

2009 SENATE AGRICULTURE

SB 2321

# 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2321

Senate Agriculture Committee

Check here for Conference Committee

Hearing Date: January 30, 2009

Recorder Job Number: 8236

Committee Clerk Signature

*Cassie Kroh*

Minutes:

**Sen. Flakoll** opened the hearing on SB 2321, a bill relating to the roving grain buyers. All members (7) were present.

**Sen. Wanzek**, district 29, testified in favor of the bill.

**Sen. Wanzek**- What the bill does is that it basically removes the sunset clause, it is my understanding after visiting with people there were no problems that presented themselves as a result of this. I also received a email from **Deon Maasjo** which I have passed out to everyone, see attachment #1.

**Shannon Berndt**, Executive Director of the Northern Pulse Growers Association, testified in favor of the bill see attachment #2.

**Eric Bartsch**, United Pulse trading, testified in favor of the bill.

**Eric Bartsch**- I am here in support of this bill. Our business is completely centered on relationship basis, this bill helps with us to better be able to work with other countries. I urge you to support this bill.

**Steve Strege**, executive Vice-President of the ND Grain Dealers Association, testified in favor of the bill. See attachment #3.

No opposition to the bill.

**Sen. Flakoll** closed the hearing.

**Sen. Wanzek** motioned for a Do Pass and was seconded by Sen. Klein, 7 yea 0 nay 0 absent.

**Sen. Heckaman** was designated to carry the bill to the floor.



**REPORT OF STANDING COMMITTEE (410)**  
January 30, 2009 2:22 p.m.

**Module No: SR-19-1335**  
**Carrier: Heckaman**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2321: Agriculture Committee (Sen. Flakoll, Chairman) recommends DO PASS**  
**(7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2321 was placed on the**  
**Eleventh order on the calendar.**

2009 HOUSE AGRICULTURE

SB 2321

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2321


House Agriculture Committee

Check here for Conference Committee

Hearing Date: March 6, 2009

Recorder Job Number: 10341

Committee Clerk Signature



Minutes:

**Senator Wanzek, Sponsor:** This bill removes the sunset on a bill we passed last session.

The Public Service Commission wanted to see how it worked for two years. It hasn't presented any problems. It provides an exemption for the roving grain buyers who are customers who buy product from an already licensed and bonded warehouse in North Dakota. The problem arises from specialty crops like pinto beans, dry beans, peas, and lentils. There is a lot of business being done in foreign countries. Without this we would require foreign leaders to be bonded and licensed in ND. It hurts our producers in being able to make those contacts. It doesn't eliminate anybody who is a first-time purchaser from a farmer. It only provides an exemption where the product has been purchased from a farmer by a licensed and bonded warehouse. They process it and add value and sell it to a customer outside of the state who is not bonded and licensed. I recall from last session many of these local value added commodity businesses use numerous risk management measures that are available in the private sector such cash before delivery, cash upon delivery, letters of credit, and accounts receivable insurance to protect themselves. Even if we did require those customers to have a bond, once you ship a boat load of product and it sits in a port and it goes bad, how does a \$50,000 bond provide any protection? I think the industry is very careful.

**Vice Chairman Brandenburg:** To add to what you talked about in working with sales to foreign countries, the money has to be transacted before it leaves U.S. soil. Once it's on the ship and it gets over there, you aren't going to get your money.

**Senator Wanzek:** I don't believe there are any foolish exporters. If they ever were foolish, they are gone.

**Shannon Berndt, Executive Director, Northern Pulse Growers Assn.:**

**(Written testimony #1)**

She also brought testimony from **Steve Strege, ND Grain Dealers Assn.**

**(Written testimony #2)**

**Representative Mueller:** I remember from last time with the bill in 2007 it was said that if we don't do this, we are going to lose business. Has this increased or helped your business?

**Shannon Berndt:** This law had been on the books for several years. It had never been an issue until there was one individual that worked as a broker when trade delegations were coming into the state, he was building a relationship. Someone turned that individual in under this law. Most processors are familiar with exporting.

