

**FIRST ENGROSSMENT
with Senate Amendments****ENGROSSED 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, including ethanol plants and grain processors; and
3 ways to reduce further the financial risk of participants in the sale, purchase, handling, and
4 processing of grain, including the sale of grain to ethanol plants and processors, the payment
5 for grain by such entities, and whether there exists a need for new or increased bonding and
6 indemnification options to reduce financial risk.

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

10 **WHEREAS**, bond requirements are based on the physical size of a facility or on the
11 amount of grain that a grain buyer handles; and

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

14 **WHEREAS**, defaults by producers or purchasers beyond the local elevator can have
15 adverse consequences for local elevators; and

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

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

22 **WHEREAS**, today's volatile financial market and volatile commodity prices can
23 dramatically impact risk and risk coverage for sellers and buyers;

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

1 That the Legislative Council study the bonding requirements placed on grain
2 warehouses and buyers, including ethanol plants and grain processors; ways to reduce further
3 the financial risk of participants in the sale, purchase, handling, and processing of grain,
4 including the sale of grain to ethanol plants and processors, the payment for grain by such
5 entities, and whether there exists a need for new or increased bonding and indemnification
6 options to reduce financial risk; and
7 **BE IT FURTHER RESOLVED**, that the Legislative Council report its findings and
8 recommendations, together with any legislation required to implement the recommendations, to
9 the Sixty-second Legislative Assembly.