



March 10, 2023

The Honorable Representative Samantha Vang
545 State Office Building
St Paul, MN 55155

RE: H.F. 2718– grain indemnity fund

Dear Chairwoman Vang,

CHS supports modernization of state grain licensing programs through comprehensive program measures that prevent future farmer losses from grain buyer and warehouse insolvencies. CHS participated in the Minnesota Department of Agriculture (MDA) Grain Advisory Group over four years ago and advocated for program practices listed below. General managers of CHS facilities and independent cooperative partners have tremendous pride in operating financially viable grain buying and warehouse businesses. CHS concerns regarding H.F.2718 include the immediate cost to farmers when the assessment is effective on July 1, 2023 and creation of an indemnity fund without inclusion of insolvency prevention measures in previous or current legislation.

Midwestern states modernized or are in the process of updating licensing programs. Iowa, North Dakota and South Dakota recently modernized grain buyer and warehouse licensing programs. This year, in addition to the \$675,000 and nine staff members authorized to manage its grain buyer and warehouse licensing program, Indiana submitted an additional \$600,000 budget request for staff, software and performance review of its licensing program.

An indemnity fund, without the following program practices, is a revolving fund paid by Minnesota farmers:

- regular financial reporting and criminal penalties for falsification of data;
- use of electronic data interface (EDI) for transfer and prompt evaluation of financial data;
- Commissioner's authority for rapid reporting and analysis of suspected financial stress;
- bonding amounts to reflect relative risk of the amount of grain purchased and/or stored;
- penalties for operating without a license and/or legislation defining roving grain buyer;
- additional program staff to assess financial viability of licensees; and
- seminars publicizing program modernization

A grain indemnity fund does not address the root cause of insolvencies. Without comprehensive preventative measures, grain buyers and warehouse operators have latitude to engage in speculative risk management practices and be highly leveraged in volatile markets at the expense of farmer capital.

Sincerely,

A handwritten signature in blue ink, appearing to read "Rick Dusek". The signature is stylized and cursive.

Rick Dusek
Executive Vice President, Country Operations
CHS Inc.

Cc: House Agriculture Finance and Policy Committee Members
The Honorable Representative Kristi Pursell – Vice Chair
The Honorable Representative Paul Anderson – Ranking Minority Member
The Honorable Representative John Burkel
The Honorable Representative Ethan Cha
The Honorable Representative Luke Frederick
The Honorable Representative Rick Hansen
The Honorable Representative Bobbie Harder
The Honorable Representative Steven Jacob
The Honorable Representative Nathan Nelson
The Honorable Representative Lucy Rehm
The Honorable Representative Samantha Sencer-Mura
The Honorable Representative Brad Tabke