



March 14, 2023

Chair Samantha Vang
House Agriculture Finance and Policy Committee
RE: House File 2718
545 State Office Building
St. Paul, MN 55155

Dear Chair Vang,

Thank you and the Members of the Committee for allowing me the opportunity to submit written testimony in regards to House File 2718.

My name is David Larson, and I am the Government Affairs Director for Cooperative Network. Our members are owned by millions of residents throughout Minnesota and Wisconsin and include member-owned farm supply, dairy marketing, livestock marketing, financial, health care, mutual insurance, processing, electric utility, housing, food, and worker-owned cooperatives, among others.

We appreciate Representative Cha and his co-authors for bringing this important topic in front of the Committee, however, we do have concerns about the impact of adding a fee for producers in these uncertain times, especially while adding no insolvency prevention measures in the bill. Our cooperative members believe there are other options that should be explored that would better help minimize future insolvencies.

Cooperative Network was a member of the Minnesota Department of Agriculture's (MDA) Grain Advisory Group in 2022, where the topic of a Grain Indemnity Fund was discussed at length as a possible solution. In this process, as was noted in the conclusion of MDA's report, it became "evident through three meetings that the additional cost to license holders, with no clear metrics or in-depth evaluation by the department, is not serving the intended purpose." It was clear that this extra cost for farmers does not prevent grain buyer insolvencies.

However, two other options were also heavily discussed during the Grain Advisory Group's meetings and were met with more support: increasing compliance with the new financial reporting law, and increasing grain surety bonding levels. First, there was a staggering number of licensees either missing paperwork or not submitting a financial review or an audit, and it's clear that this should be the area under the spotlight as it could directly expose any potential financial issues. Next, grain bonding levels could be increased to a reasonable rate to reflect the amount of grain stored. This would add an extra layer of protection for Minnesota's producers.

Again, a Grain Indemnity Fund does nothing to prevent future insolvencies. Thank you for your consideration.

Sincerely,

David Larson
Government Affairs Director
Cooperative Network

CC: Members of the House Agriculture Finance and Policy Committee