

FIRST ENGROSSMENT

Sixty-first
Legislative Assembly
of North Dakota

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

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

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

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

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

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

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

21 **WHEREAS**, the sale of grain to ethanol plants and processors and the payment for
22 grain by such entities raises questions regarding the need for new or increased bonding and
23 indemnification options to reduce financial risk;

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

Sixty-first
Legislative Assembly

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

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