

SENATE BILL 761

I4, M4

6lr2479

By: **Senators Madaleno, Lee, Manno, and Pinsky**

Introduced and read first time: February 5, 2016

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Farmers' Rights Act**

3 FOR the purpose of establishing that certain contracts for the production of livestock
4 impose a certain obligation of good faith on all parties; requiring certain production
5 contracts to include a certain disclosure statement and cover sheet containing certain
6 information; requiring certain production contracts to comply with certain
7 standards; authorizing a certain producer to cancel a production contract within a
8 certain period of time; providing that certain provisions in a production contract are
9 void and unenforceable; establishing that certain contract producers have certain
10 rights; prohibiting certain contractors from engaging in or allowing their employees
11 or agents to engage in certain practices; establishing procedures for termination of,
12 cancellation of, or failure to renew a production contract; establishing that a contract
13 producer has a lien on certain livestock under certain circumstances; providing for
14 enforcement of the lien; requiring a production contract to provide for resolution of
15 disputes by mediation; establishing certain requirements for mediation; providing
16 that a certain contractor that violates certain provisions of this Act is subject to a
17 certain civil penalty; providing that a certain contractor that violates certain
18 provisions of this Act is guilty of a misdemeanor and subject to a certain fine;
19 requiring the Attorney General to enforce this Act; authorizing the Attorney General
20 to take certain actions to enforce this Act; authorizing a certain contract producer to
21 bring a certain civil action; requiring the court to award reasonable attorney's fees
22 and litigation expenses to a contract producer under certain circumstances;
23 exempting a contract producer from certain requirements to obtain injunctive relief;
24 authorizing a court to order certain equitable relief in an action under this Act;
25 authorizing the Attorney General to adopt certain regulations; providing for the
26 application of this Act; defining certain terms; and generally relating to certain
27 contracts for the production of livestock.

28 BY adding to
29 Article – Commercial Law

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 24–101 through 24–901 to be under the new title “Title 24. Livestock
2 Production Contracts”
3 Annotated Code of Maryland
4 (2013 Replacement Volume and 2015 Supplement)

5 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
6 That the Laws of Maryland read as follows:

7 **Article – Commercial Law**

8 **TITLE 24. LIVESTOCK PRODUCTION CONTRACTS.**

9 **SUBTITLE 1. DEFINITIONS; GENERAL PROVISIONS.**

10 **24–101.**

11 (A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS
12 INDICATED.

13 (B) “CAPITAL INVESTMENT” MEANS AN INVESTMENT IN:

14 (1) A STRUCTURE, SUCH AS A BUILDING OR MANURE STORAGE SHED;
15 OR

16 (2) MACHINERY OR EQUIPMENT THAT IS ASSOCIATED WITH
17 PRODUCING LIVESTOCK AND HAS A USEFUL LIFE EXCEEDING 1 YEAR.

18 (C) “CONTRACT OPERATION” MEANS A LIVESTOCK FACILITY OPERATED IN
19 ACCORDANCE WITH A PRODUCTION CONTRACT.

20 (D) “CONTRACT PRODUCER” MEANS A PRODUCER THAT PRODUCES
21 LIVESTOCK UNDER A PRODUCTION CONTRACT.

22 (E) “CONTRACTOR” MEANS A PERSON THAT OWNS LIVESTOCK THAT IS
23 PRODUCED BY A CONTRACT PRODUCER AT THE CONTRACT PRODUCER’S CONTRACT
24 OPERATION.

25 (F) “LEGIBLE TYPE” MEANS A TYPEFACE AT LEAST AS LARGE AS 10 POINT
26 MODERN TYPE, 1 POINT LEADED.

