40 **or hearing preliminary meeting, or claims meeting** allowed or
- 41 required under this chapter.
- 42 (10) Impose sanctions for violations of this article.



(11) Require all contracts for the purchase of grain from producers, except a flat price contract or a contract for the production of seed, to include the following notice immediately above the place on the contract where the seller of the grain must sign:

"NOTICE - SELLER IS CAUTIONED THAT CONTRACTING FOR THE SALE AND DELIVERY OF GRAIN INVOLVES RISKS. THESE RISKS MAY INCLUDE FUTURE PAYMENTS BY YOU TO MAINTAIN THIS CONTRACT, A LOWER SALES PRICE, AND OTHER RISKS NOT SPECIFIED. **A SELLER MUST CONTACT THE DIRECTOR OF THE INDIANA GRAIN BUYERS AND WAREHOUSE LICENSING AGENCY IN WRITING IF THE FIRST PURCHASER LICENSEE IS UNABLE TO FULFILL THIS CONTRACT.**

INDIANA STATE LAW REQUIRES THAT ALL DEFERRED PRICED GRAIN MUST BE PRICED WITHIN THE CROP YEAR AS DEFINED BY ~~IC 26-3-7-2(7)~~. **IC 26-3-7-2(8)**. THIS CONTRACT MUST BE PRICED BY (Insert Date) .

COVERAGE UNDER THE INDIANA GRAIN INDEMNITY PROGRAM IS FOR GRAIN THAT HAS BEEN DELIVERED TO A FIRST PURCHASER LICENSEE WITHIN THE 15 MONTHS BEFORE THE DATE OF THE REVOCATION OF A LICENSE AND IS LIMITED TO 100% OF A LOSS FOR STORED GRAIN AND 80% OF A LOSS FOR OTHER COVERED CONTRACTS.

BE SURE YOU UNDERSTAND THE NATURE OF THIS CONTRACT AND THE ASSOCIATED RISKS."

(12) Require all contracts executed for the production of seed to include the following notice, in conspicuous letters, immediately above the place on the contract or an addendum where the seller of the seed must sign:

"NOTICE - IF THE TERMS OF THIS CONTRACT STATE THAT THE CONTRACTOR RETAINS OWNERSHIP OF THE SEED AND ITS PRODUCTS, YOU MAY NOT BE ELIGIBLE FOR PARTICIPATION IN THE INDIANA GRAIN INDEMNITY PROGRAM. TO BE ELIGIBLE TO PARTICIPATE IN THE INDIANA GRAIN INDEMNITY PROGRAM, FARMERS MUST OWN AND SELL GRAIN OR SEED. BE SURE YOU UNDERSTAND THE NATURE OF THIS CONTRACT AND THE ASSOCIATED RISKS."



(13) At any time, order an unannounced audit for compliance with this article.

(14) Require all grain buyers offering deferred pricing, delayed payments, or contracts linked to the commodity futures or commodity options market in connection with a grain purchase to document the agreement in writing not more than twenty-one (21) days after delivery.

(15) Receive and consider financial audits of a licensee conducted by an independent audit or accounting firm.

(16) Share information with board members regarding the financial status of a licensee, while the board is in executive session and without disclosing the name or any other identifying information of the licensee, including the following:

(A) Whether there is a risk that a licensee's license may be revoked.

(B) The financial impact to the fund if a licensee identified in clause (A) were to have the licensee's license revoked.

(C) The estimated number of potential claimants that could result from the revocation of a licensee identified in clause (A).

(D) Any other information the director determines is necessary to solicit the advice of the board regarding the financial status of a licensee.

However, the director may not share information under this subdivision with a board member who has not executed a confidentiality agreement.

(b) The director shall do the following:

(1) Establish standards to ensure that a grain buyer has a suitable financial position to conduct a business as a grain buyer.

(2) Require a person who conducts business as a grain buyer to first be licensed by the agency.

(c) The director may designate an employee to act for the director in the administration of this chapter. An employee designee may not:

(1) adopt rules; or

(2) act as the ultimate authority in the administration of this chapter.

(d) The director may designate an administrative law judge to act for the director in the administration of this chapter.

(e) The director may determine whether geographically separate facilities constitute a single warehouse or grain buyer and in making the determination may consider the following:

(1) The number of facilities involved.



