

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1142

2005 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1142

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1142

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 1-11-05

Tape Number
2

Side A
x

Side B

Meter #
0-19.0

Committee Clerk Signature



Minutes:

Chairman Keiser: Opened the hearing on HB 1142. All committee members were present.

Susan Richter, Director, Licensing Division, Public Service Commission: Appeared in support of HB 1142, and provided written testimony. **(SEE ATTACHED TESTIMONY).**

Chairman Keiser: How many dollars are in the fund, and where do these dollars come from?

Susan Richter: Currently we have about 1.1 million dollars in the fund. There is a maximum on the fund.

No opposition.

Representative Boe: Made a **DO PASS** motion on HB 1142.

Representative Vigesaa: **SECOND** the do pass motion.

Motion carried. VOTE: 14-YES 0-NO 0-Absent.

Representative Boe will carry bill on floor.

Bad tape cannot hear the testimony.

FISCAL NOTE
Requested by Legislative Council
01/03/2005

Bill/Resolution No.: HB 1142

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

No aspects of the measure cause fiscal impact.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

No revenues are expected.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

No expenditures are expected.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

No appropriation is necessary.

Name: Illona Jeffcoat-Sacco
Phone Number: 701-328-2400

Agency: PSC
Date Prepared: 01/03/2005

REPORT OF STANDING COMMITTEE (410)
January 11, 2005 11:01 a.m.

Module No: HR-06-0255
Carrier: Boe
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1142: Industry, Business and Labor Committee (Rep. Kelser, Chairman)
recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
HB 1142 was placed on the Eleventh order on the calendar.

2005 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1142

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1142

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 3-02-05

Tape Number

1

Side A

Side B

xxxx

Meter #

102-766

Committee Clerk Signature

Lisa VanBerkom

Minutes: **Chairman Mutch** opened the hearing on HB 1142. All Senators were present.

HB 1142 relates to the reimbursement limit and order of payment from credit-sale contract indemnity fund.

Susan Richter, Director of the Licensing Division of the Public Service Commission, introduced the bill. See written.

Senator Klein: Last session, the fund was established, how much money is currently in the fund?

Susan: There is just under one and a half million dollars in the fund.

Senator Klein: And it is capped at ten million?

Susan: Yes.

Senator Klein: And we haven't had any insolvency's in the last two years?

Susan: Yes, that is correct.

Page 2

Senate Industry, Business and Labor Committee

Bill/Resolution Number HB 1142

Hearing Date 3-02-05

Senator Klein: So if we do have an insolvency that goes beyond that one and a half million, how do we handle paying those patrons?

Susan: That is provided in current law.

Senator Espegard: What is the maximum amount that a claimant can receive?

Susan: The maximum amount is eighty percent of what your contract value is, not to exceed two hundred and eighty thousand dollars per occurrence.

Senator Klein: This was established because there was no coverage for people who did this, as a result of a grain elevator going bad.

Senator Espegard: Credit sales, is that a sale you make, anticipating getting money later?

Susan: That is correct.

Brian Kramer, North Dakota Farm Bureau, stated his support for the bill.

There was no opposition. The hearing was closed.

Senator Klein moved a DO PASS. Senator Espegard seconded.

Roll Call Vote: 5 yes. 0 no. 2 absent.

Carrier: Senator Klein

Date: 3205
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1142

Senate Industry, Business, and Labor

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken DP

Motion Made By Klein

Seconded By Espegard

Senators	Yes	No	Senators	Yes	No
Chairman Mutch	X		Senator Fairfield	A	
Senator Klein	X		Senator Heitkamp	X	
Senator Krebsbach	X				
Senator Espegard	X				
Senator Nething	A				

Total (Yes) 5

No 0

Absent 2

Floor Assignment Klein

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 3, 2005 4:05 p.m.

Module No: SR-39-4119
Carrier: Klein
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1142: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends DO PASS (5 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1142 was placed on the Fourteenth order on the calendar.

2005 TESTIMONY

HB 1142

H.B. 1142

Presented by: Susan Richter
Director, Licensing Division
Public Service Commission

Before: Industry, Business and Labor Committee
Honorable George Keiser, Chairman

Date: 11 January 2005

TESTIMONY

Chairman and committee members, my name is Susan Richter. I am the Director of the Licensing Division of the Public Service Commission. The Licensing Division administers the Commission's jurisdiction over grain warehouses and grain buyers in North Dakota. The Commission asked me to appear here today to testify in favor of House Bill 1142, introduced at our request.

In 2003, the Legislature enacted the credit-sale contract indemnity fund. This fund was designed to provide some protection for patrons who sell grain via some form of credit-sale contract. The bill before you today is intended to provide clarification of the credit-sale contract law.

