

May 3, 1973

SENATOR BURBACH: There was a question, yes. Senator Nore, this is correct. We must put the broader application of this and not talk warehouse advantages. We must talk advantages for even the employment those warehouses provide, and this is the reason Mr. Matzke appeared in favor of the bill. We must also talk about the advantages for Nebraskans.. I am sorry. I must retract that statement. We are not talking for the advantages of Nebraskans, if it's for shipment out...it has to be for shipment outside of the state. If a dryer is there, you are talking about a grain dryer I presume, if that grain dryer is made in May and it is kept until the following May. On January 1, if it is sold, if it is ultimately sold to you, that must be assessed, and this bill will provide that it is assessed by audit implied, by the Revenue Department. But if that dryer goes to South Dakota, then it is eligible for the washing out of the taxes or not reporting for tax purposes. So it is not for the advantage of agriculture here in the state, as such.

SENATOR NORE: The folks that are working in these factories, we can employ them almost the year around if we had some little bit better way of warehousing, this not being clobbered on taxes.

SPEAKER: Senator Kelly.

SENATOR KELLY: Mr. President, members of the body, a question of Senator Burbach or Senator Carpenter, whoever can answer it. I want to talk a little bit about bonded warehouse receipts.

SPEAKER: Senator Burbach. Well, ask your question, Senator.

SENATOR KELLY: My idea of a bonded warehouse receipt is a receipt that's written by a bonding company. Is that correct?

SENATOR BURBACH: No, it is not, Senator Kelly. Let me use my case as an example in public, in grain storage, grain warehousing. For a fee I buy..purchase a book of warehouse receipts all in blank. They are in quadruplicate. I buy that book and I forget. I believe there are fifty warehouse receipts in it at 20¢...these are \$20.00 for the book. Maybe there is a hundred in them. I issue you as a customer a warehouse receipt that I guarantee the weights, the grades, the moisture, etc. out of that commodity coming to my place, you have ownership of the grain. You have that as an indication of proof and I am bonded by a bonded warehouse..by bonding people. Now then, if I issue a warehouse receipt to myself, then this is collateral because by bond it covers me. The lending institution then is more favorably inclined to loan up to 90% of value of that grain at that price, and then they have possession of my warehouse receipt. I endorse it to them and then I get the money from this lending institution, where otherwise, my property statement wouldn't indicate that I could borrow more than 40 or 50% or none. But beings I am bonded and issue this warehouse receipt as collateral to a lending institution, I can get many times a hundred percent. This is the thing that Senator Carpenter is concerned about. Those people who are in the manufacturing would like to have..to be able to issue warehouse receipts to themselves for this collateral. Now, in the case of a public warehouse, there they issue a warehouse receipt that they have received these goods but that warehouse receipt is..not..it may be used for collateral, also, after it has been issued to this individual, in this public warehouse. But in the case of this private warehouse, there is no provision in this bill for him to have that warehouse receipt issued to him. There is no warehouse receipt in existence under 534. This is the point Senator Carpenter is bringing up. He thinks we should broaden the bill to provide that service for those who wish to use...take advantage of LB 534.