(2) Whether full weighing equipment is present at the geographically separate facilities.

(3) The method of bookkeeping employed by the separate facilities.

(4) The hours of operation of the separate facilities.

(5) The personnel employed at the separate facilities.

(6) Other factors the director deems relevant.

(f) For purposes of determining whether a building or other protected enclosure constitutes a single warehouse that requires a single license under this chapter, the director may consider the following:

(1) The presence of a full weighing facility at geographically diverse warehouse facilities.

(2) The traditional method of record keeping with respect to the separate facilities.

(3) The hours, number of personnel, and activities of the separate facilities.

(4) Any other factor considered relevant.

In the absence of contradictory information, any warehouses owned and operated by the same person that are located within close proximity of each other are presumed to constitute a single warehouse.

(g) The director and the director's designated representative shall become members of the national grain regulatory organization and shall:

(1) work in partnership with other state grain regulatory officials;

(2) participate in national grain regulatory meetings; and

(3) provide expertise and education at national meetings.

(h) The director shall engage an independent third party firm to conduct a performance review of the agency's auditing practices and procedures at least once every five (5) years. The agency shall make reasonable efforts to implement any corrective measures identified in the performance review to enhance and improve the agency's auditing practices and procedures. The agency shall make the findings of the performance review available to the board.

(i) The director may subpoena or require that certain records located outside Indiana, if any, be brought to a specified location in Indiana for review by the agency.

SECTION 3. IC 26-3-7-15.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 15.1. (a) If the agency learns of the possibility that a shortage exists, either as a result of an inspection or a report or a complaint from a depositor, the agency shall:**



(1) conduct an onsite inspection and audit; and

(2) make a preliminary determination as to whether a shortage exists.

(b) If the agency does not discover a shortage under subsection (a), the agency must treat the audit as it would any other audit.

(c) If the agency determines that a shortage may exist, the director or the director's designated representative shall:

(1) hold a preliminary meeting as soon as possible to confirm the existence of a shortage as indicated by the licensee's books and records and the grain on hand; and

(2) provide notice of the preliminary meeting to:

(A) the licensee;

(B) the surety company named on the licensee's bond;

(C) the issuer of the irrevocable letter of credit; and

(D) any grain depositor who has made a claim or complaint to the agency in conjunction with the potential shortage.

The parties under subdivision (2) are the only interested parties for purposes of the preliminary meeting.

(d) At the preliminary meeting, the director or the director's designated representative shall do the following:

(1) Determine whether there is a reasonable probability that a shortage exists.

(2) If it is determined that a reasonable probability of a shortage exists and that the bond or letter of credit proceeds or the cash deposit should be distributed:

(A) enter a preliminary determination that the licensee has failed to meet its obligations under this chapter or the rules adopted under this chapter; and

(B) take possession of the bond or other security required under this chapter and all proceeds from grain sales are to be held in the form in which they are received and to be kept in a separate account from all other funds. The records of proceeds held in a separate account under this clause are a public record notwithstanding IC 5-14-3.

(3) Issue an order that provides for an informal meeting, which may include:

(A) the agency representatives;

(B) persons who have or who appear to have grain deposited with the licensee; and

(C) the surety company.

(e) If the agency does not begin an audit, which would serve as



the basis for a preliminary administrative determination, within forty-five (45) days after the agency's receipt of a written claim by a depositor, a depositor has a right of action upon the bond, letter of credit, or cash deposit. A depositor bringing a civil action under this subsection need not join other depositors. However, if the agency has undertaken an audit during the forty-five (45) day period, the exclusive remedy for recovery against the bond, letter of credit, or cash deposit is through the recovery procedure prescribed by sections 15.2 and 15.3 of this chapter.

SECTION 4. IC 26-3-7-15.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 15.2. (a)** After conducting a preliminary meeting under section 15.1 of this chapter, if the director determines that the bond or letter of credit proceeds or cash deposit is to be distributed, the agency shall hold a claims meeting.

(b) The agency shall provide notice of the claims meeting described in subsection (a) to the following:

- (1)** The surety company named on the licensee's bond.
- (2)** The issuer of the irrevocable letter of credit.
- (3)** Any person shown by the licensee's books and records to have interests in grain deposited with the licensee.
- (4)** Any other person that the agency has actual knowledge of claiming rights in the grain deposited with the licensee, the bond, the irrevocable letter of credit, or the cash deposit.

