GRAIN DEALER / GRAIN WAREHOUSE LICENSE REQUIREMENTS
Please note: This page is only an informal summary of the licensing requirements. For precise requirements please refer to 240 ILCS 40.

Grain Dealer

Any entity engaging in the business of buying grain from producers, delivered to a location in the State of Illinois, is required by 240 ILCS 40 (the Grain Code) to be a licensed grain dealer. However, any entity purchasing grain from producers for the sole purpose of being resold as agricultural seed or any entity purchasing grain from producers for its own use as seed or feed is exempt from the requirement to be a licensed grain dealer. Any entity purchasing grain exclusively from licensed grain dealers does not require a license.

- No grain is to be purchased from producers before the entity has an Illinois Grain Dealer's License.
- Regardless of when a contract for delivery is made, the entity's license must be in effect on the day it takes actual delivery or has the grain delivered for the grain dealer's account.
- Payment must be made on demand for grain purchased from a producer.
- A grain dealer license or a location certification for a grain dealer's license is required for each individual address at which any of the following applies:
  1. Grain is received from producers and weighed across scales, which are under the licensee's control.
  2. Contracts are negotiated and executed for the purchase of grain.
  3. Settlement of payment is made for grain purchased from producers.
  4. Records relating to any of these transactions are maintained.
- A truck owned or leased and used for the purpose of receiving or transporting grain by a grain dealer is required to carry a certificate showing that a grain dealer license is held by the owner or lessee. A truck, which is hired by the grain dealer to haul grain, is exempt from the certificate requirement.
- An entity may be licensed as an incidental grain dealer if its grain purchases are only in connection with a feed milling operation and total annual grain purchases do not exceed $100,000.
- Each grain dealer must operate under the speculation limits determined by the Department. The limit is based on the entity's net worth.
- The licensee must maintain certain current assets (such as cash, grain receivables, etc.) in an amount equal to at least 90% of the total value of the outstanding price later contract liability.

Grain Warehouse

Any entity engaging in the business of storing grain in the State of Illinois for compensation is required by the Grain Code to be licensed under the Grain Code or the United States Warehouse Act.

- A grain warehouse license is required if:
  1. Grain is received from depositors for storage and weighed across a scale.
  2. Warehouse receipts are issued or grain storage records are maintained.
- A common license may be issued for the operation of two or more warehouse facilities if:
  1. The warehouse operates each facility in conjunction with the others
  2. All facilities function under the same name
  3. All facilities are located in the same geographical area
  4. All facilities operate out of a principal office
  5. All facilities are kept under the same set of records
  6. All facilities have the same management.

- **Special Note:** A Class 1 warehouse license will allow you to store grain for CCC or have your warehouse receipts accepted for government loans. For more information on a **UNIFORM GRAIN AND RICE STORAGE AGREEMENT (U.G.R.S.A)**, please contact the Kansas City Commodity Office, P. O. Box 419205, Kansas City, MO 64141-6205, phone (816) 926-6446.
General requirements for applicants or licensees:

- Entity must have a good business reputation, have no involvement in improper bookkeeping or record keeping or other improper business practices, and have the qualifications and background essential to conduct the business.
- Entity must maintain a permanent business location in the State of Illinois. Each business location must be open at least ½ hour before and after the Chicago Board of Trade, unless otherwise approved by the Department. The location must remain open during normal State working hours if a Department examination is being conducted.
- Entity must keep sufficiently detailed books and records to show compliance with the Grain Code.
- Entity’s books and records, and business premises are subject to inspection by the Department at any time during the required office hours.
- No principal party can have been found guilty of a criminal violation of the Grain Code or any similar U.S. law or law of another State within ten years of the date of the application for licensing or a renewal of license.
- No principal party, who has been licensed by the State of Illinois, any other State, or the U. S. Government, can have had their license terminated or revoked within two years of the date of application for licensing or a renewal of license leaving unsatisfied indebtedness to claimants.
- Each licensee shall have adequate property insurance covering grain in its possession or custody and adequate liability, property, theft, hazard, and workers’ compensation insurance. If the licensee is a Grain Dealer we are looking for Commercial General Liability coverage. If the licensee operates trucks, they need Automobile liability and Cargo coverage. If the licensee has employees they need Workers’ Compensation. If the licensee is a warehouse they need Property and Stock coverage.
- New licensees and participating federal warehouses pay assessments into the Illinois Grain Insurance Fund for their first three consecutive years. Grain dealer assessments are based on grain purchases and net worth. Grain warehouse assessments are based on licensed storage capacity and net worth. Each license has an initial assessment minimum of $500 and a maximum of $15,000. The second and third assessments for each license have a minimum of $250 and a maximum of $7,500. Grain warehouse licensees also are assessed when they increase their permanent, temporary or emergency storage capacity. Subsequent assessments may be issued if the fund’s balance is below the amount required by law.

