

FISCAL NOTE
Requested by Legislative Council
01/20/2015

Amendment to: SB 2301

- 1 A. **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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 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

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Changes the effective warehouse license period from annual to a biennial, but only for those licensed six years or less. The licensing fees, per year, do not change. Biennial license fee is twice the amount of the annual license fee. No fiscal impact.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

There is no fiscal impact because the licensing fees, per year, do not change. The biennial license fee is twice the amount of the annual license fee.

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 impact on revenues.

- 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 impact on expenditures.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

No impact on appropriations.

Name: Illona Jeffcoat-Sacco

Agency: Public Service Commission

Telephone: 701-328-2407

Date Prepared: 01/23/2015

FISCAL NOTE
Requested by Legislative Council
01/20/2015

Bill/Resolution No.: SB 2301

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

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No impact on revenues.

- 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 impact on expenditures.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

No impact on appropriations.

Name: Ilona Jeffcoat-Sacco

Agency: Public Service Commission

Telephone: 701-328-2407

Date Prepared: 01/23/2015

2015 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2301

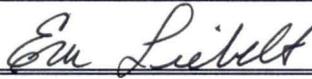
2015 SENATE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee
Roosevelt Park Room, State Capitol

SB 2301
1/26/2015
Job Number 22481

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

An Act to provide for an excess damages program

Minutes:

Attachment

Chairman Klein: Opened the hearing.

Senator Jessica Unruh: Said she was bringing the bill as a result of conversations with the North Dakota Public Service Commission and some issues they were having with the way that they issue warehouse licenses. The purpose of the bill is to make that process more efficient and also to allow them to focus their attention, when they inspect these warehouses, on those warehouses that are most vulnerable to insolvency.

Randy Christmann, Commissioner, Public Service Commission: Written Testimony Attached (1), also a handout on grain elevator statistics (2). (1:55-7:55)

Senator Murphy: Asked if the way they should be thinking about warehousing is that the practical application means elevator.

Randy Christmann: Said yes but there is another aspect to point out. There are federal licensees and state licensees, CHS is a common federal licensee because they have facilities in many states, and they get their license through USDA. They have a federal license and their warehouse is actually licensed by the USDA. We do have them get a grain buyers license. In this capacity the number, four hundred and twenty seven million includes those federal licensees but this bill only has to do with state warehouses.

Chairman Klein: They are smaller North Dakota warehouses?

Randy Christmann: That is correct.

Senator Sinner: Asked if he could describe what the inspection process is like and how far does an audit go in finding out what the inventory is in a facility, compared to their liabilities against those inventories.

Randy Christmann: Said that something could change dramatically for one of these licensees especially in volatile markets and it changes their financial future. Traditionally we have done inspection where we look to see if they are getting behind on paying their producers, measure bins, make sure they have the inventory they claim to have.

Chairman Klein: Isn't the reason for all the bills the commission has been proposing is to get a better handle on this?

Randy Christmann: That is correct and that is why this is a series of changes. This license will free up more of our inspectors time to focus on some of the ones that we see as being more vulnerable. (14:36-15:27)

Chairman Klein: Is there a discomfort where some may feel you're targeting them?

Randy Christmann: It's possible that it may. There are instances where inspectors were sent frequently to help work through situations.

Stu Letcher, North Dakota Grain Dealers Association: They want a strong healthy industry just as the public service commission does and they have no problem with the bill.

Chairman Klein: Close the hearing.

2015 SENATE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee
Roosevelt Park Room, State Capitol

SB 2301
2/2/2015
Job Number 22940

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to public warehouse licenses; and to declare an emergency

Minutes:

No Attachment

Chairman Klein: Called the meeting to order. It deals with public warehouses. I do know that Commissioner Christmann has always been concerned about the public warehouse or the grain warehouses and when they went insolvent and what that did to the farmers. I think since his position on the PSC he has been trying to think of ways to tighten up, look into and address anything beforehand. It's pretty tough.

Senator Sinner: I have personal experience in this field and know several customers who have lost money and several customers who have gone insolvent. It appears to me that the person that is doing a review of the public warehouse are not doing a review or are not getting the right information.(1:35-2:50)

Senator Murphy: Said after the hearing he spoke to Commissioner Christmann and he explained to him if they went to every other year it would free up his inspectors and allow them to get in there and do a better job. I am going to support this bill.

Senator Miller: Were there amendments that were supposed to be added on. There was something here that was proposed.