Additionally, the agency shall provide public notice of the claims meeting in newspapers of general circulation that serve the counties in which the licensed facility is located and post notices on the licensed premises.

(c) At the claims meeting described in subsection (a), the director or the director's designated representative may accept as evidence of claims the report of an agency representative who, as the result of an informal meeting with depositors, has concluded that a claim is directly and precisely supported by the licensee's books and records. However, if there is disagreement between a depositor's claims and the licensee's books and records, the director or the director's designated representative shall hear oral claims and receive written evidence of claims to determine the validity of the claim.

(d) Any depositor who does not present a claim at the claims meeting described in subsection (a) may bring the claim to the agency not more than fifteen (15) days after the conclusion of the claims meeting described in subsection (a). However, a depositor



1 who has a claim that was involved in the probate of an estate at the
 2 time of the claims meeting described in subsection (a) has one (1)
 3 year from the conclusion of the claims meeting described in
 4 subsection (a) to present the claim to the agency.

5 SECTION 5. IC 26-3-7-15.3 IS ADDED TO THE INDIANA CODE
 6 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 7 1, 2026]: Sec. 15.3. (a) Following the claims meeting under section
 8 15.2 of this chapter, the director or the director's designated
 9 representative shall make a determination as to the total proven
 10 storage and financial obligations due to depositors and the loss
 11 sustained by each depositor who has proven a claim.

12 (b) Only grain that has been delivered to a first purchaser
 13 licensee for sale or storage under a bailment not more than fifteen
 14 (15) months before the date of revocation of the licensee's license
 15 may be considered by the director or the director's designated
 16 representative in determining the total proven storage and
 17 financial obligations due to depositors and the loss sustained by
 18 each depositor who has proven a claim. Depositors found to have
 19 proven their claims for storage or financial loss are proven
 20 claimants.

21 (c) In arriving at that loss, in accordance with section 19 of this
 22 chapter, the director shall apply all grain on hand or its
 23 identifiable proceeds to meet the licensee's obligations to grain
 24 depositors of grain of that type. Initial determinations of loss must
 25 be made on the amount of grain on hand, or identifiable proceeds,
 26 and must reduce the amount to which a depositor may have a
 27 proven claim.

28 (d) With respect to the remaining unfulfilled obligations, and
 29 subject to subsection (e), the director shall:

- 30 (1) for the sole purpose of establishing each depositor's claim
- 31 under this chapter, establish a date upon which the loss is
- 32 discovered;
- 33 (2) price the grain as of the date described in subdivision (1);
- 34 (3) treat all outstanding grain storage obligations not covered
- 35 by grain on hand or identifiable proceeds as being sold as of
- 36 the date described in subdivision (1); and
- 37 (4) determine the extent of each depositor's loss as being the
- 38 actual loss sustained as of the date described in subdivision
- 39 (1).

40 (e) Grain of a specific type on the premises of a licensee must
 41 first be applied to meet the licensee's storage obligations with
 42 respect to that type of grain. If there is insufficient grain of a



1 specific type on hand to meet all storage obligations with respect to
 2 that type of grain, the grain that is present must be prorated in
 3 accordance with the procedures described in this section and
 4 section 16.8 of this chapter.

5 (f) The agency shall refer the licensee to the county prosecuting
 6 attorney if the licensee does not have the amount of grain in
 7 storage, at the time of the revocation of the license, that the records
 8 indicate should be in storage.

9 (g) When the proven claims exceed the amount of the bond,
 10 letter of credit, or cash deposit, recoveries of proven claimants
 11 must be prorated in the same manner as priorities are prorated
 12 under section 16.8 of this chapter.

13 (h) The proceedings and meetings under this section and
 14 sections 15.1 and 15.2 of this chapter may be undertaken without
 15 regard to, in combination with, or in addition to those undertaken
 16 in accordance with section 17.1 of this chapter.

17 (i) The findings of the director are final, conclusive, and binding
 18 on all parties.

