

**HOUSE BILL NO. 1276**

Introduced by

Representatives Satrom, Brandenburg, Grueneich, Hagert, Headland, Kempenich, Kiefert,  
Ostlie, Thomas

Senators Conley, Luick, Wanzek

1 A BILL for an Act to amend and reenact section 4.1-01.1-07 of the North Dakota Century Code,  
2 relating to the agriculture diversification and development fund; to provide an appropriation for  
3 the agriculture diversification and development fund; and to provide for a transfer.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. AMENDMENT.** Section 4.1-01.1-07 of the North Dakota Century Code is  
6 amended and reenacted as follows:

7 **4.1-01.1-07. Agriculture diversification and development fund - Continuing**  
8 **appropriation.**

- 9 1. There is created in the state treasury the agriculture diversification and development  
10 fund. The fund consists of all moneys transferred to the fund by the legislative  
11 assembly, interest upon moneys in the fund, and payments of interest and principal on  
12 loans made from the fund. Moneys in the fund are appropriated to the Bank of North  
13 Dakota on a continuing basis for loan disbursements, ~~grants~~, and administrative costs  
14 pursuant to this section. ~~No more than twenty-five percent of the fund may be utilized~~  
15 ~~for grants in a biennium, and moneys in the fund are appropriated to the agriculture~~  
16 commissioner on a continuing basis for grants pursuant to this section. The agriculture  
17 diversification and development committee shall designate the amount available from  
18 the fund for loans and grants.
- 19 2. Loans, interest rate buydowns, or grants under subsections 3 and 4 may be issued  
20 from the fund to support new or expanding value-added agriculture businesses that  
21 demonstrate financial feasibility, enhance profitability for farmers and ranchers, create  
22 jobs, and grow the state's economy. Grants under subsection 5 may be issued from  
23 the fund for infrastructure improvements necessary for the development or expansion

1 of new or existing value-added agriculture businesses. Value-added agriculture  
2 businesses include food production or processing facilities; feed or pet food  
3 processing facilities; commodity processing facilities; agriculture product  
4 manufacturers; and animal agriculture production facilities, including swine, poultry,  
5 dairy, and feed lot production facilities.

6 3. The Bank of North Dakota shall develop policies for loans from the fund in consultation  
7 with the agriculture diversification and development committee. The Bank shall review  
8 loan applications. To be eligible for a loan under this section, an entity shall agree to  
9 provide the Bank with information as requested. The Bank may develop policies for  
10 loan participation with local financial institutions. The Bank shall deposit in the fund all  
11 principal and interest paid on the outstanding loans. The Bank may use a portion of  
12 the interest paid as a servicing fee to pay for administrative costs, which may not  
13 exceed one-half of one percent of the amount of the outstanding loans. ~~The Bank shall~~  
14 ~~contract with a certified public accounting firm to audit the fund if the fund has any~~  
15 ~~loans.~~ The fund must be audited annually pursuant to section 6-09-29, and the cost of  
16 the audit must be paid from the fund.

17 4. The agricultural diversification and development committee shall develop policies for  
18 grants from the fund to support new or expanding value-added agriculture businesses,  
19 including eligibility criteria, maximum grant amounts, and reporting requirements.  
20 Based on recommendations from the agricultural diversification and development  
21 committee, the agriculture commissioner shall distribute the grant funding.

22 5. The agricultural diversification and development committee shall develop policies for  
23 grants from the fund to political subdivisions, individuals, or organizations for  
24 infrastructure improvements necessary for the development or expansion of new or  
25 existing value-added agriculture businesses, including eligibility criteria and reporting  
26 requirements. Grants to political subdivisions are limited to one million two hundred  
27 fifty thousand dollars per project and may not exceed eighty percent of the  
28 infrastructure improvement costs. Grants to individuals or organizations are limited to  
29 three hundred fifty thousand dollars and may not exceed eighty percent of the  
30 infrastructure improvement costs. Eligible uses of grant funding include water and  
31 sewer line improvements and electrical and gas supply improvements. Grant funding

1 may not be used for routine maintenance or operating costs. Based on  
2 recommendations from the agricultural diversification and development committee, the  
3 agriculture commissioner shall distribute the grant funding.

4 **SECTION 2. APPROPRIATION - TRANSFER TO AGRICULTURE DIVERSIFICATION**

5 **AND DEVELOPMENT FUND.** There is appropriated out of any moneys in the general fund in  
6 the state treasury, not otherwise appropriated, the sum of ~~\$50,000,000~~\$30,000,000, which the  
7 office of management and budget shall transfer to the agriculture diversification and  
8 development fund, during the biennium beginning July 1, 2023, and ending June 30, 2025.Of  
9 the \$30,000,000, up to \$10,000,000 is available for grants to political subdivisions.