MISSISSIPPI GRAIN INDENITY TASK FORCE

RELEASES RECOMMENDED LEGISLATION TO ASSIST PRODUCERS

The recently filed bankruptcy of a grain elevator in the Mississippi Delta has left many producers with claims against the bankrupt company, which is also under investigation for potentially fraudulent activities. In reviewing this situation, as well as reviewing how other states have attempted to assist producers when grain warehouses or dealers fail, Commissioner of Agriculture and Commerce Andy Gipson and other policymakers determined that changes are needed. As such, in October 2021, Commissioner Gipson established the Mississippi Grain Indemnity Task Force ("Task Force") composed of Mississippi farmers and key policymakers.

Mississippi agriculture is well represented on the Task Force by organizations such as Mississippi Farm Bureau and Delta Council as well as by individual producers who have devoted efforts in the past to promote the interests of their fellow Mississippi producers. Accordingly, Commissioner Gipson called upon these organizations and producers to assist in developing a contemporary farmer-driven approach to finding solutions for farmers when such a failure of a grain buyer may occur in the future.

Today, the Task Force released its recommended legislative package to assist Mississippi producers when grain warehouses and grain dealers don’t meet their legal obligations. While grain dealers and grain warehouses that operate in Mississippi must provide a bond or similar financial assurance to protect producers, these obligations are simply not adequate. The State of Mississippi cannot legislate that grain buyers must fulfill their contractual commitments, but this legislation can provide assistance to innocent Mississippi producers.

This legislative proposal provides for a voluntary producer-financed program without the use of taxpayer funds. Voluntary assessments would be collected and placed in the Grain Indemnity Trust Fund to compensate producers when a grain warehouse or grain dealer fails. Unlike other states with voluntary programs, this proposal does not require a producer to pay assessments and then seek a refund at a later date.
The Trust would be administered by a board consisting of the Commissioner of Agriculture and Commerce and six other members appointed by Mississippi Farm Bureau and Delta Council, and two at-large producers appointed by the Commissioner. These trustees would evaluate claims when a failure occurs and authorize payments to be made from the Trust.

The major points of the proposal are:

- The program is voluntary. Producers can opt out of the payment of assessments by notifying the Commissioner by June 1 each year of their desire NOT to participate in the program for the current crop year.
- Producers who do not opt out would pay an assessment of 0.2 percent of the value of corn, grain sorghum, oats and wheat sold between July 1 and following June 30. The assessment would be levied only on grain sold during the assessment period produced during the enrolled crop year.
- Assessments would be collected until $20 million is in the trust. When the balance of the trust falls below $18 million, assessments would be reinstated.
- Assessments would be collected by all State-licensed grain warehouses and grain dealers and Federally-licensed grain warehouses.
- Producers who choose to participate in the program for a crop year would be eligible to submit a claim when a State-licensed grain dealer or a State or Federally-licensed grain warehouse fails and the producer has not been fully paid for that crop year’s production of grain no matter in which year the failure occurs.
- The Trust could only be used to pay producers for eligible losses and administrative costs associated with the Trust. These funds could not be used by the State for any other purpose.
- Claims would be paid only from the Trust and if claims exceed the amount in the trust, claims would be paid on a pro-rata basis.

The legislative proposal and several Questions and Answers as to how the program would work can be found the Mississippi Department of Agriculture and Commerce website at [www.mdac.ms.gov](http://www.mdac.ms.gov) under Alerts and Announcements.

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Attachments.

Q&A: Mississippi Grain Indemnity Task Force Proposed Legislation
Grain Indemnity Fund Proposed Legislation