19 (j) A claim of a licensee for stored grain may not be honored
 20 until the proven claims of all other claimants arising from the
 21 purchase, storage, and handling of the grain have been paid in full.

22 (k) A claim is considered to be adjudicated if the claimant has:

23 (1) agreed with the director's determination on the claim and
 24 not filed an appeal under IC 4-21.5-3; or

25 (2) exhausted the claimant's administrative appeal and
 26 judicial review remedies.

27 (l) Subject to the requirements under this chapter, if one (1) or
 28 more claimants are not paid in full for the claimants' proven
 29 claims, the director shall forward to the Indiana grain indemnity
 30 fund board of directors a list of the claimants who are owed money
 31 and the difference between the amount that the claimant was paid
 32 and the amount that the claimant claims to be due along with a
 33 copy of the final order.

34 SECTION 6. IC 26-3-7-16.5 IS REPEALED [EFFECTIVE JULY
 35 1, 2026]. See: 16.5: (a) Upon learning of the possibility that a shortage
 36 exists, either as a result of an inspection or a report or complaint from
 37 a depositor, the agency, based on an on-premises inspection, shall make
 38 a preliminary determination as to whether a shortage exists. If a
 39 shortage is not discovered, the agency shall treat the audit as it would
 40 any other audit.

41 (b) If it is determined that a shortage may exist, the director or the
 42 director's designated representative shall hold a hearing as soon as



1 possible to confirm the existence of a shortage as indicated by the
2 licensee's books and records and the grain on hand. Only the licensee;
3 the surety company named on the licensee's bond; the issuer of the
4 irrevocable letter of credit; and any grain depositor who has made a
5 claim or complaint to the agency in conjunction with the shortage shall
6 be considered as interested parties for the purposes of that hearing; and
7 each shall be given notice of the hearing. At the hearing, the director
8 or the director's designated representative shall determine whether
9 there appears to be a reasonable probability that a shortage exists. If it
10 is determined that a reasonable probability exists and that the bond or
11 letter of credit proceeds or the cash deposit should be distributed; a
12 preliminary determination shall be entered to the effect that the
13 licensee has failed to meet its obligations under this chapter or the rules
14 adopted under this chapter. At the hearing, the director or the director's
15 designated representative shall take possession of the bond or other
16 security required under this chapter and all proceeds from grain sales
17 are to be held in the form in which they are received and to be kept in
18 a separate account from all other funds. The order shall also provide for
19 informal conferences between agency representatives and persons who
20 have or who appear to have grain deposited with the licensee. The
21 surety company shall be permitted to participate in those conferences.

22 (c) In the event that the director determines that the bond or letter
23 of credit proceeds or cash deposit is to be distributed; the agency shall
24 hold a hearing on claims. Notice shall be given to the surety company
25 named on the licensee's bond; the issuer of the irrevocable letter of
26 credit; and to all persons shown by the licensee's books and records to
27 have interests in grain deposited with the licensee. If the agency has
28 actual knowledge of any other depositor or person claiming rights in
29 the grain deposited with the licensee; the bond; the irrevocable letter of
30 credit; or the cash deposit; notice shall also be provided to that person.
31 In addition, public notice shall be provided in newspapers of general
32 circulation that serve the counties in which licensed facilities are
33 located; and notices shall be posted on the licensed premises. At the
34 hearing on claims, the director or the director's designated
35 representative may accept as evidence of claims the report of agency
36 representatives who in informal conferences with depositors have
37 concluded that a claim is directly and precisely supported by the
38 licensee's books and records. When there is disagreement between the
39 claims of a depositor and the licensee's books and records; the director
40 or the director's designated representative shall hear oral claims and
41 receive written evidence of claims in order to determine the validity of
42 the claim.



(d) Any depositor who does not present a claim at the hearing may bring the claim to the agency within fifteen (15) days after the conclusion of the hearing. However, a depositor who has a claim that was involved in the probate of an estate at the time of the claims hearing has one (1) year from the conclusion of the claims hearing to present the claim to the agency.

(e) Only grain that has been delivered to a first purchaser licensee for sale or storage under a bailment not more than fifteen (15) months before the date of revocation of the licensee's license may be considered by the director or the director's designated representative in determining the total proven storage and financial obligations due to depositors and the loss sustained by each depositor who has proven a claim.