27 (G) “LIVESTOCK” MEANS:

28 (1) BEEF CATTLE;

- 1 **(II) CONTRACT TERMINATION;**
2 **(III) RENEGOTIATION STANDARDS;**
3 **(IV) FACTORS TO BE USED IN DETERMINING PAYMENT;**
4 **(V) RESPONSIBILITY TO OBTAIN AND COMPLY WITH FEDERAL,**
5 **STATE, AND LOCAL PERMITS; AND**

- 6 **(VI) A BRIEF DESCRIPTION OF HOW CONTRACT DISPUTES ARE**
7 **RESOLVED.**

8 **(B) (1) A PRODUCTION CONTRACT ENTERED INTO, AMENDED, OR**
9 **RENEWED ON OR AFTER OCTOBER 1, 2016, SHALL CONTAIN AS THE FIRST PAGE, OR**
10 **THE FIRST PAGE OF TEXT IF IT IS PRECEDED BY A TITLE PAGE OR PAGES, A COVER**
11 **SHEET AS PROVIDED IN THIS SUBSECTION.**

12 **(2) THE COVER SHEET SHALL CONTAIN:**

13 **(I) A BRIEF STATEMENT THAT THE DOCUMENT IS A LEGAL**
14 **CONTRACT BETWEEN THE PARTIES;**

15 **(II) THE FOLLOWING STATEMENT:**

16 **“READ YOUR CONTRACT CAREFULLY. THIS COVER SHEET**
17 **PROVIDES ONLY A BRIEF SUMMARY OF YOUR CONTRACT. THIS IS NOT**
18 **THE CONTRACT AND ONLY THE TERMS OF THE ACTUAL CONTRACT ARE**
19 **LEGALLY BINDING. THE CONTRACT ITSELF SETS FORTH, IN DETAIL, THE**
20 **RIGHTS AND OBLIGATIONS OF BOTH YOU AND THE CONTRACTOR OR**
21 **PROCESSOR. IT IS THEREFORE IMPORTANT THAT YOU READ**
22 **YOUR CONTRACT CAREFULLY.”;**

23 **(III) THE WRITTEN DISCLOSURE STATEMENT REQUIRED UNDER**
24 **SUBSECTION (A) OF THIS SECTION;**

25 **(IV) A STATEMENT DESCRIBING, IN PLAIN LANGUAGE, THE**
26 **PRODUCER’S RIGHT TO CANCEL THE CONTRACT UNDER § 24–202 OF THIS SUBTITLE;**
27 **AND**

28 **(V) AN INDEX OF THE MAJOR PROVISIONS OF THE CONTRACT**
29 **AND THE PAGES ON WHICH THEY ARE FOUND, INCLUDING:**

30 **1. THE NAMES OF ALL PARTIES TO THE CONTRACT;**

- 1 **2. THE DEFINITION SECTIONS;**
- 2 **3. PROVISIONS GOVERNING TERMINATION,**
3 **CANCELLATION, RENEWAL, AND AMENDMENT OF THE CONTRACT BY EITHER PARTY;**
- 4 **4. THE DUTIES OR OBLIGATIONS OF EACH PARTY; AND**
- 5 **5. ANY PROVISIONS SUBJECT TO CHANGE IN THE**
6 **CONTRACT.**

7 **(c) (1) THIS SUBSECTION DOES NOT APPLY TO THE FOLLOWING TERMS**
8 **IN A PRODUCTION CONTRACT:**

9 **(i) WORDS, PHRASES, PROVISIONS, OR FORMS OF AGREEMENT**
10 **SPECIFICALLY REQUIRED, RECOMMENDED, OR ENDORSED BY A STATE OR FEDERAL**
11 **STATUTE, RULE, OR REGULATION; AND**

12 **(ii) TECHNICAL TERMS USED TO DESCRIBE THE SERVICES OR**
13 **PROPERTY THAT ARE THE SUBJECT OF THE CONTRACT, IF THE TERMS ARE**
14 **CUSTOMARILY USED BY PRODUCERS IN THE ORDINARY COURSE OF BUSINESS IN**
15 **CONNECTION WITH THOSE SERVICES OR PROPERTY.**

16 **(2) ALL PARTS OF A PRODUCTION CONTRACT, INCLUDING ANY**
17 **ATTACHMENTS, SHALL BE IN LEGIBLE TYPE, APPROPRIATELY DIVIDED INTO**
18 **SECTIONS WITH CAPTIONS, AND WRITTEN IN CLEAR AND COHERENT LANGUAGE**
19 **USING WORDS AND GRAMMAR THAT ARE UNDERSTANDABLE BY A PERSON OF**
20 **AVERAGE INTELLIGENCE, EDUCATION, AND EXPERIENCE WITHIN THE INDUSTRY.**

