



March 1, 2023

Chair Aric Putnam
Senate Agriculture, Broadband, and Rural Development Committee
RE: Senate File 2218
95 University Avenue W.
Minnesota Senate Bldg., Room 3215
St. Paul, MN 55155

Dear Chair Putnam,

Thank you and the Members of the Committee for allowing me the opportunity to submit written testimony in regards to Senate File 2218.

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 Senator Kupec 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. 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."

However, two other options were also heavily discussed during the Grain Advisory Group's meetings and were met with more support: increased 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 for today's grain business. This would add an extra layer of protection for Minnesota's producers.

Again, now is not the time to add an extra financial burden for our producers. Thank you for your consideration.

Sincerely,

David Larson
Government Affairs Director
Cooperative Network

CC: Members of the Senate Agriculture, Broadband, and Rural Development Committee