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LB 735

Journal page 641.)

SPEAKER BROMM: Senator Kremer.

SENATOR KREMER: Thank you, Mr. Speaker and members of the body. I do, as they mentioned, have committee amendments, which is just a minor change in one area, but LB 735 was introduced on behalf of the Public Service Commission and the bill provides necessary statutory changes to enable the Public Service Commission to implement recommendations that arose out of several meetings that they investigated as to whether the level of the grain producers' protection afforded under existing grain dealers and grain warehouse laws were adequate. And the bill was spurred by an unusual level of grain warehouse facilities that...of grain warehouse failures that occurred in 2002 that resulted in substantial unsatisfied claims of producers and other stores of grain. The Public...the PSC invited industry participants to a series of workshop meetings. The workshops identified the evolution of the grain industry and that eroded the producers' protections intended by both the Grain Dealers and the Grain Warehouse (sic) Acts. Most importantly, the participants found that the grain was more frequently arranged by warehouse to be directly delivered to the seller or the end user rather than processed through the warehouse, and the producers may not be aware that the warehouse security protection or nonpayment may not be available. More sellers are required...are requiring delayed payments for tax purposes. Another item that was brought out was many significant...more significant shares of grain are purchased by exempt entities, such as the processes in facilities in feedlots or ethanol plants, whatever it might be. The PSC should have additional tools to monitor financial health and licensees to enforce the act. That was some of the findings that they had with the workshops that they had across the state. And, in general, the bill would accomplish the following, and it's about five different things. It removes the exemption of grain warehouses that engage in direct delivery of merchandising activities from license under the Grain Dealers Act, and it increases the cap on the maximum security the dealer must be required to maintain from \$150,000 to \$300,000. The second thing it does, it requires the warehouse or license to submit audited financial