



Texas Grain Producer Indemnity Board Referendum Fact Sheet

Purpose of and need for the fund:

- The Texas Grain Producers Indemnity Board will mitigate up to 90 percent of the financial losses suffered by producers of corn, sorghum, wheat and soybeans 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, wheat and soybeans 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 range of 0.2 percent to 0.6 percent of the final 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 on a first in, first out basis.
- The fund is managed by the TGPIB. *This money will not be a part of the Texas General Fund, and can only be used for the indemnity fund program.*

Grain producer referendum:

- The producer referendum will open for voting Nov. 19, 2012 and conclude Dec. 7, 2012.
- A producer is eligible to vote once if he/she sold grain in the 36 months prior to Dec. 7, 2012.
- Ballots will be available at all Texas A&M AgriLife Extension Service county offices, and must be mailed to the Texas Department of Agriculture to be counted. Ballots must be postmarked by Dec. 7, 2012.
- If the referendum passes with a two-thirds vote, the grain indemnity fund assessments will be put into place Feb. 1, 2013.