**Eric Bartsch, General Manager of U.S. Operations for United Pulse Trading:** Prior to the 2007 legislative session many buyers who solicited our business were required to be licensed and bonded which in a lot of cases could be a hindrance. In answer to the question if our business has increased since this bill passed. No, but it has allowed us to continue our relationships with our current customers. We ship to 85 countries around the world. All our shipments are insured. If someone is insolvent, we get 90% of our money back. I do a lot of our domestic sales. If I run into a situation where we have never done business, I do everything cash up front. Until we build that relationship, we do background checks. Our bank requires financial statements, payment history, etc. Where we have the most issues is quality



claims. There is no insurance or bond that will cover that. Not that we ship poor quality. But sometimes we get to these foreign countries and they claim we didn't ship what we said—when in fact we did. They are just looking for a reduction.

**Representative Mueller:** Two years ago we dealt with this issue. My grain handling facilities operators are asking why they need a bond when the roving grain buyer does not.

Have you received any pushback from those bonded facilities that do the same kind of thing you are talking about?

**Eric Bartsch:** I haven't received any negative feedback.

**Senator Wanzek:** Any roving grain buyer who purchases from the farmer the first time would still need to be bonded and licensed. These are only individuals who would buy from a bonded and licensed entity.

**Opposed:** None

**Neutral/Informational:**

**Sue Richter, Director of the Licensing Division, PSC:**

In response to Rep. Mueller's question:

Going back into the late 1990's government had a program where peas were grown and could be purchased for an edible food program. The Commission worked with the Pulse Industry back at that time and also with the Dry Edible Bean Industry so that we could make it possible for the sale to take place for these processed products. At that time we did a rule making and that rule provided that there was an exemption from grain buyer licensing if grain was being clean, bagged, and sold for consumption. Over the years the industry has gotten away from bagging. So there was a process before this law came into effect two years ago.

**Chairman Johnson:** Closed the hearing.

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2321

House Agriculture Committee

Check here for Conference Committee

Hearing Date: March 12, 2009 (**Committee Work**)

Recorder Job Number: 10846

Committee Clerk Signature

*Re Mae Kuehn*

Minutes:

**Representative Mueller: Moved Do Pass.**

**Representative Boe: Seconded.**

A Roll Call vote was taken. Yes: 12, No: 0, Absent: 1, (Representative Brandenburg).

**Representative Mueller will carry the bill.**

Date: 3/12/09

Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2321

House Agriculture Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken  Do Pass  Do Not Pass  Amended

Motion Made By Rep. Mueller Seconded By Rep. Boe

Representatives	Yes	No	Representatives	Yes	No
Dennis Johnson, Chair	✓		Tracy Boe	✓	
Mike Brandenburg, Vice Chair	AB		Rod Froelich	✓	
Wesley R. Belter	✓		Richard Holman	✓	
Joyce M. Kingsbury	✓		Phillip Mueller	✓	
David S. Rust	✓		Benjamin A. Vig	✓	
Mike Schatz	✓				
Gerry Uglem	✓				
John D. Wall	✓				

Total (Yes) 12 No 0

Absent 1

Bill Carrier Rep. Mueller

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

**REPORT OF STANDING COMMITTEE (410)**  
March 12, 2009 4:43 p.m.

**Module No: HR-45-4755**  
**Carrier: Mueller**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2321: Agriculture Committee (Rep. D. Johnson, Chairman) recommends DO PASS**  
**(12 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2321 was placed on the**  
**Fourteenth order on the calendar.**

2009 TESTIMONY

SB 2321

Attachment #1

To: Senator Wanzek

Fr: Deon Maasjo

Date: 1/29/2009

Re: SB 2321

I am writing to you on behalf of the North Central Bean Dealers Association. We are in full support of SB 2321 that removes the June 30, 2009 sunset on the exemption from licensing entities that buy from licensed entities grain that has been "cleaned, processed and made ready for consumption"

It is our understanding that there have been no instances or problems of licensed sellers selling cleaned, processed, ready for consumption products to unlicensed buyer. This exemption has made dealing in the World market a little more streamlined and hassle free.

We would like to that you and your counter parts for all the work you have done on this bill as well as all your work for the State of North Dakota.

Best Regards

Deon Maasjo.



