

RESOLUTION ON GRAIN ELEVATOR BONDING

Adopted January 19, 2010

Whereas the North Dakota Public Service Commission and the Legislative Interim Agriculture Committee are both looking into the adequacy of bonding requirements on grain elevators, ethanol plants and processors, and

Whereas insolvency problems and farmer losses in the past 20 years have been predominantly from processor operations and the handlers of organic and/or specialty crops, and

Whereas the record of typical grain elevators has been nearly spotless, and

Whereas increasing bond requirements increases costs and may make some elevator companies ineligible for bonds,

Therefore the North Dakota Grain Dealers Association strongly urges the PSC and the Interim Agriculture Committee to focus on any problem areas and not on the industry segment that has shown its responsibility.

In addition, the North Dakota Grain Dealers Association supports the concept of bonds being the determiner of financial strength and opposes any state government expansion to receive and review grain elevator financial statements and make licensing decisions based on that.

In addition, the North Dakota Grain Dealers Association opposes making any state entity the "bonder of last resort" because it puts the state at risk where private surety companies would not accept the risk.