

# FACT SHEET

## PURPOSE OF THE FUND

**The Texas Grain Producer Indemnity Board will mitigate 85% of all verified financial losses suffered by producers of corn, sorghum, soybeans and wheat when a grain buyer experiences a financial failure.**

The current bond requirement for state-licensed warehouses is 10 cents per bushel of storage capacity with a maximum bond requirement of \$500,000, whereas federally-licensed warehouses must have a third-party surety bond based on the licensed capacity. The \$500,000 bond, at today's prices especially, does not provide adequate protection in the event of a financial failure.

### BENEFICIARIES

#### Directly:

producers of corn, sorghum, soybeans and wheat who market in Texas.

#### Indirectly:

agricultural lenders, equipment dealers, suppliers, etc. that have a financial interest in the producer and/or their grain.

Local and regional economies that will be harmed by the financial failure of a grain buyer.

## HOW THE FUND WILL OPERATE

The "first point of sale" grain buyer will collect the assessment when producers sell their grain, and remit to the TGPIB.

The rules adopted by the TGPIB set an assessment of **two tenths percent** of the gross sales price of the grain.

The TGPIB will set the minimum fund balance necessary to cover all anticipated administrative and operating costs, as well as a reasonable estimate for indemnity claim payments.

Once the fund reaches an amount determined by the TGPIB as sufficient to cover the risk, a refund process will be initiated to refund assessments.

The fund is managed by the TGPIB. This money will not be a part of the State Treasury, and can only be used for the indemnity fund program.

## GRAIN PRODUCER REFERENDUM

The producer referendum will take place December 5-9, 2016.

- An eligible producer and/or entity can vote once if he/she sold one of the covered grains in the 36 months prior to close of voting.
- Eligible voters can vote at their county Texas AgriLife Extension office or request a ballot from the Texas Department of Agriculture.
- The referendum requires a majority vote to pass.



For more information:

visit [TEXASGRAININDEMNITY.ORG](http://TEXASGRAININDEMNITY.ORG)