

SJR 15 Study on Agricultural Bonding- 8-24-11

Members of our Board of Directors believe that the bonding requirements should be up to the capacity of the facility. (At this time of the year with harvest in full swing the last thing the producers is thinking about when hauling grain to the elevator is whether or not the facility is solvent.

Claims should be made to the Department of Agriculture in writing for verification.

Timing for filing of a claim should be within 60 days after notification, but could be extended for cause.

As to payment of the claim to the claimant – as soon as reasonable and upon review, validation and approval by the Department of Agriculture. No later than 60 days as a farmers operating loan is pending with his financial institution.

The funds should be invested with the State Treasurer and expenses for administration of the fund are reimbursed from the same fund.

Claims can be established by filing with the department of Agriculture and certified. Subrogation provisions of claim should go to the Grain Insurance Body.

Failure to contribute results with license suspension and/revocation.

Who participates in the fund? All state licensees and most federally licensed warehouses.

The method of funding by grain dealers shall be based upon grain purchases. Warehouses based upon storage capacity. In other words a fee based on storage capacity and purchases.

The level of funding should be dependant on the cost of grain on market at elevator and /or warehouse capacity.

The new bonding requirements should go into effect on January 1st of the next session of the legislature retroactive to the date passed by the legislature and signed by the governor.

The legislative auditor's office should be checking the balance in the fund at least once per biennium and for assurance of best audit practices, reporting back to the legislature.

Participation should be mandatory.

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