Section 1 would clarify that each valid claimant is eligible for the maximum amount of payment available from the credit-sale contract indemnity

fund for each insolvency in which that person is a valid claimant. We have been contacted by many patrons transacting business with a number of different licensees to verify whether the maximum payout from the credit-sale contract indemnity fund is available for each company with which the patron is doing business. These patrons are looking for assurance that they are going to have the maximum coverage for each company with which they transact business.

Testimony presented during the 2003 legislative session indicated that the intent of the law was that the maximum payout would be available to patrons of each separate licensee. This was not specified in the law itself. We believe this is an important aspect of the credit-sale contract indemnity fund law and its clarification is warranted.

Section 2 provides clarification regarding the chronological order of payment from the indemnity fund. Clarification is warranted if more than one insolvency occurs within a short period of time.

When a licensee becomes insolvent, the process is handled through district court. Some of the factors impacting the time involved for completing the process include: the availability of hearing dates, newspaper publication deadlines, and the ability to liquidate available grain inventory. These factors may cause an insolvency to take much longer to complete than anticipated.

Should this happen patrons filing claims initiated as a result of a subsequent insolvency would receive payment prior to patrons from an earlier insolvency.

When making payments from the indemnity fund, using a chronological order, determined by the date the Commission is appointed trustee, will remove any questions about how long it took to complete any individual insolvency. The clarification in this bill will would eliminate any potential for an interested party to question how a case was handled.

This is especially important if there are insufficient funds to pay all valid credit-sale contract claims in multiple insolvencies. If there are insufficient monies to pay claimants, current law provides that claimants will be paid on a prorated basis. As future assessments are collected, the Commission must continue forwarding indemnity payments to eligible patrons, until all patrons receive the maximum amount payable. Only after all patrons are fully compensated for the first insolvency can payments for a later insolvency begin.

This completes my testimony. I will be happy to answer any questions you may have.

H.B. 1142

Presented by: Susan Richter
Director, Licensing Division
Public Service Commission

Before: Industry, Business and Labor Committee
Honorable Duane Mutch, Chairman

Date: 2 March 2005

TESTIMONY

Chairman Mutch and committee members, my name is Susan Richter. I am the Director of the Licensing Division of the Public Service Commission. The Licensing Division administers the Commission's jurisdiction over grain warehouses and grain buyers in North Dakota. The Commission asked me to appear here today to testify in favor of House Bill 1142, introduced at our request.

In 2003, the Legislature enacted the credit-sale contract indemnity fund. This fund was designed to provide some protection for patrons who sell grain via some form of credit-sale contract. The bill before you today is intended to provide clarification of the credit-sale contract law.

Section 1 would clarify that each valid claimant is eligible for the maximum amount of payment available from the credit-sale contract indemnity fund for each insolvency in which that person is a valid claimant. We have been contacted by many patrons transacting business with a number of different licensees to verify whether the maximum payout from the credit-sale contract indemnity fund is available for each company with which the patron is doing business. These patrons are looking for

assurance that they are going to have the maximum coverage for each company with which they transact business.

Testimony presented during the 2003 legislative session indicted that the intent of the law was that the maximum payout would be available to patrons of each separate licensee. This was not specified in the law itself. We believe this is an important aspect of the credit-sale contract indemnity fund law and its clarification is warranted.

Section 2 provides clarification regarding the chronological order of payment from the indemnity fund. Clarification is warranted if more than one insolvency occurs within a short period of time.

When a licensee becomes insolvent, the process is handled through district court. Some of the factors impacting the time involved for completing the process include: the availability of hearing dates, newspaper publication deadlines, and the ability to liquidate available grain inventory. These factors may cause an insolvency to take much longer to complete than anticipated. Should this happen patrons filing claims initiated as a result of a subsequent insolvency would receive payment prior to patrons from an earlier insolvency.

When making payments from the indemnity fund, using a chronological order, determined by the date the Commission is appointed trustee, will remove any questions about how long it took to complete any individual insolvency. The clarification in this bill will would eliminate any potential for an interested party to question how a case was handled.

This is especially important if there are insufficient funds to pay all valid credit-sale contract claims in multiple insolvencies. If there are insufficient monies to pay claimants, current law provides that claimants will be paid on a prorated basis. As future assessments are collected, the

Commission must continue forwarding indemnity payments to eligible patrons, until all patrons receive the maximum amount payable. Only after all patrons are fully compensated for the first insolvency can payments for a later insolvency begin.

This completes my testimony. I will be happy to answer any questions you may have.