21 **(3) A PRODUCTION CONTRACT SHALL LIMIT REFERENCES TO OTHER**
22 **SECTIONS OR PROVISIONS AND, WHEN INCORPORATING A DOCUMENT, HAVE A COPY**
23 **OF THE DOCUMENT ATTACHED.**

24 **24-202.**

25 **(A) A PRODUCER MAY CANCEL A PRODUCTION CONTRACT BY MAILING A**
26 **WRITTEN CANCELLATION NOTICE TO THE CONTRACTOR WITHIN 3 BUSINESS DAYS**
27 **AFTER THE CONTRACT IS EXECUTED, OR BEFORE A LATER CANCELLATION**
28 **DEADLINE, IF A LATER DEADLINE IS SPECIFIED IN THE CONTRACT.**

29 **(B) A PRODUCER'S RIGHT TO CANCEL, THE METHOD BY WHICH THE**
30 **PRODUCER MAY CANCEL, AND THE DEADLINE FOR CANCELING A PRODUCTION**
31 **CONTRACT SHALL BE CLEARLY DISCLOSED IN EACH PRODUCTION CONTRACT.**

32 **SUBTITLE 3. VOID AND UNENFORCEABLE PROVISIONS.**

1 **24-301.**

2 (A) A PROVISION IN A PRODUCTION CONTRACT THAT STATES THAT
3 INFORMATION CONTAINED IN THE CONTRACT IS CONFIDENTIAL IS VOID AND
4 UNENFORCEABLE BY THE CONTRACTOR.

5 (B) A CONFIDENTIALITY PROVISION IS VOID WHETHER IT IS:

6 (1) EXPRESS OR IMPLIED;

7 (2) ORAL OR WRITTEN;

8 (3) REQUIRED OR CONDITIONAL; OR

9 (4) CONTAINED IN THE PRODUCTION CONTRACT, ANOTHER
10 PRODUCTION CONTRACT, OR A RELATED DOCUMENT, POLICY, OR AGREEMENT.

11 (C) THIS SECTION DOES NOT AFFECT OTHER PROVISIONS OF A
12 PRODUCTION CONTRACT OR A RELATED DOCUMENT, POLICY, OR AGREEMENT THAT
13 CAN BE GIVEN EFFECT WITHOUT THE VOID PROVISION.

14 (D) THIS SECTION DOES NOT REQUIRE A PARTY TO A PRODUCTION
15 CONTRACT TO DIVULGE INFORMATION IN THE CONTRACT TO ANOTHER PERSON.

16 **24-302.**

17 ANY PROVISION OF A PRODUCTION CONTRACT THAT WAIVES A RIGHT OF A
18 CONTRACT PRODUCER OR AN OBLIGATION OF A CONTRACTOR ESTABLISHED BY THIS
19 TITLE IS VOID AND UNENFORCEABLE.

20 **24-303.**

21 ANY CONDITION, STIPULATION, OR PROVISION OF A PRODUCTION CONTRACT
22 THAT REQUIRES THE APPLICATION OF THE LAW OF ANOTHER STATE INSTEAD OF
23 THIS TITLE IS VOID AND UNENFORCEABLE.

24 **SUBTITLE 4. RIGHTS OF CONTRACT PRODUCERS; UNFAIR CONTRACTOR**
25 **PRACTICES.**

26 **24-401.**

27 **A CONTRACT PRODUCER SHALL HAVE THE FOLLOWING RIGHTS:**

1 **(1) THE RIGHT TO JOIN OR BELONG TO, OR TO REFRAIN FROM**
2 **JOINING OR BELONGING TO, AN ASSOCIATION OF PRODUCERS;**

3 **(2) THE RIGHT TO ENTER INTO A MEMBERSHIP AGREEMENT OR**
4 **MARKETING CONTRACT WITH AN ASSOCIATION OF PRODUCERS, A PROCESSOR, OR**
5 **ANOTHER PRODUCER, AND THE RIGHT TO EXERCISE CONTRACTUAL RIGHTS UNDER**
6 **A MEMBERSHIP AGREEMENT OR MARKETING CONTRACT;**

