



South Carolina  
**DEPARTMENT OF AGRICULTURE**  
CONSUMER PROTECTION DIVISION

Hugh E. Weathers, Commissioner

**Cotton Industry Memorandum**

To: South Carolina Cotton Industry Members

From: Derek M. Underwood, Assistant Commissioner, Consumer Protection Division

Date: September 14, 2022

Re: New Law Impacting South Carolina Cotton Industry

The South Carolina Department of Agriculture is sending this Memorandum to inform businesses, producers, and anyone involved in the cotton industry about recent law changes regarding cotton assessments and bond level changes in the dealer law. This communication outlines the new law changes and how those changes may impact you.

The SC General Assembly has amended the SC Dealers and Handlers Law, SC Code Ann. § 46-41-10 *et seq.* Those revisions were signed into law by the Governor on May 16, 2022, and took effect on **August 1, 2022**. The revisions change the name of the SC Grain Producers Guaranty Fund to that of the South Carolina Grain and **Cotton** Producers Guaranty Fund, subject to the following rules:

- An assessment of fifty (50) cents per bale of cotton must be imposed on all cotton in the State.
- The assessment for cotton shall be collected at the time and place **of ginning** by the Cotton Gin.
- The cotton assessment must be reported and remitted to the South Carolina Department of Agriculture Consumer Protection Division by the cotton gin as of the calendar quarter in which the cotton was ginned.
- All Agriculture Commodity Dealers must register with SCDA and obtain a surety bond.
  - An 'Agricultural Commodity Dealer' is engaged in buying, receiving, selling, exchanging, negotiating, processing for resale, or soliciting the sale, resale,



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exchange, or transfer of grain or cotton purchased from a producer or his agent or representative or received to be handled on a net return basis from the producer.

- A cotton gin is an Agricultural Commodity Dealer if it engages in any of the above activities, subject to the below exception:
  - A cotton gin that **does not purchase or resell cotton** or any other sort of agricultural commodities and that only charges producers for ginning the producer's cotton may complete a South Carolina Non-Purchaser Affidavit and, if approved, obtain an exemption from the above bonding requirement.
- Cotton gins that are exempt from bonding must continue to collect and remit assessments.
- Bonding requirements have changed accordingly to include the following:
  - If ten (10) percent of annual business is twenty-five thousand dollars (\$25,000) or less, the applicant must obtain a twenty-five-thousand-dollar (\$25,000) bond.
  - If ten (10) percent of annual business is fifty thousand dollars (\$50,000) or less, a fifty-thousand-dollar (\$50,000) bond is required.
  - If ten (10) percent of annual business is more than fifty thousand (\$50,000) dollars, a one hundred-thousand-dollar (\$100,000) bond is required.

If you have any further questions, please contact our office at 803-737-9700 or simply visit the South Carolina Department of Agriculture website at:

<https://agriculture.sc.gov/divisions/consumer-protection/consumer-services/>