

**Sixty-first Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 6, 2009**

**HOUSE CONCURRENT RESOLUTION NO. 3048
(Representatives Mueller, Hofstad, D. Johnson)
(Senators Flakoll, Krauter, Wanzek)**

A concurrent resolution directing the Legislative Council to study the bonding requirements placed on grain warehouses and buyers, including ethanol plants and grain processors; and ways to reduce further the financial risk of participants in the sale, purchase, handling, and processing of grain, including the sale of grain to ethanol plants and processors, the payment for grain by such entities, and whether there exists a need for new or increased bonding and indemnification options to reduce financial risk.

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

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

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

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

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

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

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

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

That the Legislative Council study the bonding requirements placed on grain warehouses and buyers, including ethanol plants and grain processors; ways to reduce further the financial risk of participants in the sale, purchase, handling, and processing of grain, including the sale of grain to ethanol plants and processors, the payment for grain by such entities, and whether there exists a need for new or increased bonding and indemnification options to reduce financial risk; and

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