Northern  
Pulse Growers  
Association

Testimony of Shannon Berndt  
Northern Pulse Growers Association  
Senate Agriculture Committee  
SB 2321  
January 30, 2009

Chairman Flakoll and members of the committee, for the record my name is Shannon Berndt and I am the executive director for the Northern Pulse Growers Association. I am here today to testify in support of SB2321 which would make permanent the exemption put in place during the 2007 Legislative Session regarding the roving grain buyers law.

Prior to the moratorium, the law would have required all companies which solicit business from another licensed entity in the State to be licensed and bonded. The goal of the Northern Pulse Growers Association is to assist the movement of dry peas, lentils and chickpeas around the world, expanding global trade and ultimately increasing North Dakota pulse producer's profitability. The Northern Pulse Growers Association felt that the law prior to the moratorium was a hindrance to our ability to be competitive in the global market. Without the exemption being made permanent, North Dakota pulse producers would possibly lose market share not only to Canada but surrounding states such as Montana and South Dakota that do not have similar policy in place.

Over the past two years when the moratorium was in place, no problems within the pulse industry have been reported to the Northern Pulse Growers Association. Chairman Flakoll and members of the committee, I urge you to support SB 2321 making the roving grain buyer's exemption permanent. Thank you.

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CHERYL WELLE, Executive Assistant  
SUE BENSON, Office Assistant  
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HAL GRIEVE, Safety Specialist  
Ph: 701-633-5258, Fax: 701-633-5258  
204 4th Avenue S., Buffalo, ND 58011



# NORTH DAKOTA GRAIN DEALERS ASSOCIATION

January 30, 2009

TO: Members of the Senate Agriculture Committee

FROM: Steve Strege, North Dakota Grain Dealers Association

RE: SB 2321 – lifting the sunset on some roving grain buyer licensing

Chairman Flakoll has said that brevity is a sign of confidence. I'll be brief.  
Grain Dealers is OK with lifting the sunset as done by SB 2321.

Background: Grain Dealers was involved with this in the 2007 session through SB 2247.  
In the end all parties agreed to language targeted at a specific type of buyer and then trying it for  
two years. Our people report no problems with it.





Northern  
**Pulse Growers**  
Association

#1

Testimony of Shannon Berndt  
Northern Pulse Growers Association  
Senate Agriculture Committee  
SB 2321  
March 6, 2009

Chairman Johnson and members of the committee, for the record my name is Shannon Berndt and I am the executive director for the Northern Pulse Growers Association. I am here today to testify in support of SB2321 which would make permanent the exemption put in place during the 2007 Legislative Session regarding the roving grain buyers law. Also in attendance with me today is Eric Bartsch, General Manager of U.S. Operations for United Pulse Trading.

Prior to moratorium, the law would have required all companies which solicit business from another licensed entity in the State to be licensed and bonded. The goal of the Northern Pulse Growers Association is to assist the movement of dry peas, lentils and chickpeas around the world, expanding global trade and ultimately increasing North Dakota pulse producer's profitability. The Northern Pulse Growers Association felt that the law prior to the moratorium was a hindrance to our ability to be competitive in the global market. Without the exemption being made permanent, North Dakota pulse producers would possibly lose market share not only to Canada but surrounding states such as Montana and South Dakota that do not have policy in place.

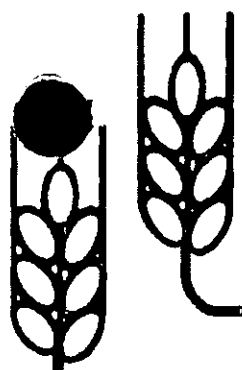
Over the past two years when the moratorium was in place, no problems within the pulse industry have been reported to the Northern Pulse Growers Association. Chairman Johnson and members of the committee, I urge you to support SB 2321 making the roving grain buyer's exemption permanent. Thank you.

#2

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# NORTH DAKOTA GRAIN DEALERS ASSOCIATION

March 6, 2009

TO: Members of the House Agriculture Committee  
FROM: Steve Strege, North Dakota Grain Dealers Association  
RE: SB 2321 – lifting the sunset on some roving grain buyer licensing

The shortest testimony you'll receive on this bill:

Grain Dealers is OK with lifting the sunset as done by SB 2321.

Background: Grain Dealers was involved with this in the 2007 session through SB 2247. In the end all parties agreed to language targeted at a specific type of buyer and then trying it for two years. Our people report no problems with it.