

AN ACT

ENTITLED, An Act to regulate certain agricultural contracts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. Terms used in this Act mean:

- (1) "Agricultural commodity," any material produced for use as food, feed, seed, or fiber and includes fiber crops, food crops, oilseeds, seeds, livestock, livestock products, poultry, poultry products, and other farm products. The term, agricultural commodity, does not include timber or trees;
- (2) "Contractor," any person who, in the ordinary course of business, contracts with a producer to grow or raise agricultural commodities in this state; and
- (3) "Producer," any person who produces or causes to be produced an agricultural commodity in a quantity beyond the person's own family use and is able to transfer title to another or who provides management, labor, machinery, facilities, or any other production input for the production of an agricultural commodity.

Section 2. Any contract for an agricultural commodity, of more than one year duration, between a contractor and a producer shall contain language attempting to provide for resolution of contract disputes by mediation. Either party to a contract may initiate mediation services, as specified in the contract, to facilitate resolution of the dispute. Mediation shall be completed within forty-five days unless both parties agree to extend the time period, or the parties shall be released. No party may proceed to litigation until an attempt has been made to mediate the dispute.

Section 3. Any mediation or litigation to resolve a contract dispute shall apply the substantive contract law of the State of South Dakota.

Section 4. There is an implied promise of good faith as defined in § 57A-1-201(19), by all parties to any agricultural contract. In any action to recover damages, if the court or a jury finds that there has been a violation of this provision, in addition to other damages authorized by law, attorney fees

may be awarded.

An Act to regulate certain agricultural contracts.

I certify that the attached Act
originated in the

SENATE as Bill No. 272

Secretary of the Senate

President of the Senate

Attest:

Secretary of the Senate

Speaker of the House

Attest:

Chief Clerk

Senate Bill No. 272

File No. _____

Chapter No. _____

Received at this Executive Office
this ____ day of _____ ,

19__ at ____ M.

By _____
for the Governor

The attached Act is hereby
approved this _____ day of
_____, A.D., 19__

Governor

STATE OF SOUTH DAKOTA,
ss.
Office of the Secretary of State

Filed _____, 19__
at _____ o'clock __ M.

Secretary of State

By _____
Asst. Secretary of State