Chairman Klein: Yes there were two small amendments from Commissioner Christmann.

Senator Miller: Moved the amendments.

Senator Murphy: Seconded the motion.

Roll Call Vote: Yes-6 No-0 Absent-1

Chairman Klein: Okay committee we have the bill before us as amended.

Senator Murphy: Moved a do pass as amended.

Senator Burckhard: Seconded the motion.

Chairman Klein: We have a motion from Murphy and a second from Burckhard.

Senator Miller: Said he had missed a lot of the hearing on this and asked if there was anyone speaking in opposition.

Chairman Klein: If they were they have not spoken in opposition to any of the bills.

Senator Burckhard: Senator Sinner it was suggested in the hearing that we wondered how thorough the audits are, was there still some concern about that?

Senator Sinner: The question I have is what constitutes an audit? This is about counting inventory (6:10-6:45)

Senator Campbell: Said he was going to support this. I think they can do a better job every other year. By the time the public service commission steps in it is too late. (6:46-7:52)

Senator Sinner: Said he would like to make a request to hold off on this bill until he has a chance to look through this overnight. He will talk to legislative council to see if there is any way to make an amendment to add outside audits on an annual basis.

Chairman Klein: If I can give you a little more time this doesn't have a fiscal note that we have to concern ourselves with.

Senator Murphy: Withdrew his motion as a do pass as amended.

Senator Burckhard: Withdrew his second.

Chairman Klein: Closed the meeting.

2015 SENATE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee
Roosevelt Park Room, State Capitol

SB 2301
2/9/2015
Job Number 23463

- Subcommittee
 Conference Committee

Committee Clerk Signature

Era Liebelt

Explanation or reason for introduction of bill/resolution:

Relating to public warehouse licenses; and to declare an emergency

Minutes:

No Attachments

Chairman Klein: Opened the meeting for discussion.

Senator Sinner: Said he visited with Commissioner Christmann about this bill and what else they could do to insure the safety and security of public warehouses and other parts of that industry given that there has been several loses in the past few years. He thinks this is a good step and he encouraged him to put together a study resolution to study whether or not to look at bonding, seed, chemical and fertilizer sales people and do a study. He said he was moving forward to put together that study if anyone wants to sign onto it.

Senator Sinner: Moved a do pass as amended.

Senator Miller: Seconded the motion.

Roll Call Vote: Yes-7 No-0 Absent-0

Senator Miller will carry the bill.

February 9, 2015

TD
2/9/15

PROPOSED AMENDMENTS TO SENATE BILL NO. 2301

Page 1, line 7, after "~~annual~~" insert "A"

Page 1, line 7, remove the overstrike over "~~license must be obtained from the~~"

Page 1, line 7, remove "The"

Page 1, line 7, remove the overstrike over "~~for~~"

Page 1, line 7, remove "shall license"

Page 1, line 10, remove "and ending July 31, 2016."

Renumber accordingly

**2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2301**

Senate Industry, Business and Labor Committee

Subcommittee

Amendment LC# or Description: Proposed amendment by the Public Service Commission

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By Senator Miller Seconded By Senator Murphy

Senators	Yes	No	Senators	Yes	No
Chairman Klein	x		Senator Murphy	x	
Vice Chairman Campbell	x		Senator Sinner	x	
Senator Burckhard	x				
Senator Miller	x				
Senator Poolman	-				

Total (Yes) 6 No 0

Absent 1

Floor Assignment _____

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

**2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2301**

Senate Industry, Business and Labor Committee

Subcommittee

Amendment LC# or Description:

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By Senator Sinner Seconded By Senator Miller

Senators	Yes	No	Senators	Yes	No
Chairman Klein	x		Senator Murphy	x	
Vice Chairman Campbell	x		Senator Sinner	x	
Senator Burckhard	x				
Senator Miller	x				
Senator Poolman	x				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Miller

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

REPORT OF STANDING COMMITTEE

SB 2301: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2301 was placed on the Sixth order on the calendar.

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2015 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2301

2015 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee

Peace Garden Room, State Capitol

SB 2301

3/4/2015

24372

Subcommittee

Conference Committee

Ellen Letang

Explanation or reason for introduction of bill/resolution:

Public warehouse incenses & declare an emergency.

Minutes:

Attachment 1

Chairman Keiser: Opens the hearing on the Engrossed SB 2301.

