

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 1061

Short Title: Milk Distributors' Bond Req.

(Public)

Sponsors: Representative Loflin.

Referred to: Agriculture.

April 22, 1991

1 A BILL TO BE ENTITLED
2 AN ACT TO REQUIRE BONDS OF DISTRIBUTORS AND SUBDISTRIBUTORS
3 OF MILK.

4 The General Assembly of North Carolina enacts:

5 Section 1. G.S. 106-266.10 reads as rewritten:

6 "**§ 106-266.10. Licenses-Licenses; bonds for distributors and subdistributors.**

7 (a) An application to the Commission for a license to operate as a distributor or
8 subdistributor shall be made by mail or otherwise within 30 days after the provisions of
9 this Article become effective in a market, and as to any distributor or subdistributor
10 thereafter beginning business, before such distributor or subdistributor shall begin such
11 business therein. The application shall be made on blanks furnished by the Commission
12 for that purpose. Each distributor shall cooperate with the Commission in seeing to it
13 that its subdistributors are informed concerning, and comply with, the provisions of this
14 Article and the rules and regulations duly adopted by the Commission.

15 (b) All applications shall be accompanied by a bond sufficient in amount to cover
16 all amounts due the producers of milk or cooperative associations for two normal or
17 customary pay periods, but not to exceed 25 days in total, based upon the average of the
18 preceding six month period of purchases from milk producers or cooperative
19 associations; provided that the minimum bond shall not be less than the amount
20 sufficient to cover amounts due producers or cooperative associations for one week's
21 purchases. This bond shall be signed by the distributor or subdistributor dealer and by a
22 company authorized to execute surety bonds in North Carolina and shall be made
23 payable to the State of North Carolina. The bond shall be conditioned on the
24 distributor's or subdistributor's faithful performance of his duties as a distributor or

1 subdistributor and his compliance with this Article, and shall be for the use and benefit
2 of any person from whom the distributor or subdistributor purchased milk and who has
3 not been paid by the distributor or subdistributor. The bond shall be given for the period
4 for which the distributor's or subdistributor's license is issued.

5 (c) Any person claiming to be injured by nonpayment, fraud, deceit, negligence,
6 or other misconduct of a distributor or subdistributor may institute a suit or suits against
7 this distributor or subdistributor and his sureties upon the bond in the name of the State,
8 without any assignment thereof."

9 Sec. 2. This act becomes effective October 1, 1991, and applies to license
10 applications made on and after that date.