

Instructions for Completing the Agricultural Commodity Dealer/Commodity Warehouse License Application

All requirements for licensing must be completed and in the Helena office before a license can be processed. Allow at least three weeks for processing. Applications received or completed after July 1 will be assessed a \$50 late fee. ***Incomplete forms will be returned for completion.***

APPLICATION FORM:

1. Business Information:

Complete business name, address and contact information as required.

2. Officer Information:

List the names and titles of the corporate officers, directors or business partners.

3. Non resident business agent:

List the name and address of your Montana Business Agent or Registered Agent if you are an out-of-state firm. A non-resident applying for a license shall file a written power of attorney designating the Montana Secretary of State as his agent upon whom service of process may be had if legal action is brought against the non-resident. A non-resident who has a duly appointed resident agent upon whom legal process may be served as provided by law is not required to designate the Montana Secretary of State as his agent for service of process. The Department must be furnished a copy of the designation of the resident agent, which shall be certified by the Montana Secretary of State. Service of Process forms are available from the Montana Department of Agriculture.

4. List of locations and license fees:

List all of your facility locations, give the storage capacities for the locations that are warehouses and list the volume of business for each commodity dealer location. It is important to note that a separate license fee is required for each individual location. The following describes the licensing fee calculation for commodity dealers and commodity warehouses.

Commodity dealer license fee - The commodity dealer license fee is based on a flat rate of \$464.00 per facility. However the license fee for a commodity dealer who is licensed as a seed dealer under Section 80-5-130(4), MCA is \$100 a year if the majority of the dealer's annual expenditures of agricultural commodities is for agricultural seed intended for resale as agricultural seed. An affidavit form to request a Commodity Dealer-Seed Dealer fee reduction is available on the department's website at www.agr.mt.gov/licensing/commodity_dealers.asp.

Commodity warehouse license fee - The commodity warehouse license fee is based on a flat rate of \$464.00 per facility. A location that functions as a commodity dealer and a commodity warehouse shall be charged \$464.00 for the commodity dealer and \$464.00 for the commodity warehouse, so the total license fee for that location would be \$928.00, provided that the location does not qualify for a commodity Dealer-Seed Dealer fee reduction.

5. **Surety Requirements:**

Declare the gross dollar value of all agricultural commodities purchased from producers during the previous 12 month period in the box provided on the application. The following describes how the appropriate amount of bonding is calculated for commodity dealers and commodity warehouses.

Commodity Dealer Bond:

(1) The bond or equivalent for a commodity dealer shall be two (2) percent of the value of the agricultural commodities purchased by the commodity dealer from producers during the previous consecutive 12-month period.

(2) The bond amount for new applicants is two (2) percent of the estimated value of all agricultural commodities to be purchased during the coming 12-month period.

(3) The minimum bond amount required by a commodity dealer is \$20,000 annually. The maximum amount required annually is \$1,000,000 (provided there is no deficit bonding required).

(4) A commodity dealer shall have and maintain net assets of at least \$50,000 or maintain a bond in the amount of \$2,000 for each \$1,000 or fraction thereof of net assets deficiency. A minimum of \$10,000 net assets is required to qualify for a license. In determining total net assets, credit may be given for insurable property, such as buildings, machinery, equipment, and merchandise inventory, only to the extent that such property is protected by insurance against loss or damage by fire. If current assets are less than current liabilities, deficit bonding in the amount of \$2,000 for each \$1,000 of current liabilities greater than current assets is needed. Current assets need to be greater than current liabilities.

(5) A new bond is not required each year unless it was canceled, as they are continuous until canceled. A bond rider is necessary if bonding requirements have changed. Certificates of Deposit and Letters of Credit need to be adjusted accordingly if the bonding amount changed from the previous year. If a Letter of Credit is not continuous, a new letter needs to be issued by the issuing institution.

Commodity Warehouse Bond: The bond or equivalent for a commodity warehouse is calculated using the following formulas: Twenty (20) cents per hundredweight (CWT) for the first 500,000 CWT of total storage capacity; Fifteen (15) cents per CWT for the next 500,000 CWT of total storage capacity; Ten (10) cents per CWT for all storage capacity over one (1) million CWT.

(1) The amount of the bond or equivalent may not be less than \$20,000. The maximum required is \$1,000,000 (provided there is no deficit bonding required).

(2) Use total hundredweight storage capacity of all facilities when calculating bond amount.

(3) When necessary to convert bushels to hundredweight use the following formula:

$$\frac{\text{No. Of Bushels} \times 60 \text{ lbs.}}{100} = \text{No. Of hundredweight}$$

(4) A commodity warehouse operates as a commodity dealer, so bonding must be calculated for a commodity warehouse and commodity dealer. Please note that the commodity warehouse bond and commodity dealer bond may be combined on one

bond form, available at www.agr.mt.gov/licensing/commodity_dealers.asp.

(5) License renewals do not need a new bond unless it was canceled, as they are continuous until canceled. A bond rider is necessary if bonding requirements have changed. Certificates of Deposit and letters of credit need to be adjusted accordingly if the bonding amount changed from the previous year. If a letter of credit is not continuous, a new letter needs to be issued by the issuing institution.

6. Description of Business:

Briefly describe the nature of your business. What kinds of commodities do you handle, do you store grains for producers, do you sell seed, etc?

7. Signature:

At the end of the application, sign and date after reading the agreement. List a contact person and their contact information if different than provided previously on the form.

8. Checklist:

Use the checklist provided at the end of the application to ensure all the necessary information and documentation has been provided.

ATTACHMENTS: (all forms are available on the department's web site at www.agr.mt.gov/licensing/commodity_dealers.asp)

1. **License Fee** – made out to the Montana Department of Agriculture
2. **Surety Bond or equivalent** – Complete the bond form if using a bond as surety. If using a Certificate of Deposit, complete the Certificate of Deposit form. If using a letter of credit, send in the original letter of credit on the institutions letter head with the rest of the application material. All signed original copies of surety must be sent to the Montana Department of Agriculture.
3. **Financial Statement** - The applicant must submit a complete and current financial statement prepared and signed by a licensed accountant according to Generally Accepted Accounting Principles.
4. **Certificate of Insurance** – ***This is only necessary if you are applying for a commodity warehouse license or if insurable property is being used in determining total net assets.*** The policy needs to insure all agricultural commodities that are stored in the warehouse, including agricultural commodities owned by the warehouse operator. The insurance shall insure the commodities for the full market value at the time of loss of such commodities against loss by fire, internal explosion, lightning, or tornado. A current certificate of insurance must be in your file with the department at all times.
5. **Copy of Warehouse Receipt and Scale Ticket** – ***only necessary if you are applying for a Commodity Warehouse license.***
6. **Sample of Producer Delayed Payment Contracts (if applicable)**
7. **Current drawing of warehouse (only necessary if applying for a Commodity Warehouse license)** – include the dimensions, volume, bushel per foot.
8. **Schedule of Storage Charges and Other Services (only necessary if applying for a Commodity Warehouse license)** – these charges need to be placed in a conspicuous place and need to be updated as soon as any changes in the services are made.
9. **If you have more than one location, please provide the physical location of each location.**

If you need assistance or have questions, please call (406) 444-3730.