

MINUTES OF THE MEETING OF THE HOUSE AGRICULTURE,
LIVESTOCK AND IRRIGATION SUBCOMMITTEE, FEBRUARY 16, 1983

The meeting was called to order by Chairman Holliday on Wednesday, February 16, 1983 at 1:30pm in Room 129, State capitol. All subcommittee members were present.

REP. SPAETH said other than a question with drafting on page 46 of House Bill 673, he favored the bill. He advised the Subcommittee to give the Committee a favorable report on the bill since there were no opponents and told them any problems experienced in Oregon would have been brought out in testimony when the bill was heard.

REP. SCHULTZ said he thought the Department of Agriculture needed House Bill 673. Rep. Bliss added testimony indicated bonding had fallen through.

REP. ELLERD informed Subcommittee members he called a bonding agency in Kansas which writes a few grain bonds and found a \$50,000 bond would cost \$200. He said bonds can be written but he doubts a company would write a \$1 million bond.

REP. BLISS commented it is being done now with chain elevators, adding bonding is deductible as assets are considered first.

REP. LYBECK asked what the primary purpose of bonding was. Rep. Bliss replied it was to protect the producer. Rep. Lybeck said a problem arises in identifying subsequent dealers after grain leaves the first purchaser, adding one or two grain companies handle up to \$80 million annually in grain.

REP. ELLERD reminded subcommittee members that Bob Stephens had testified bonding would cost 8 cents per bushel.

REP. SPAETH asked if bonding would prohibit small elevators from remaining in the industry.

REP. SCHULTZ asked if Representatives Holliday and Ellerd would make several conference calls with regard to bonding.

REP. LYBECK told the Subcommittee fire insurance on grain elevators is \$1 million and there is a need to protect the producer, although such protection is also up to the producers as individuals.

REP. SCHULTZ suggested the Subcommittee recommend all three bills to the Senate where they could come back in conference committees.

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REP. SPAETH said House Bill 42 does cause some borrowing problems as it ties up a grain elevator operator's ability to borrow, thus limiting their ability to purchase grain.

REP. SCHULTZ said he was not concerned so much with the bankers as he was with the producers.

REP. SPAETH said the elevator owner is the one doing the borrowing, which is how they get into trouble.

REP. BLISS advised the Subcommittee must make a choice between the farmer and the banker.

REP. SCHULTZ said he would like to pass House Bill 42 on to the Senate.

REP. SPAETH said he is not concerned with bankers, but with loans drawn up by banks that restrict markets. He told subcommittee members he would support the bill.

All members of the Subcommittee concurred in their support of both House Bill 42 and 673.

The meeting was adjourned at 1:50pm.


REP. GAY HOLLIDAY, CHAIRMAN

Joann T. Gibson, Secretary