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**Testimony of Doug Goehring, Agriculture Commissioner
House Agriculture Committee
Room 327C
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Chairman Johnson and members of the House Agriculture Committee, I am Agriculture Commissioner Doug Goehring here in support of House Bill 1026.

Since transferring the grain inspection program, my office, producers, and the grain industry have worked hard to identify areas of the current law that need to be changed to improve the program. The bill before you today addresses some of these areas.

First, the simple change of volume to value will reflect each of the different types of grain purchased and help to adequately bond the grain industry based on the actual business they conduct versus how much they can hold.

Then we needed to identify and license all grain buyers. The bill draft combines facility-based grain buyers or federal warehouses with current state warehouses into one license and one section of law. Additionally, we move processors out of the current warehouse license and create a new license to reflect their operation. This allows us more ability to accurately review their business and ensure adequate bonds exist to protect producers and the grain industry.

Second, we addressed the need for a license to capture grain brokers and to create accountability for an insolvency. We have seen cases in the past where brokers were used to increase the reach of a business which was set on committing fraud. In the end, the producer had no recourse and the broker was not liable for any of the transaction. I believe we now have an adequate law to address this and include them in the insolvency proceedings. This ensures we are able set bonds

for these types of business to set a level of protection for producers and the grain industry.

Finally, I would like to submit an amendment which is for an item that was missed on the final draft of the interim bill. We would request removal of the requirement to gain district court approval prior to establishing a trust fund during an insolvency, we can act much quicker and work to recover more assets to benefit the receipt holders in an insolvency. In addition, we would also request language to be added that provides for the ability to marshal assets after an insolvency is established and it appears that the warehouse or grain buyer will result in the loss of assets to receipt holders. This language is similar to law currently used by USDA in the warehouse act.

Chairman Johnson and committee members, thank you for your time and would be happy to answer any questions you may have.