

May 13, 1981

LB 529

Feed Dealers Association, the Nebraska Legislature's Agriculture Committee and Everett Green, as a special consultant hired by the Nebraska Public Service Commission. In November, 1980, the association worked with Everett in reviewing all grain warehousing laws and many fine things are in the bill to not only protect Nebraska's farmers but also to provide for additional tightening of the warehousing and trucking laws in Nebraska. Now we are offering this amendment to strike the compilation statement requirement. Now why is this so important? We have some sound facts from two certified public accounting firms and the State Board of Public Accountancy. I would like to read this information to you. In a letter from the Nebraska State Board of Public Accountancy, they said, "In answer to your question, the State Board of Public Accountancy does not suggest a rate schedule that its licensees shall use in the course of providing professional services nor has the Board surveyed its licensees to determine the fees typically charged for performing various types of audits. Any suggestion that the Board establishes such fees or that it has provided a survey of the fees charged for auditing services is completely incorrect." Now a grain elevator in Nebraska may either acquire a federal or a state license. Federal licenseholders do not have the requirement of a compilation statement prepared by a CPA. Now there are twenty percent of the grain elevators in Nebraska today hold a federal license and that is compared with twelve percent just five years ago. If we make the restrictions tighter, the trend will be for more elevators to go to a federal license. In comparison to Nebraska, they will not have to submit certified compilation statements. The state system will lose their elevators to those getting a federal license. Cost quoted on the floor of \$250 minimum for a certified compilation statement are incorrect and related to the attached letters from CPA firms. This cost now ranging from \$750, \$1,000 and \$1,500 would be born yearly not every three years as previously stated on the floor. Grain warehouses must submit their licenses every year with the Nebraska Public Service Commission. Secondly, since the bill, 529, deletes the ability for the grain warehousemen to personally indemnify himself, every elevator must obtain a corporate surety bond. The statement on the floor that corporate sureties require audits only once every three years is also correct. Corporate bonding companies vary in their needs but they will require anything they want or need at any time to prove the financial worth of the bonded elevator. No warehouseman is required by law now to have certified audits. Some elevators are required by their own internal needs, by lending institution requirements or corporate bonding companies and there is no need to saddle the industry with an added cost for the state to require a

5037