(f) Following the hearing on claims, the director or the director's designated representative shall make a determination as to the total proven storage and financial obligations due to depositors and the loss sustained by each depositor who has proven a claim. Depositors found to have proven their claims for storage or financial loss shall be proven claimants. In arriving at that loss, in accordance with section 19 of this chapter, the director shall apply all grain on hand or its identifiable proceeds to meet the licensee's obligations to grain depositors of grain of that type. Initial determinations of loss shall be made on the amount of grain on hand, or identifiable proceeds, and shall reduce the amount to which a depositor may have a proven claim. With respect to the remaining unfulfilled obligations, the director shall, for the sole purpose of establishing each depositor's claim under this chapter, establish a date upon which the loss is discovered, shall price the grain as of that date, shall treat all outstanding grain storage obligations not covered by grain on hand or identifiable proceeds as being sold as of that date, and shall determine the extent of each depositor's loss as being the actual loss sustained as of that date. Grain of a specific type on the premises of a licensee must first be applied to meet the licensee's storage obligations with respect to that type of grain. If there is insufficient grain of a specific type on hand to meet all storage obligations with respect to that type of grain, the grain that is present shall be prorated in accordance with the procedures described in this section and section 16.8 of this chapter. The agency shall refer the licensee to the county prosecuting attorney if the licensee does not have the amount of grain in storage, at the time of the revocation of the license, that the records indicate should be in storage.

(g) Upon the failure of the agency to begin an audit, which would serve as the basis for a preliminary administrative determination;



1 within forty-five (45) days of the agency's receipt of a written claim by
 2 a depositor; a depositor shall have a right of action upon the bond;
 3 letter of credit; or cash deposit. A depositor bringing a civil action need
 4 not join other depositors. If the agency has undertaken an audit within
 5 the forty-five (45) day period; the exclusive remedy for recovery
 6 against the bond; letter of credit; or cash deposit shall be through the
 7 recovery procedure prescribed by this section.

8 (h) When the proven claims exceed the amount of the bond; letter
 9 of credit; or cash deposit; recoveries of proven claimants shall be
 10 prorated in the same manner as priorities are prorated under section
 11 ~~16.8~~ of this chapter.

12 (i) The proceedings and hearings under this section may be
 13 undertaken without regard to; in combination with; or in addition to
 14 those undertaken in accordance with section ~~17.1~~ of this chapter.

15 (j) The findings of the director shall be final; conclusive; and
 16 binding on all parties.

17 (k) A claim of a licensee for stored grain may not be honored until
 18 the proven claims of all other claimants arising from the purchase;
 19 storage; and handling of the grain have been paid in full.

20 (l) A claim is considered to be adjudicated if the claimant has:

21 (1) agreed with the director's determination on the claim and not
 22 filed an appeal under IC 4-21.5-3; or

23 (2) exhausted the claimant's administrative appeal and judicial
 24 review remedies.

25 (m) Subject to the requirements under this chapter; if one (1) or
 26 more claimants are not paid in full for the claimants' proven claims; the
 27 director shall forward to the Indiana grain indemnity fund board of
 28 directors a list of the claimants who are owed money and the difference
 29 between the amount that the claimant was paid and the amount that the
 30 claimant claims to be due along with a copy of the final order.

31 SECTION 7. IC 26-3-7-16.7, AS AMENDED BY P.L.92-2025,
 32 SECTION 74, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 33 JULY 1, 2026]: Sec. 16.7. (a) A licensee or claimant subject to the
 34 director's action may submit a petition for review and request for
 35 administrative adjudication under IC 4-21.5-3 from orders issued by
 36 the director under section ~~16.5~~, **15.1**, **15.2**, **15.3**, or 17.1 of this chapter.

37 (b) A licensee or claimant may request an administrative
 38 adjudication under IC 4-21.5-3 not more than fifteen (15) days after
 39 being served with the director's findings.

40 (c) If a licensee or claimant requests an administrative adjudication
 41 under IC 4-21.5-3, the office of administrative law proceedings shall
 42 designate an administrative law judge to preside over the petition for



review.

(d) The office of administrative law proceedings is the ultimate authority for administrative adjudications under IC 4-21.5.