Senator Jessica Unruh~District 33: Introduces SB 2301. This bill is about the way the Public Service Commission issues licenses for public warehouses.

Representative Laning: Do you know how many warehouses we are talking about state wide?

Senator Unruh: There are other people here to testify to that.

Randy Christmann~Public Commissioner: (Attachment 1).

5:30

Representative Laning: What do the inspectors inspect?

Christmann: They choose what they inspect. They will sometimes measure the bins or inspects the farmer's books.

Chairman Keiser: Anyone else here to testify in support of SB 2301, opposition, neutral?
Closes the hearing, what are the wishes of the committee?

Representative Ruby: Moves a Do Pass.

Representative Beadle: Seconded.

Roll call was taken for a Do Pass on SB 2301 with 14 yes, 0 no, 1 absent and Representative M Nelson will carry the bill.

Date: Mar 4, 2015

Roll Call Vote: 1

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2301

House Industry, Business & Labor Committee

Subcommittee Conference Committee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations

Other Actions: Reconsider _____

Motion Made By Rep Ruby Seconded By Rep Beadle

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	X		Representative Lefor	X	
Vice Chairman Sukut	X		Representative Louser	X	
Representative Beadle	X		Representative Ruby	X	
Representative Becker	X		Representative Amerman	X	
Representative Devlin	X		Representative Boschee	X	
Representative Frantsvog	Ab		Representative Hanson	X	
Representative Kasper	X		Representative M Nelson	X	
Representative Laning	X				

Total (Yes) 14 No 0

Absent 1

Floor Assignment Rep M Nelson

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

REPORT OF STANDING COMMITTEE

SB 2301, as engrossed: Industry, Business and Labor Committee (Rep. Keiser, Chairman) recommends DO PASS (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2301 was placed on the Fourteenth order on the calendar.

2015 TESTIMONY

SB 2301

#1

Senate Bill 2301

Presented by: Randy Christmann, Commissioner
Public Service Commission

Before: Senate Industry, Business and Labor Committee
The Honorable Jerry Klein, Chairman

Date: January 26, 2015

TESTIMONY

The North Dakota Public Service Commission supports passage of Senate Bill 2301 and appreciates the sponsors' efforts to help make our licensing program even better and more efficient.

The Commission currently licenses 281 grain warehouses in North Dakota along with many grain buyers. Licenses typically run from August 1 through July 31, and are due for renewal annually in all circumstances. Two field inspectors are responsible for inspecting these grain warehouses.

SB 2301 changes from a one-year licensing period to a two-year licensing period, but allows the Commission to issue some one-year licenses in 2015 in order to stagger the cycles of re-licensing. Although fees appear to double, the annual license cost does not change resulting in no financial impact on the state or the licensees.

60-02-07(1)(b)(1) of the bill maintains an annual license for the first six years of operation, a subset of our licensees which have been vulnerable to insolvencies in the past.

One of the best things about moving to a two-year cycle is that it would allow our inspectors more time to focus on licensees that merit closer watching because they will spend less time doing routine inspections.

The Emergency Clause is extremely important in this bill. Although licenses run from August 1 through July 31, applications are already coming during the months of May and June. That time is needed for us to give proper attention to processing the applications. Without the emergency clause, this law will not be in effect and we will not be able to implement this change for this year's license renewals.

Finally, we do have two small, friendly amendment suggestions. If passed as written, the first sentence in Section 1 (lines 7-8) would read **The commission shall license each public warehouse in operation in the state.** Our attorney recommends changing that to **A license must be obtained from the commission for each public warehouse in operation in this state.**

We also recommend eliminating **and ending July 31, 2016** from the new language on line 10.

PREPARED BY PUBLIC SERVICE COMMISSION
January 26, 2015

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Renumber Accordingly

Grain Elevator Statistics

August 1, 2014

State Licensed Elevators	281
Federal Licensed Elevators	110
Total Licensed Elevators	391

Roving Grain Buyers	80
Roving Hay Buyers	0

Firms Operating State Elevators	178
Firms Operating Federal Elevators	20
Total Firms Operating Elevators	198

Capacity - State Licensed Elevators	299,761,915 bushels
Capacity - Federal Licensed Elevators	127,158,350 bushels
Total Licensed Capacity	426,920,265 bushels

1

Senate Bill 2301

Presented by: Randy Christmann, Commissioner
Public Service Commission

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

Date: March 4, 2015

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