7 **(3) THE RIGHT TO LAWFULLY PROVIDE STATEMENTS OR**
8 **INFORMATION, INCLUDING TO THE UNITED STATES SECRETARY OF AGRICULTURE**
9 **OR TO A LAW ENFORCEMENT AGENCY, REGARDING ALLEGED IMPROPER ACTIONS OR**
10 **VIOLATIONS OF LAW BY A CONTRACTOR OR PROCESSOR, UNLESS THE STATEMENTS**
11 **OR INFORMATION ARE DETERMINED TO BE LIBELOUS OR SLANDEROUS;**

12 **(4) THE RIGHT TO OBTAIN AND ENFORCE A LIEN UNDER § 24-601 OF**
13 **THIS TITLE;**

14 **(5) THE RIGHT TO DISCLOSE THE TERMS OF A PRODUCTION**
15 **CONTRACT TO ANY OTHER PERSON, INCLUDING MEMBERS OF THE PUBLIC, ELECTED**
16 **OFFICIALS, OR THE PRESS;**

17 **(6) THE RIGHT TO COMMUNICATE FREELY WITH ANY OTHER PERSON,**
18 **INCLUDING MEMBERS OF THE PUBLIC, ELECTED OFFICIALS, OR THE PRESS,**
19 **REGARDING THE CONTRACT PRODUCER'S EXPERIENCE AS A CONTRACT PRODUCER;**
20 **AND**

21 **(7) THE RIGHT TO ENFORCE ANY OTHER PROTECTIONS AFFORDED**
22 **UNDER THIS TITLE OR ANY OTHER APPLICABLE LAW OR REGULATION.**

23 **24-402.**

24 **A CONTRACTOR MAY NOT ENGAGE IN OR ALLOW AN EMPLOYEE OR AGENT TO**
25 **ENGAGE IN THE FOLLOWING PRACTICES IN CONNECTION WITH A PRODUCTION**
26 **CONTRACT:**

27 **(1) TO TAKE ANY ACTION TO COERCE, INTIMIDATE, DISADVANTAGE,**
28 **RETALIATE AGAINST, OR DISCRIMINATE AGAINST A CONTRACT PRODUCER BECAUSE**
29 **THE CONTRACT PRODUCER EXERCISES OR ATTEMPTS TO EXERCISE ANY RIGHT OF**
30 **THE CONTRACT PRODUCER, INCLUDING ACTIONS AFFECTING:**

31 **(I) THE EXECUTION, TERMINATION, EXTENSION, OR RENEWAL**
32 **OF A PRODUCTION CONTRACT;**

1 **(II) THE TREATMENT OF A CONTRACT PRODUCER, INCLUDING**
2 **PROVIDING DISCRIMINATORY OR PREFERENTIAL TERMS IN A PRODUCTION**
3 **CONTRACT OR INTERPRETING TERMS OF AN EXISTING PRODUCTION CONTRACT IN A**
4 **DISCRIMINATORY OR PREFERENTIAL MANNER;**

5 **(III) THE GRANT OR DENIAL OF A REWARD OR AN IMPOSITION OF**
6 **A PENALTY IN ANY FORM, INCLUDING A FINANCIAL REWARD OR PENALTY RELATING**
7 **TO A LOAN, A BONUS, OR AN INDUCEMENT; AND**

8 **(IV) ALTERATION OF THE QUALITY, QUANTITY, OR DELIVERY**
9 **TIMES OF CONTRACT INPUTS, INCLUDING LIVESTOCK, FEED, OR ANY OTHER**
10 **CONTRACT INPUT PROVIDED TO A CONTRACT PRODUCER;**

11 **(2) TO PROVIDE FALSE INFORMATION TO A CONTRACT PRODUCER,**
12 **INCLUDING FALSE INFORMATION RELATING TO:**

13 **(I) A PRODUCER WITH WHOM THE CONTRACT PRODUCER**
14 **ASSOCIATES OR AN ASSOCIATION OF PRODUCERS OR AN AGRICULTURAL**
15 **ORGANIZATION WITH WHICH THE PRODUCER IS AFFILIATED, INCLUDING:**