To apply for a new or renewal license the following must be submitted to the Department:

(All fees may be added together and check made payable to the “Illinois Department of Agriculture” and assessments are made payable to “Illinois Grain Insurance Corporation”)

- Grain License Application
- Grain dealer license fee $200
- Incidental grain dealer license fee $150
- Grain dealer location certificates $25 each
- Grain dealer truck certificates $25 each
- Grain dealer assessment fee (Invoiced by Dept. if required)
- Class I grain warehouse license fee $200
- Class II grain warehouse license fee $150
- Grain warehouse assessment fee (Invoiced by Dept. if required)
- Financial statements (completed by a CPA licensed under Illinois law with an opinion letter. If applying for a Class II warehouse or Incidental grain dealer license, a financial statement completed by an independent accountant is acceptable.
  1. Adjusted current ratio must be at least one to one
  2. Adjusted debt to adjusted equity ratio must not be more than three to one.
  3. Net worth requirements:
     - $50,000 for fiscal year-ends of 2004 or earlier
     - $60,000 for fiscal year-end of 2005
     - $70,000 for fiscal year-end of 2006
$80,000 for fiscal year-end of 2007
$90,000 for fiscal year-end of 2008
$100,000 for fiscal year-end of 2008 and after

4. New licensee cannot post collateral for a current ratio of net worth deficiencies
   - Certificate of Insurance showing the appropriate coverage.

Additional to be submitted if applying for a new license:
   - Certificate of Authority
     1. Illinois corporations provide Articles of Incorporation
     2. Corporations of other states provide a Certificate of Authority to do Business in Illinois, issued by the Illinois Secretary of State.
     3. Out of state corporations, that do not have an Illinois address, and which do not do business in Illinois except as general partners in a limited partnership, limited liability partnership, or limited liability company must e listed on an “Application for Admission to Transact Business (foreign limited partnership)” in addition to obtaining a Certificate of Authority. The Certificate of Authority must e obtained before an Application for Admission is accepted. Both of these are filed with the Secretary of State. Corporations that file as full partners, without a limit of their liability, file in the county of business the same as any other partnership using an assumed name.
     4. Partnerships must provide a copy of the partnership agreement
        - Successor Agreement (if one entity is buying out another entity)
        - Schedule of rates (if a warehouse)
        - Copies of leases (if applicable)
        - Proof of registration of operating under a “dba”
          1. Corporations using an assumed name must register the assumed name with the Secretary of State. Partnerships and Sole Proprietors using an assumed name must register the name with the County recorder in the counties in which a place of business will be maintained.

To be submitted if applying for an amendment to the grain dealer or grain warehouse:
   - Amendment Application
   - Grain dealer certificate license fee $25 (to add a location)
   - Grain warehouse amendment fee $100 (to change licensed capacity, or add or delete a location)
   - Successor Agreement (if one entity is buying out another entity)
   - Schedule of rates (if a warehouse)
   - Certificate of Insurance showing the appropriate coverage.

Generally licenses expire 90 days after the applicant’s next fiscal year end. If a licensee has a financial deficiency at the time of renewal the next years license will expire 60 days after the applicant’s next fiscal year end. A 30 day extension may be requested if the licensee is on the 90 days expiration and a CPA, licensed under Illinois law, is preparing the financial statements. If collateral is required to be posted, due to a financial deficiency, it must be posted before an extension is approved.

If you have any questions please call 217-782-2895

To obtain forms from the Secretary of State call 217-782-6961

Completed forms and checks for fees and assessments are to be mailed to:

Illinois Department of Agriculture
Bureau of Warehouses
P O Box 19281
Springfield IL 62794-9281