

HOUSE CONCURRENT RESOLUTION NO. 3048

Introduced by

Representatives Mueller, Hofstad, D. Johnson

Senators Flakoll, Krauter, Wanzek

1 A concurrent resolution directing the Legislative Council to study the bonding requirements
2 placed on grain warehouses and buyers and ways to reduce further the financial risk of
3 participants in the production, handling, and processing of grain.

4 **WHEREAS**, North Dakota law requires that warehouses and grain buyers be licensed
5 and bonded and places those requirements within the authority of the Public Service
6 Commission; and

7 **WHEREAS**, bond requirements are based on the physical size of an elevator or on the
8 amount of grain that a grain buyer handles; and

9 **WHEREAS**, even if all bonding requirements are met, there is no guarantee that
10 sufficient assets are available to satisfy all claims in the event of an insolvency; and

11 **WHEREAS**, bond protection does not extend to credit-sale contracts and the Legislative
12 Assembly in 2003 created an indemnity fund to provide some measure of protection; and

13 **WHEREAS**, the amount payable to any eligible person from the credit-sale contract
14 indemnity fund for each insolvency may not exceed the lesser of 80 percent of the amount
15 owed to that eligible person in accordance with all of that person's unsatisfied credit-sale
16 contracts or \$280,000; and

17 **WHEREAS**, today's volatile financial market and volatile commodity prices can
18 dramatically impact risk and risk coverage;

19 **NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES**
20 **OF NORTH DAKOTA, THE SENATE CONCURRING THEREIN:**

21 That the Legislative Council study the bonding requirements placed on grain
22 warehouses and buyers and ways to reduce further the financial risk of participants in the
23 production, handling, and processing of grain; and

- 1 **BE IT FURTHER RESOLVED**, that the Legislative Council report its findings and
- 2 recommendations, together with any legislation required to implement the recommendations, to
- 3 the Sixty-second Legislative Assembly.