16 **1. THE CHARACTER OF THE PRODUCER; AND**

17 **2. THE CONDITION OF THE FINANCES OR THE**
18 **MANAGEMENT OF THE ASSOCIATION OF PRODUCERS OR AGRICULTURAL**
19 **ORGANIZATION; AND**

20 **(II) THE RIGHTS OF CONTRACT PRODUCERS UNDER THIS TITLE**
21 **OR ANY OTHER PROVISION OF LAW;**

22 **(3) TO REFUSE TO PROVIDE TO A CONTRACT PRODUCER, ON**
23 **REQUEST, THE STATISTICAL INFORMATION AND DATA USED TO DETERMINE**
24 **COMPENSATION PAID TO THE CONTRACT PRODUCER UNDER A PRODUCTION**
25 **CONTRACT, INCLUDING FEED CONVERSION RATES, FEED ANALYSES, ORIGINATION,**
26 **AND BREEDER HISTORY;**

27 **(4) TO REFUSE TO ALLOW A CONTRACT PRODUCER OR THE**
28 **CONTRACT PRODUCER'S DESIGNATED REPRESENTATIVE TO OBSERVE, BY ACTUAL**
29 **OBSERVATION AT THE TIME OF WEIGHING, THE WEIGHTS AND MEASURES USED TO**
30 **DETERMINE THE CONTRACT PRODUCER'S COMPENSATION UNDER A PRODUCTION**
31 **CONTRACT;**

32 **(5) TO USE THE PERFORMANCE OF ANY OTHER CONTRACT**
33 **PRODUCER TO DETERMINE THE COMPENSATION OF A CONTRACT PRODUCER UNDER**

1 A PRODUCTION CONTRACT OR AS THE BASIS FOR THE TERMINATION,
2 CANCELLATION, OR RENEWAL OF A PRODUCTION CONTRACT;

3 (6) TO REQUIRE A CONTRACT PRODUCER TO MAKE NEW OR
4 ADDITIONAL CAPITAL INVESTMENTS THAT ARE UNNECESSARY FOR THE PROPER
5 FUNCTIONING OF THE CONTRACT OPERATION OR THE HEALTH, SAFETY, AND
6 WELFARE OF THE LIVESTOCK OR THE PUBLIC UNLESS THE NEW OR ADDITIONAL
7 CAPITAL INVESTMENTS ARE:

8 (I) PAID FOR BY THE CONTRACTOR; OR

9 (II) OFFSET BY OTHER COMPENSATION OR MODIFICATIONS TO
10 THE TERMS OF THE PRODUCTION CONTRACT, IN A MANNER THAT THE CONTRACT
11 PRODUCER AGREES TO, IN WRITING, AS CONSTITUTING ACCEPTABLE AND
12 SATISFACTORY CONSIDERATION FOR THE NEW OR ADDITIONAL CAPITAL
13 INVESTMENT;

14 (7) TO EXECUTE A PRODUCTION CONTRACT THAT VIOLATES § 24-201
15 OF THIS TITLE;

16 (8) TO EXECUTE A PRODUCTION CONTRACT THAT INCLUDES A
17 CONFIDENTIALITY PROVISION IN VIOLATION OF § 24-301 OF THIS TITLE;

18 (9) TO EXECUTE A PRODUCTION CONTRACT WITHOUT A MEDIATION
19 PROVISION AS REQUIRED UNDER § 24-701 OF THIS TITLE;

20 (10) TO EXECUTE A PRODUCTION CONTRACT THAT INCLUDES A
21 WAIVER OF ANY RIGHT OF A CONTRACT PRODUCER OR ANY OBLIGATION OF A
22 CONTRACTOR ESTABLISHED UNDER THIS TITLE; AND

23 (11) TO EXECUTE A PRODUCTION CONTRACT REQUIRING THE
24 APPLICATION OF THE LAW OF ANOTHER STATE IN VIOLATION OF § 24-303 OF THIS
25 TITLE.

26 SUBTITLE 5. TERMINATION OF PRODUCTION CONTRACT.

27 24-501.

