

ONE HUNDRED FOURTH LEGISLATURE - SECOND SESSION - 2016
COMMITTEE STATEMENT
LB730

Hearing Date: Tuesday January 19, 2016
Committee On: Agriculture
Introducer: Johnson
One Liner: Change a security coverage provision for sellers of grain stored in a warehouse closed by the Public Service Commission

Roll Call Vote - Final Committee Action:
Advanced to General File

Vote Results:

Aye:	7	Senators Bloomfield, Chambers, Harr, Johnson, Kolterman, Riepe, Schilz
Nay:		
Absent:	1	Senator Larson
Present Not Voting:		

Verbal Testimony:

Proponents:

Rick Leonard
Jerry Vap
Jay Rempe

Representing:

Sen. Jerry Johnson, Introducer
Nebraska Public Service Commission
Nebraska Farm Bureau

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

LB 730 amends section 88-530 of the Grain Warehouse Act to clarify a five day window under which persons who recently sold grain previously stored in a warehouse may revert to the status of a valid owner and storer of grain eligible to share in the distribution of the warehouse's grain and security assets.

Section 88-530 requires a warehouse to post bond or other surety for the benefit of owners and storers of grain in the warehouse. This section inserts what is referred to as a "qualified checkholder" exception to the limitation that the surety is for the benefit only of current owners of stored grain at the time the Public Service Commission takes control of the warehouse. The qualified checkholder exception provides that a recent seller of previously stored grain may, in effect, revert to the status of a valid storer and owner if they hold a check in payment "issued" within five business days prior to the date the PSC takes control of a warehouse.

LB 730 clarifies that the five day rule applies to the date the sales transaction and transfer of title occurred regardless of when or whether a check was issued to the seller. The bill also reinforces policy that the protections of the bond are for the benefit of those who still have grain in storage at the time of the warehouse closure and recent cash sellers of previously stored grain, but excludes warehouse surety coverage for sales of grain under signed contract such as deferred price or payment and other non-cash transaction where a seller voluntarily assumes the status of a creditor.

Jerry Johnson, Chairperson