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LB 735

CLERK: Mr. President, the Agriculture Committee would move to amend with committee amendments.

SPEAKER BROMM: Senator Kremer.

SENATOR KREMER: Thank you, Mr. Speaker and members. As I mentioned, the one area where we talked about financial statements, there were some that felt like the grain dealers and the grain warehousemen, all of them should submit an audit. The cost of an audit, we've been told, could be from 15 to 20 thousand dollars, somewhere in there. Many of the smaller elevators felt like that would be very burdensome, even though we do realize that the audit would be much better and be able to give some tools to the PSC that they could determine that if somebody was in financial trouble much quicker. The audit does provide a third party professional verified financial information, and includes the auditor's comments. It includes a verified inventory report and it would...that would also then give them a verified inventory report twice a year, one by the PSC and one other by the auditor. But because of the financial burden and many times we just keep increasing regulations and the cost of doing business goes up for many of our small elevators, so we came upon a compromise. So what the compromise does, it will retain the option to submit either an audit or a reviewed financial information, but if the grain warehouseman or dealer decides they want to just do the review, which was somewhat less, they would have to put up more security money to cover that, and also the PSC would establish a criteria that would send up a red flag if somebody was in financial shaky ground, that they could require from them a audit or something more substantial or a verified inventory report, many things that they could require them to do. The PSC felt like, even though it was not quite as good as an audit, that they could...that would give them some tools that they thought that would give them the authority to call for more...some more reports, more auditing if they needed to do that. The cost of the additional audits would be...fall on the licensee. We've heard that the audit costs many times two to three times more than the current practice, so that was brought into focus. And, just for your information, out of the 99 elevators now that are