



February 27, 2023

The Honorable Senator Aric Putnam
3215 Minnesota Senate Office Building
St Paul, MN 55155

RE: S.F. 2218 – grain indemnity fund

Dear Chairman Putnam,

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 opposes an assessment that increases costs for farmers, is placed on all grain transactions and gives grain buyers and warehouses latitude to operate without financial guardrails.

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,



Rick Dusek

Executive Vice President, Country Operations
CHS Inc.

Cc: Senate Agriculture, Broadband and Rural Development Committee Members
The Honorable Senator Robert Kupec – Vice Chair
The Honorable Senator Torrey Westrom – Ranking Minority Member
The Honorable Senator Bruce Anderson
The Honorable Senator Gary Dahms
The Honorable Senator Gene Dornink
The Honorable Senator Heather Gustafson
The Honorable Senator Mary Kunesh
The Honorable Senator Judy Seeberger