

Changes to the Arizona Haybroker Law
ARS Title 3, Chapter 3, Article 8

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Abstract: The haybroker law of Arizona was changed in 1986 to more adequately protect the farmer. This protection is in the form of requiring the haybroker to be bonded and licenced by the Arizona Commission of Agriculture and Horticulture. Additionally the bond is now proportional to the volume of business conducted by the haybroker. The haybroker or his agent must have a certified copy of his haybroker licence in his possession when conducting business.

Haybrokers who purchase hay for resale using cash are exempted from bonding and licencing.

Violators of this law are guilty of a class 2 misdemeanor.

Keywords: Haybroker, Arizona, Licence, Bond, Cash Buyer

Citation: ARS 3-571 et seq.

On August 13, 1986 the revised Arizona Haybroker Law became effective. The main changes related to ways of better protecting the hay producer. The more significant changes were:

- 1) Increased bond from \$10,000 to 100,000 limit.
- 2) Bonding level is proportional to business volume.
- 3) Haybrokers and their agents must have a certified copy of their licence in their possession when conducting business.

Commodities Covered Under the Law:

Hay, herbage, straw, hay cubes or disks and some seeds used as forage such as legumes.

Bonding and Licencing Process:

Any haybroker who purchases hay or a covered commodity from a producer in Arizona for resale and does not pay cash, must be bonded and licenced within Arizona. To obtain a licence, the haybroker must execute and deliver to the State Entomologist either a surety bond or a Certificate of Deposit, Investment Certificate or Share Account in the amount determined to be appropriate to the volume of business being conducted. The bond shall be to the State for its use and benefit and that of any producer or consumer of hay.

The value of the bond is dependent upon business volume. For \$10,000 of sales per month the bond would be the minimum of \$10,000. The bond requirement increases in \$5,000 regiments up to a maximum of \$100,000. For example a sales volume of \$12,000/month would command a \$15,000 bond. If the haybroker has no previous history of sales on which to base the bond amount, the bond is set at \$20,000.

The bond will remain in effect for 90 days after the licence expires. This allows 3 months protection for the grower doing business with a broker who does not renew his licence.

Fees:

The licence currently costs \$10 plus \$1 for each certified copy. The licence expires December 31st of each year.

Action for Damages

If a producer or consumer is injured as a result of a violation of this law, the injured party may bring suit against the bond or after obtaining judgement for damages against a broker, petition the court to direct the State Treasurer to pay amounts deposited with the State Entomologist as a CD, Investment Certificate etc.

Penalties:

In addition to civil actions brought by injured parties, the Arizona Commission of Agriculture and Horticulture may refuse to grant or revoke licences or may bring criminal actions in the county of sale, county where the haybroker maintains his principal place of business or the county in which the violation occurred.

Any haybroker, dealer or agent guilty of violating this law are subject to the penalties of a class 2 misdemeanor with each violation being a separate offense.