(e) If a claimant submits a petition for review under this section, the administrative law judge shall award the reasonable attorney's fees incurred by the claimant, if any.

SECTION 8. IC 26-3-7-17.1, AS AMENDED BY P.L.114-2025, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 17.1. (a) Whenever the director, as a result of an inspection or otherwise, has reasonable cause to believe that a person to which this chapter is or may be applicable:

(1) is conducting business contrary to this chapter or in an unauthorized manner; or

(2) has failed, neglected, or refused to observe or comply with any order, rule, or published policy statement of the agency;

then the director may undertake any one (1) of the actions prescribed by this section.

(b) Upon learning of the possibility that a licensee is acting as described in subsection (a), the director or the director's designated representative may seek an informal meeting with the licensee. At that meeting, which must be held at a time and place agreed to by the licensee and the director, the director or the director's designated representative shall discuss the possible violations and may enter into a consent agreement with the licensee under which the licensee agrees to undertake, or to cease, the activities that were the subject of the meeting. The consent agreement must:

(1) provide for a time frame within which the licensee must be in compliance; and

(2) state in detail the requirements that must be met to be in compliance, including the requirements under section 31.2(b) of this chapter.

(c) Upon learning of the possibility that a person is acting as described in subsection (a), the director or the director's designated representative, except as otherwise provided in this subsection, shall hold ~~a hearing~~ **an informal meeting** to determine whether a cease and desist order should issue against a licensee or an unlicensed person undertaking activities covered by this chapter. If the director or the director's designated representative determines that the violation or the prohibited practice is likely to cause immediate insolvency or irreparable harm to depositors, the director or the director's designated representative, without notice, shall issue a cease and desist order requiring the person to cease and desist from that violation or practice.



1 The order shall become effective upon service on the person and shall
 2 remain effective and enforceable pending the completion of all
 3 administrative proceedings.

4 (d) Upon a determination, after ~~a hearing~~ **an informal meeting** held
 5 by the director or the director's designated representative, that a person
 6 is acting as described in subsection (a), the director shall revoke or
 7 deny a license. If the director revokes or denies a license, the director
 8 shall publish notice of the revocation or denial as provided in section
 9 17.5 of this chapter.

10 SECTION 9. IC 26-3-7-31.2, AS ADDED BY P.L.114-2025,
 11 SECTION 36, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 12 JULY 1, 2026]: Sec. 31.2. (a) If the director determines that an
 13 informal meeting under this chapter is necessary or appropriate, the
 14 following procedures apply:

15 (1) The director shall send a notice of an informal meeting to the
 16 licensee. The notice shall set forth the following:

17 (A) Each reason underlying the director's determination that an
 18 informal meeting is necessary.

19 (B) The subject matter to be discussed at the informal meeting.

20 (C) A place and time mutually agreed upon, within thirty (30)
 21 days of the date of the notice.

22 (D) If appropriate, any documents, information, or other
 23 materials to be produced in a manner and at a time and place
 24 designated in the notice.

25 (2) The director and the recipient may, at any time before an
 26 informal meeting, hold a telephone conference or other informal
 27 discussion as necessary to determine the location, date, and time
 28 of the informal meeting.

29 (3) An informal meeting under this section must be conducted in
 30 person or via a virtual conference with audio, video, and the
 31 ability to share, review, and edit documents or other materials in
 32 real time.

33 (4) Minutes summarizing the topics and points discussed,
 34 including proposed agreements or remedial actions raised or
 35 discussed by the informal meeting participants, must be taken by
 36 the agency. A copy of the minutes and any other materials from
 37 the informal meeting must be distributed to all participants within
 38 five (5) days of the informal meeting.

39 (b) A consent agreement may be entered into by the agency and the
 40 licensee in which the licensee agrees to take or refrain from certain
 41 actions in relation to the subject matter of the informal meeting. Any
 42 consent agreement at a minimum must contain the following:



(1) Specific description of the underlying facts giving rise to the consent agreement.

(2) Specific steps to be taken by the licensee to rectify or address the subject matter of the informal meeting.

(3) Specific deadlines or periods by or within which the licensee is to act, refrain from acting, or perform under the consent agreement.

(4) Specific deadlines by which the licensee is to notify the agency that the licensee has performed, in whole or in part, under the consent agreement and, as applicable, that the licensee believes it has addressed the subject matter of the informal meeting.