28 (A) (1) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, A
29 CONTRACTOR MAY NOT TERMINATE, CANCEL, OR FAIL TO RENEW A PRODUCTION
30 CONTRACT UNLESS:

31 (I) THE CONTRACTOR HAS GIVEN THE CONTRACT PRODUCER
32 WRITTEN NOTICE OF THE CONTRACTOR'S INTENTION TO TERMINATE, CANCEL, OR

1 NOT RENEW AT LEAST 90 DAYS BEFORE THE EFFECTIVE DATE OF THE TERMINATION,
2 CANCELLATION, OR NONRENEWAL; AND

3 (II) THE CONTRACT PRODUCER HAS BEEN PAID ANY MONEY
4 OWED UNDER THE CONTRACT AND REIMBURSED FOR DAMAGES INCURRED DUE TO
5 THE TERMINATION, CANCELLATION, OR FAILURE TO RENEW.

6 (2) IF THE CONTRACT PRODUCER HAS MADE CAPITAL INVESTMENTS
7 TO THE CONTRACT OPERATION UNDER THE TERMS OF THE CONTRACT, DAMAGES
8 UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION SHALL BE BASED ON THE GREATER
9 OF:

10 (I) THE VALUE OF THE REMAINING USEFUL LIFE OF THE
11 STRUCTURES, MACHINERY, OR EQUIPMENT USED IN THE CONTRACT OPERATION; OR

12 (II) THE BALANCE LEFT ON ANY LOAN OBTAINED BY THE
13 CONTRACT PRODUCER TO BUILD OR IMPROVE A STRUCTURE OR TO PURCHASE THE
14 MACHINERY OR EQUIPMENT USED IN THE CONTRACT OPERATION.

15 (B) (1) IF A CONTRACT PRODUCER MATERIALLY BREACHES A
16 PRODUCTION CONTRACT, INCLUDING THE INVESTMENT REQUIREMENTS OF THE
17 CONTRACT, THE CONTRACTOR MAY NOT TERMINATE, CANCEL, OR FAIL TO RENEW
18 THE PRODUCTION CONTRACT UNLESS:

19 (I) THE CONTRACTOR HAS GIVEN THE CONTRACT PRODUCER
20 WRITTEN NOTICE OF TERMINATION, CANCELLATION, OR NONRENEWAL AT LEAST 45
21 DAYS BEFORE THE EFFECTIVE DATE OF THE TERMINATION, CANCELLATION, OR
22 NONRENEWAL THAT STATES THE ALLEGED CAUSES OF THE BREACH; AND

23 (II) THE CONTRACT PRODUCER FAILS TO REMEDY EACH
24 ALLEGED CAUSE OF THE BREACH STATED IN THE NOTICE WITHIN 30 DAYS AFTER
25 RECEIPT OF THE NOTICE.

26 (2) AN EFFORT BY A CONTRACT PRODUCER TO REMEDY A CAUSE OF
27 AN ALLEGED BREACH MAY NOT BE CONSTRUED AS AN ADMISSION OF A BREACH IN A
28 CIVIL ACTION.

29 (C) (1) A CONTRACTOR MAY TERMINATE, CANCEL, OR FAIL TO RENEW A
30 PRODUCTION CONTRACT WITHOUT NOTICE OR AN OPPORTUNITY FOR THE
31 CONTRACT PRODUCER TO REMEDY AN ALLEGED BREACH AS REQUIRED UNDER
32 SUBSECTIONS (A) AND (B) OF THIS SECTION IF THE BASIS FOR THE TERMINATION,
33 CANCELLATION, OR NONRENEWAL IS:

1 **(I) A VOLUNTARY ABANDONMENT OF THE CONTRACTUAL**
2 **RELATIONSHIP BY THE CONTRACT PRODUCER; OR**

3 **(II) THE CONVICTION OF THE CONTRACT PRODUCER OF AN**
4 **OFFENSE OF FRAUD OR THEFT COMMITTED AGAINST THE CONTRACTOR.**

5 **(2) A COMPLETE FAILURE OF A CONTRACT PRODUCER'S**
6 **PERFORMANCE UNDER A PRODUCTION CONTRACT SHALL BE DEEMED TO BE AN**
7 **ABANDONMENT FOR PURPOSES OF PARAGRAPH (1)(I) OF THIS SUBSECTION.**

