

# Regulating Poultry Production Contracts

This SSL draft is based upon a Georgia 2004 law. According to CSG Agriculture Policy staff, the Georgia law is the first in the country that permits poultry growers to have poultry production contracts reviewed outside a poultry integrator's office. It also allows the contract producer to request data used to determine the compensation paid under a production contract. This draft provides for the regulation of certain poultry production contracts and practices related thereto. Specifically, the draft directs that any production contract entered into, extended, renewed, or amended on or after the effective date of the draft shall be voidable by the contract grower or contract producer if:

- The contract grower or contract producer has not been afforded the opportunity to have the proposed production contract reviewed outside the business premises of the integrator or processor or its agents by an attorney or adviser of the contract grower's or contract producer's choosing for at least three business days prior to execution; provided, however, that this paragraph shall not apply to the mere extension or renewal of an existing contract with no change in material terms from the existing contract other than the period covered thereby;
- The contract does not quote certain provisions; or
- The contract is not signed by all parties before chicks are placed with the contract grower or contract producer.

Submitted as:

Georgia

[HB 648 \(as passed House and Senate\)](#)

Status: Enacted into law in 2004.

## Suggested State Legislation

(Title, enacting clause, etc.)

1           Section 1. [*Short Title.*] This Act may be cited as "An Act Concerning the Regulation of  
2 Poultry Production Contracts."  
3

4           Section 2. [*Definitions.*]

5           (1) "Contract grower or contract producer" means a producer of poultry who holds a legal  
6 interest in a contract operation and who produces poultry under a production contract at that  
7 contract operation.

8           (2) "Integrator or processor" means a person who owns poultry that is produced by a  
9 contract grower or contract producer or who is engaged in the business of manufacturing goods  
10 from poultry, including by slaughtering or processing poultry.

11           (3) "Production contract" means an agreement executed by an integrator or processor that  
12 provides for the production of poultry or the provision of management services relating to the  
13 production of poultry by a contract grower or contract producer in this state.  
14

15           Section 3. [*Provisions for Voiding Contracts.*]

16           (a) Any production contract entered into, extended, renewed, or amended on or after the  
17 effective date of this chapter shall be voidable by the contract grower or contract producer if:

18           (1) The contract grower or contract producer has not been afforded the  
19 opportunity to have the proposed production contract reviewed outside the business premises of  
20 the integrator or processor or its agents by an attorney or adviser of the contract grower's or  
21 contract producer's choosing for at least [three business days] prior to execution; provided,

22 however, that this paragraph shall not apply to the mere extension or renewal of an existing  
 23 contract with no change in material terms from the existing contract other than the period  
 24 covered thereby;

25 (2) The contract does not quote the provisions of subsection (b) of this section; or

26 (3) The contract is not signed by all parties before chicks are placed with the  
 27 contract grower or contract producer.

28 (b) (1) Unless waived in writing by the contract grower or contract producer at the  
 29 time of signing a production contract, the contract grower or contract producer shall have a right  
 30 to cancel a production contract until [12:00 Midnight of the third business day after the day on  
 31 which he or she signs the contract] or until chicks have been placed with the contract grower or  
 32 contract producer, whichever occurs first.

33 (2) Notice of cancellation under this subsection shall be given in writing to the  
 34 integrator or processor at the place of business as set forth in the production contract by certified  
 35 mail or statutory overnight delivery, return receipt requested, which shall be posted before  
 36 termination of the right to cancel under paragraph (1) of this subsection. Notice of such written  
 37 cancellation need not include any particular words or phrases to be effective so long as it  
 38 indicates the intention of the contract grower or contract producer not to be bound by the  
 39 production contract.  
 40

41 Section 4. [*Integrators and Processors: Providing Growers or Producers Information*  
 42 *and Data Used to Determine Compensation Paid to Grower or Producers.*] Any integrator or  
 43 processor shall provide to any contract grower or contract producer upon request thereby any  
 44 statistical information and data used to determine compensation paid to such contract grower or  
 45 contract producer under a production contract, other than a trade secret as defined by [insert  
 46 citation].  
 47

48 Section 5. [*Right of Growers or Contract Producers to Be Present at Weighing of Poultry*  
 49 *Produced by Such Grower or Producer.*] Any contract grower or contract producer or the  
 50 designee thereof shall have the right to be present at the weighing of poultry produced by such  
 51 grower or producer, be present at the weighing of feed delivered by the integrator or processor,  
 52 and observe the weights and measures used to determine compensation due such grower or  
 53 producer under a production contract.  
 54

55 Section 6. [*Violations.*]

56 (a) Violations of the provisions of Section 4 or 5 of this Act shall be subject to the same  
 57 civil remedies and in the same manner as provided by [insert citation] for people whose business  
 58 or property has been injured or damaged as a result of an unfair or deceptive act or practice in  
 59 violation of [insert citation].

60 (b) The provisions of Section 4 or 5 of this Act may be enforced by the [Commissioner]  
 61 in the same manner as provided by [insert citation] for enforcement of the provisions of said part  
 62 by the [administrator of consumer affairs] against a person reasonably appearing to have engaged  
 63 in unfair or deceptive act or practice in violation of [insert citation], and the [superior courts]  
 64 may grant injunctive relief and impose the same civil penalties for violations of injunctions as  
 65 provided in said part."  
 66

67 Section 7. [*Severability.*] [Insert severability clause.]

68  
 69 Section 8. [*Repealer.*] [Insert repealer clause.]

70  
 71 Section 9. [*Effective Date.*] [Insert effective date.]