(5) Specific acts or omissions that will constitute a breach of the agreement and specific remedies available to the agency and the licensee to address a breach of the agreement.

(c) The existence and content of an informal meeting under subsection (a), along with the minutes of the meeting and any other related documents, information, or material, and a consent agreement under subsection (b) is confidential.

(d) Any offers or discussions from an informal ~~hearing~~ **meeting** under subsection (a) are protected under the Indiana Trial Rules of Evidence Trial Rule 408.

SECTION 10. IC 26-4-1-4.5, AS ADDED BY P.L.114-2025, SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4.5. "Claim" means a claim that has been vetted through the agency process under ~~IC 26-3-7-16.5~~ **IC 26-3-7-15.2 and IC 26-3-7-15.3** where the claimant has provided the agency with documentation of the financial loss the claimant has experienced minus any payments made to the claimant regarding said loss.

SECTION 11. IC 26-4-6-4, AS AMENDED BY P.L.114-2025, SECTION 74, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) A claimant who has incurred a storage loss due to the revocation of a warehouse operator license under IC 26-3-7 is entitled to be compensated by the board from the fund for one hundred percent (100%) of the storage loss incurred less all credits and offsets and any producer premium that would have been due on the sale of the grain. The gross amount of the storage loss shall be as determined by the agency for warehouses licensed under IC 26-3-7 or by the United States Department of Agriculture for warehouses licensed under the United States Warehouse Act. The warehouse operator, agency, and claimants may submit to the board evidence related to outstanding charges against stored grain. If the evidence is



submitted, the agency shall determine the storage loss payable by the board. However, the outstanding charges may not include uncollected storage charges.

(b) Before a storage loss may be paid, the producer must provide to the board evidence that storage fees were paid to the facility for the time during which the grain was stored. The board shall use the following minimum storage fees to determine the storage loss:

(1) Barley and barley seed: Five cents (\$0.05) per month, per bushel.

(2) Canola and canola seed: Five cents (\$0.05) per month, per bushel.

(3) Corn and corn seed: Five cents (\$0.05) per month, per bushel.

(4) Lentils and lentil seed: Five cents (\$0.05) per month, per bushel.

(5) Oats and oat seed: Five cents (\$0.05) per month, per bushel.

(6) Popcorn and popcorn seed: Ten cents (\$0.10) per month, per bushel.

(7) Rye and rye seed: Five cents (\$0.05) per month, per bushel.

(8) Sorghum and sorghum seed: Five cents (\$0.05) per month, per bushel.

(9) Soybeans and soybean seed: Fifteen cents (\$0.15) per month, per bushel.

(10) Sunflower and sunflower seed: Five cents (\$0.05) per month, per bushel.

(11) Wheat and wheat seed: Five cents (\$0.05) per month, per bushel.

(12) All other field crops and other field crop seed: Five cents (\$0.05) per month, per bushel.

(c) A claimant who has incurred a financial loss due to the revocation of a license of a grain buyer is entitled to be compensated by the board from the fund for eighty percent (80%) of the loss incurred less all credits and offsets and any producer premium that should have been due on the sale of the grain. The board shall determine the loss incurred in the following manner:

(1) For grain that has been priced, the loss shall be the value of the priced grain less any outstanding charges against the grain.

(2) For grain sold to a grain buyer, where the title to the grain has passed to the grain buyer, who is also a warehouse operator and that has not been priced, the loss shall be established using the price determined for the storage obligations.

(3) For grain sold to a grain buyer who is not a warehouse operator and that has not been priced, the loss shall be established



1 using a price determined by the agency using the same procedures
2 used by the agency to determine the price at the warehouse.
3 (d) If a producer appeals under IC 4-21.5-3 an order issued by the
4 director under ~~IC 26-3-7-16.5~~ **IC 26-3-7-15.1, IC 26-3-7-15.2, or**
5 **IC 26-3-7-15.3** that postpones the agency from notifying the board of
6 the amount of loss for proven claimants under ~~IC 26-3-7-16.5(m)~~,
7 **IC 26-3-7-15.3(l)**, the board may issue partial payments to any
8 claimants who have not appealed their claims.