8 **(D) IF A CONTRACTOR TERMINATES, CANCELS, OR FAILS TO RENEW A**
9 **PRODUCTION CONTRACT EXCEPT AS PROVIDED IN THIS SECTION, THE CONTRACTOR**
10 **SHALL PAY THE CONTRACT PRODUCER THE GREATER OF:**

11 **(1) THE VALUE OF THE REMAINING USEFUL LIFE OF THE**
12 **STRUCTURES, MACHINERY, OR EQUIPMENT USED IN THE CONTRACT OPERATION; OR**

13 **(2) THE BALANCE LEFT ON ANY LOAN OBTAINED BY THE CONTRACT**
14 **PRODUCER TO BUILD OR IMPROVE A STRUCTURE OR TO PURCHASE THE MACHINERY**
15 **OR EQUIPMENT USED IN THE CONTRACT OPERATION.**

16 **SUBTITLE 6. PRODUCTION CONTRACT LIEN.**

17 **24-601.**

18 **(A) A CONTRACT PRODUCER SHALL HAVE A LIEN ON THE CONTRACTOR'S**
19 **LIVESTOCK FOR THE AMOUNT OF ANY MONEY OWED TO THE CONTRACT PRODUCER**
20 **UNDER THE PRODUCTION CONTRACT, INCLUDING MONEY OWED BY THE**
21 **CONTRACTOR TO THE CONTRACT PRODUCER FOR THE PRODUCTION OF LIVESTOCK**
22 **AND FOR CAPITAL INVESTMENTS.**

23 **(B) IF THE MONEY THAT GIVES RISE TO THE LIEN IS DUE AND UNPAID FOR**
24 **30 DAYS AND THE CONTRACT PRODUCER IS IN POSSESSION OF THE LIVESTOCK, THE**
25 **CONTRACT PRODUCER MAY SELL THE LIVESTOCK TO WHICH THE LIEN ATTACHES AT**
26 **PUBLIC SALE.**

27 **(C) (1) THE CONTRACT PRODUCER SHALL PUBLISH NOTICE OF THE SALE**
28 **ONCE A WEEK FOR 2 SUCCESSIVE WEEKS IN ONE OR MORE NEWSPAPERS OF**
29 **GENERAL CIRCULATION IN THE COUNTY WHERE THE LIVESTOCK IS LOCATED.**

30 **(2) (I) THE CONTRACT PRODUCER SHALL SEND NOTICE BY**
31 **REGISTERED OR CERTIFIED MAIL AT LEAST 30 DAYS BEFORE THE SALE TO THE**
32 **CONTRACTOR AT THE CONTRACTOR'S LAST KNOWN ADDRESS.**

1 **(II) IF THE CONTRACTOR'S ADDRESS IS UNKNOWN, THE NOTICE**
2 **MAY BE GIVEN BY POSTING THE NOTICE ON THE DOOR OF THE COURTHOUSE OR ON**
3 **A BULLETIN BOARD IN THE IMMEDIATE VICINITY OF THE DOOR OF THE**
4 **COURTHOUSE OF THE COUNTY WHERE THE LIVESTOCK IS LOCATED.**

5 **SUBTITLE 7. MEDIATION.**

6 **24-701.**

7 **(A) A PRODUCTION CONTRACT SHALL CONTAIN LANGUAGE PROVIDING FOR**
8 **RESOLUTION OF DISPUTES CONCERNING THE CONTRACT BY MEDIATION.**

9 **(B) (1) BOTH PARTIES TO A PRODUCTION CONTRACT MUST AGREE TO**
10 **MEDIATION BEFORE MEDIATION MAY OCCUR.**

11 **(2) IF BOTH PARTIES AGREE TO MEDIATION, EITHER PARTY MAY**
12 **MAKE A WRITTEN REQUEST TO THE MARYLAND MEDIATION AND CONFLICT**
13 **RESOLUTION OFFICE FOR MEDIATION SERVICES.**

