

May 13, 1981

LB 529

SENATOR MARSH: Mr. President and members of the Legislature, I rise to oppose the amendment. A financial statement is considered a normal business expense. It should be considered part of the cost of doing business. Why is it requested? It is requested so that the business entity knows where they are financially and the person doing business with that business entity has some protection. We certainly would want a certified or licensed third party to verify a financial statement. If an entity is writing their own with no outside verification, we can continue to have things happen which have happened this past year. When an entity is in the process of doing business, there are normal expenses which should be considered part of their ongoing costs. When that is a reasonable cost producing desirable effects, then we should require that as a minimum. It is my understanding that some of the elevators are already doing what we are asking. It is a protection for the farmer. It is a necessary protection for the business entity although that business entity may not want it and it may be that that business entity has not kept as good records as conducting a business requires. This will simply make the business do what it should have been doing in the beginning. I urge your rejection of the amendment.

PRESIDENT: The Chair recognizes Senator Vickers.

SENATOR VICKERS: Mr. President and members, I, too, rise in opposition to the Chronister motion. I would like to point out one thing that I think maybe some people are overlooking. The grain elevator business as it operates in the State of Nebraska is not like a lot of businesses where it is cash on the barrelhead everytime a transaction is made. Actually what a good analogy would be you have deposits of grain in these elevators much like deposits of money in a bank. Many people haul grain in and do not get any money out for a long period of time, perhaps a year or more, if it is in under a warehouse receipt. Under those conditions, then it doesn't seem to me that it is any more than right that the entity that is responsible for that farmer's grain have a third party looking over their shoulder, if you will, when they fill out their financial statements that are required for licensing by the Public Service Commission each year. Now it has been stated that it might cost up to \$1500 for each financial statement. It would seem to me that a \$1500 cost should not be prohibitive when you consider the many thousands of dollars of protection that the farmers need with the grain that might be in that elevator. I would also point out that if there is an elevator out there that cannot afford \$1500 a year, then they are in pretty bad financial shape anyway when they are dealing with those many thousands of dollars and I think we should,

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