

**Subject** Grain Buyer Financial Reporting

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**Date** February 21, 2025

## Summary

This bill modifies the financial reporting requirements for grain buyers. Grain buyers include elevators, feed mills, ethanol plants, cooperatives, food manufacturers, and others who purchase grain. In order to be a licensed grain buyer, the grain buyer must submit an annual financial statement to the commissioner.

Under the current law, a grain buyer can prepare the statement and must certify under penalty of perjury that the information is accurate. If the grain buyer purchases under \$7,500,000 of grain, the statement must be reviewed by a certified public accountant (CPA). If the grain buyer purchases more than that amount, the statement must be audited by a CPA.

This bill makes a number of changes including:

- (1) requires financial statements be prepared by third-party independent accountants or CPAs;
- (2) broadens acceptable standards to include “similar international standards;”
- (3) makes a conforming change to remove the requirement that a grain buyer’s CEO and governing board certify that the financial statement is accurate because the statements must now be prepared by a third party;
- (4) adjusts the tiers to allow grain buyers purchasing between \$7,500,000 and \$20,000,000 to be reviewed by a CPA instead of audited by a CPA, but still requires grain buyers purchasing over \$20,000,000 to be audited by a CPA;
- (5) limits the exemption from making financial statements to only cash sales of less than \$1,000,000, but allows the commissioner to retain the right to require financial reporting from these cash sales under certain circumstances; and
- (6) requires the commissioner to review the financial statements submitted by grain buyers on an annual basis and allowing the commissioner to require additional financial statements or reporting.