14 **(C) ANY DECISION MADE IN MEDIATION SHALL BE NONBINDING ON THE**
15 **PARTIES AND DOES NOT PREVENT ANY PARTY FROM SEEKING ANY OTHER LEGAL**
16 **REMEDY AVAILABLE UNDER THIS TITLE, INCLUDING REMEDIES SPECIFIED UNDER**
17 **SUBTITLE 8 OF THIS TITLE.**

18 **SUBTITLE 8. ENFORCEMENT; PENALTIES.**

19 **24-801.**

20 **(A) A CONTRACTOR THAT VIOLATES § 24-402 OF THIS TITLE IS SUBJECT TO**
21 **A CIVIL PENALTY OF UP TO \$50,000 PER VIOLATION.**

22 **(B) A CONTRACTOR THAT VIOLATES § 24-402 OF THIS TITLE IS GUILTY OF A**
23 **MISDEMEANOR AND ON CONVICTION IS SUBJECT TO A FINE NOT EXCEEDING**
24 **\$25,000.**

25 **24-802.**

26 **(A) THE ATTORNEY GENERAL SHALL ENFORCE THIS TITLE.**

27 **(B) IN ENFORCING THIS TITLE, THE ATTORNEY GENERAL MAY:**

28 **(1) SEEK AN INJUNCTION TO:**

1 **(I) RESTRAIN A CONTRACTOR FROM ENGAGING IN CONDUCT**
2 **OR PRACTICES IN VIOLATION OF THIS TITLE; OR**

3 **(II) REQUIRE A CONTRACTOR TO COMPLY WITH A PROVISION OF**
4 **THIS TITLE;**

5 **(2) OBTAIN A SUBPOENA FOR THE PRODUCTION OF DOCUMENTS,**
6 **INCLUDING A PRODUCTION CONTRACT;**

7 **(3) BRING AN ACTION FOR CIVIL PENALTIES UNDER § 24-801(A) OF**
8 **THIS SUBTITLE; AND**

9 **(4) BRING A CRIMINAL PROSECUTION UNDER § 24-801(B) OF THIS**
10 **SUBTITLE.**

11 **24-803.**

12 **(A) IN ADDITION TO ANY ACTION BY THE ATTORNEY GENERAL UNDER §**
13 **24-802 OF THIS SUBTITLE AND ANY OTHER ACTION AUTHORIZED BY LAW, A**
14 **CONTRACT PRODUCER THAT SUFFERS DAMAGES BECAUSE OF A CONTRACTOR'S**
15 **VIOLATION OF THIS TITLE MAY BRING AN ACTION TO OBTAIN APPROPRIATE LEGAL**
16 **AND EQUITABLE RELIEF, INCLUDING DAMAGES.**

17 **(B) IF A CONTRACT PRODUCER IS THE PREVAILING PARTY IN A CIVIL**
18 **ACTION AGAINST A CONTRACTOR UNDER THIS SECTION, THE COURT SHALL AWARD**
19 **THE CONTRACT PRODUCER REASONABLE ATTORNEY'S FEES AND OTHER LITIGATION**
20 **EXPENSES.**

21 **(C) (1) IN ORDER TO OBTAIN INJUNCTIVE RELIEF, A CONTRACT**
22 **PRODUCER MAY NOT BE REQUIRED TO POST A BOND, PROVE THE ABSENCE OF AN**
23 **ADEQUATE REMEDY AT LAW, OR SHOW THE EXISTENCE OF SPECIAL**
24 **CIRCUMSTANCES, UNLESS THE COURT FOR GOOD CAUSE ORDERS OTHERWISE.**

25 **(2) THE COURT MAY ORDER ANY APPROPRIATE EQUITABLE RELIEF IN**
26 **AN ACTION UNDER THIS SECTION, INCLUDING ISSUING A TEMPORARY OR**
27 **PERMANENT INJUNCTION.**

28 **SUBTITLE 9. MISCELLANEOUS PROVISIONS.**

29 **24-901.**

30 **THE ATTORNEY GENERAL MAY ADOPT REGULATIONS TO CARRY OUT THIS**
31 **TITLE.**

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to
2 apply only prospectively and may not be applied or interpreted to have any effect on or
3 application to any production contract executed before the effective date of this Act.

4 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 October 1, 2016.