

**PUBLIC SERVICE COMMISSION
STATE OF NORTH DAKOTA**

NEWS RELEASE

April 29, 2008

Commissioners Clark, Wefald and Cramer

****For Immediate Release****

Phone 701-328-2400

Credit-Sale Contract Indemnity Fund reaches \$6 million Cap

Beginning July 1, farmers and other grain sellers engaged in credit-sale contracts will no longer be charged a 0.2 percent assessment for the Credit-Sale Contract Indemnity Fund.

The fund was created by the 2003 Legislature to provide partial protection for unpaid credit-sale contracts in the event of a grain elevator or grain buyer insolvency. Although the fund recently reached its \$6 million cap, state law requires assessments to continue through June 30, the end of the quarter.

A credit-sale contract is a written grain sales contract that provides for payment more than 30 days after the delivery or release of the grain for sale.

Commissioner Tony Clark, who holds the grain elevator portfolio, said most producers and grain buyers will likely welcome this news.

“This milestone means sellers will have more money in their pockets and buyers will have less paperwork,” Clark said.

The commission will soon be sending notices to all licensed grain buyers telling them to stop the assessments on July 1.

Commissioner Susan Wefald said last year an elevator operated by Minnesota Grain in Rhame became insolvent and the fund paid four producers a total of \$110,314.

“That’s a substantial amount of money those producers were able to recover because of the Credit-Sale Contract Indemnity Fund,” Wefald said.

In the case of an elevator or grain buyer insolvency, a claimant can receive a payment from the fund equal to 80 percent of an unpaid credit-sale contract, up to a maximum payout of \$280,000.

Legislation passed in 2007 helped the fund reach its maximum sooner than what was originally expected by reducing the cap from \$10 million to \$6 million. The fund will continue to grow as it accumulates interest.

If the fund drops below \$3 million, the assessments would be reactivated until the fund returned to \$6 million.

“We hope the fund isn’t tapped into anytime soon, but it’s nice to know it’s available,” said Commissioner Kevin Cramer.

--END--