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*Diana H. [Signature]*  
Operator's Signature

10/2/03  
Date

2003 HOUSE AGRICULTURE  
HB 1197

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*Deanna Holbrook*  
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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1197

House Agriculture Committee

Conference Committee

Hearing Date 1--23--03

Tape Number	Side A	Side B	Meter #
ONE	A		0 TO END
ONE		B	0 TO 10.4
Committee Clerk Signature <i>Edward D. Olson</i>			

Minutes:

VICE CHAIRMAN POLLERT: The House will come to order. The clerk will take the roll. We will open on HB 1197. HB 1197 is relating to insolvency's of grain buyers and warehousemen; and to provide a penalty.

VICE CHAIRMAN POLLERT: Madam Chair, my name is Chet Pollert. I am a state representative from District 29. I am also a grain elevator, feed plant operator. HB 1197 is in front of you today because of conversations with other Representatives. What the HB 1197. It is a Bill for an Act to create and enact a new chapter to title 60 of the North Dakota Century Code, relating to the creation of a credit-sale contract indemnity fund; and to amend and reenact sections of the North Dakota Century Code relating to insolvency's of grain buyers and warehousemen; and to provide a penalty. What the Bill basically is it is a credit sale contract indemnity fund. It dose not cover cash sale contracts, dose not cover warehouse receipts so it for credit sale contracts only. Credit sale sales contracts could be for deferred payments. Etc.

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*Dorinda Bell*  
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Could be a fixed futures contract. A deferred payment. Something with a time element.

What this does is on Section 5 on page 3, what it would do is assess anyone entering into a credit sale contract. The assessment would be at the rate of two-tenths of one percent placed on the value of all grain sold in this state under a credit-sale contract, as provided for in sections 60-02-19.1 and 60-02.1-14. The warehouse purchasing the grain shall note the assessment on the contract required under sections 60-02-19.1 and 60-02.1-14 and shall deduct the assessment from the purchase price payable to the seller. The warehouseman shall submit any assessment collected under this section to the public service commission no later than thirty days after each calendar quarter. The commission shall deposit the assessments received under this section in the credit-sale contract indemnity fund. Lets be optimistic and say that wheat is \$5.00 dollars you are looking a penny a bushel. Lets say you have twenty five thousand dollars worth of credit sale contracts at that particular facility, you are looking at a 50 dollar insurance plan. One hundred thousand you are looking at two hundred dollars. Basically a insurance plan.

{{PLEASE READ THE ENTIRE BILL}} as to Chet Pollerts testimony. His testimony was going through the Bill.

In a nut shell that is HB 1197.

REPRESENTATIVE KREIDT: Am I to understand that if you do take a credit sales contract you are automatically in. There are no options. You can't assume a gamble and not take the insurance on the amount of grain I have in the elevator.

VICE CHAIRMAN POLLER: No there is not way to voluntary get out of this. If you enter into a credit sales contract, that's where I talked about a half mandated and half not. You are

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going to have to pay two tenths of one percent. It is not for cash sale, or for warehouse receipts. It is a sales contract only. You can choose go to your local elevator and sell Your grain. You have an option to do that sales contract or cash it out with warehouse receipt.

REP. KRIEDT: I can't gamble, If I take a credit sales contract, I'm in, I will be paying the assessment.

REP. BELTER : The only people that are going to pay in are those who are using the deferred payment. Is that correct?

REPRESENTATIVE POLLERT: We might be on a different term. Anyone with a deferred payment contract or for example an MDV contract or a open base contract, those are credit sales contracts that have kind of a time on their contract.

REP. BELTER : It is also my understanding that when this fund reaches a certain level then you no longer would have to contribute to this insurance.

REPRESENTATIVE POLLERT: When the fund would get to ten million dollars the payment Premiums would discontinue until the fund would drop to five million dollars.

REP. BELTER; What about the person who has never contributed to the fund but then we get to the point where we have reached the cap where the insurance rates area no longer assessed are those people then going to have to pay in because they will be recipients of this yet there is no assessment so they would actually get their insurance for nothing. Are there provisions to deal with that?

REPRESENTATIVE POLLERT: I think we are going to have ask the Public Service Commission. I would suspect that the coverage would be there.

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REPRESENTATIVE KELSCH: Any other questions of Representative Pollert?

Representative Wrangham.

REP. WRANGHAM ;; Thank you Mrs. Chair? Representative Pollert, what is different about this Bill then what we have seen before?

REPRESENTATIVE POLLERT: Madam Chairman. And Representative Wrangham. Four years ago the PSC had brought some Bills and part of that Bill covered credit sales contracts. At that time that Bill was amended and I felt at that time it would have had ramifications. That it would have dealt with security interests with me at the grain elevator and it would jeopardize my financial standing with my bank and the bank would have drawn down, so that if there is an insolvency there pecking order who was going to get money I felt it would have affected the elevator operations because the bank the bank is not going to give us any money if there pecking order for example was five on the list compared to number one or two. What is different about HB 1197? This is farmer funded. No other funds are in it, that is the difference.

REPRESENTATIVE KELSCH: Any further questions?

REPRESENTATIVE POLLERT: I am going to pass out some amendments.

REPRESENTATIVE KELSCH: Anyone else wishing to offer testimony on HB 1197?

JOHN MIELKE: Vice Chairman and Committee Members. My name is Jon Mielke, I am the Executive Secretary of Public Service Commission. I also serve as the director of the Commission's Licensing Division. The Commission supports the bill. Commissioner Wefald is with us this morning, Tony Clark was here a few minutes ago, he will be back shortly. We also have Bill Benick whose is our commerce council, Rick Filbrant who is one of warehouse

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