



February 28, 2023

Committee on Agriculture, Broadband, and Rural Development
Chair: Aric Putnam

RE: S.F. 2218-Kupec: Grain Indemnity Account Establishment and Appropriation

Mr. Chairman:

Our Cooperative, Wheaton-Dumont Coop Elevator, serves over 1,200 Producer-Members throughout west-central Minnesota, northeast South Dakota, and southeast North Dakota.

We have a number of concerns with the proposed grain indemnity account and we ask that your Committee consider the following:

- The proposed bill is designed to protect producers (farmers). If that is the case, then the collection of funds should come strictly from producers. The current language suggests that the funds will be collected against ALL sales. Please note that the same grain may be sold several times as it travels from farm to market. In order to avoid what would amount to “double-taxation”, the fee should apply to the first sale only. The precedent for the collection of fees against the first sale is well established by the various grain check-off funds.
- The proposed bill does not attempt to prevent future failures. We see nothing in the bill that enhances or improves oversight or compliance. We ask that the Committee consider ways to enhance prevention measures BEFORE the establishment of the indemnity fund.
- The proposed bill creates another fee with associated administrative costs. That is to say that, yet again, it becomes more expensive to do business in Minnesota. For those businesses that are located next to State lines, this fee will create an incentive to certain producers to take and sell their grain in other States, avoiding the fee altogether. The unintended consequence of the fee is that it will encourage business to leave the State!
- The proposed bill assumes that producers are not sophisticated and informed market participants. Rather than create another fee with associated administrative expenses that would result in millions of dollars of cost to the industry, we ask that the Committee consider ways to increase awareness and involvement among producers. An educational effort may be effective at a fraction of the cost.

Thank you for your consideration,

Philip Deal
Chief Executive Officer