

Fifty-ninth  
Legislative Assembly  
of North Dakota

ENGROSSED SENATE BILL NO. 2147

Introduced by

Senators Taylor, Bowman

Representatives Nicholas, S. Meyer, Onstad

(At the request of the Department of Agriculture)

1 A BILL for an Act to create and enact a new section to chapter 4-01, a new section to chapter  
2 6-09, a new section to chapter 57-39.2, and a new section to chapter 57-39.5 of the North  
3 Dakota Century Code, relating to the establishment of a beef marketing and a livestock loan  
4 guarantee program and to provide a sales tax exemption; to amend and reenact section  
5 4-14.1-03.1 and subsection 1 of section 57-38.6-01 of the North Dakota Century Code, relating  
6 to agricultural grants; to provide for a report; to provide an appropriation; and to provide an  
7 expiration date.

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

9 **SECTION 1.** A new section to chapter 4-01 of the North Dakota Century Code is  
10 created and enacted as follows:

11 **Beef marketing program - Establishment.** The agriculture commissioner shall  
12 establish a source-verified and process-verified beef marketing program in consultation with the  
13 state board of animal health, the North Dakota stockmen's association, the North Dakota state  
14 university beef systems center of excellence, and the United States department of agriculture.

15 **SECTION 2. AMENDMENT.** Section 4-14.1-03.1 of the North Dakota Century Code is  
16 amended and reenacted as follows:

17 **4-14.1-03.1. Agricultural products utilization commission - Authority.**

18 1. The North Dakota agricultural products utilization commission may apply for,  
19 accept, and expend any appropriation, grant, gift, or service made available from  
20 public or private sources consistent with the purpose of this chapter.

21 2. The commission may administer grant programs consistent with the purpose of  
22 this chapter including a:

23 a. A basic and applied research grant program;

24 b. A utilization and marketing grant program;

- 1           c. A cooperative marketing grant program;
- 2           d. A nature-based tourism grant program;
- 3           e. A technical assistance grant program for value-added businesses;
- 4           f. A farm diversification grant program;
- 5           g. An agricultural prototype development grant program; and a
- 6           h. A North American marketing grant program.
- 7           3. ~~The~~ As a condition of the grant, the commission may require, by contract,
- 8           ~~repayment of a grant, in whole or in part,~~ that the recipient repay some or all of the
- 9           ~~grant if the grant recipient does not fulfill the conditions under which the grant was~~
- 10           ~~awarded of the grant. Repayment may be monetary or may be of any other type~~
- 11           ~~or method determined by the commission to be in the public interest.~~

12           **SECTION 3.** A new section to chapter 6-09 of the North Dakota Century Code is  
13 created and enacted as follows:

14           **Livestock loan guarantee program - Establishment - Rules.**

- 15           1. The Bank of North Dakota shall establish and administer a livestock loan
- 16           guarantee program that is designed to expand livestock feeding in this state.
- 17           2. Under the program, the Bank may guarantee a loan made by a bank, a credit
- 18           union, a savings and loan association, or any other lending institution in this state
- 19           to the owner of a commercial feedlot that backgrounds or feeds cattle to
- 20           harvest-ready weight. In the event of a default, the Bank shall pay to the lender
- 21           the amount agreed upon, provided that the amount may not exceed eighty-five
- 22           percent of the principal due the lender at the time the claim is approved.
- 23           3. The Bank shall adopt rules governing additional terms, conditions, and procedures
- 24           necessary to meet the requirements of this section. The rules must include an
- 25           administrative fee payable to the Bank and must provide that equity requirements
- 26           may not exceed fifteen percent.

27           **SECTION 4. AMENDMENT.** Subsection 1 of section 57-38.6-01 of the North Dakota  
28 Century Code is amended and reenacted as follows:

- 29           1. "Agricultural commodity processing facility" means ~~a facility that through~~
- 30           ~~processing involving the employment of knowledge and labor~~ an agricultural
- 31           operation that adds value to an agricultural commodity capable of being raised in

1           this state and includes dairy operations, livestock feedlot operations, and swine  
2           feeding and finishing operations.

3           **SECTION 5.** A new section to chapter 57-39.2 of the North Dakota Century Code is  
4 created and enacted as follows:

5           **Sales tax exemption - Production livestock facility construction.**

- 6           1. Gross receipts from the sale of machinery, equipment, and structural materials  
7           incorporated into a new or expanding production livestock facility during or at the  
8           time of the facility's construction are exempt from taxes under this chapter for the  
9           period beginning after June 30, 2005, and ending as of July 1, 2009.
- 10          2. The owner of the production livestock facility may apply to the commissioner for a  
11          refund of any taxes paid by a contractor, subcontractor, or builder if those taxes  
12          are claimable as an exemption under this section. The application for a refund  
13          must be made at the time and in the manner directed by the commissioner.
- 14          3. If the production livestock facility is not operational as a production livestock facility  
15          within five years from the date of the earliest refund to the facility's owner under  
16          this section, the owner of the facility is liable for the repayment of all exemptions  
17          granted to the owner under this section.
- 18          4. For purposes of this section, "livestock" means beef and dairy cattle, hogs, poultry,  
19          and sheep and "production livestock facility" does not include grain bins or other  
20          storage structures incidental to livestock production.

21          **SECTION 6.** A new section to chapter 57-39.5 of the North Dakota Century Code is  
22 created and enacted as follows:

23          **Gross receipts tax exemption - Production livestock facility construction - Farm**  
24 **machinery and equipment.** Gross receipts from the sale of farm machinery and equipment  
25 incorporated into a new or expanding production livestock facility at the time of the facility's  
26 construction and used exclusively in the production livestock facility are exempt from taxes  
27 under this chapter for the period beginning after June 30, 2005, and ending as of July 1, 2009.  
28 For purposes of this section, "livestock" means beef and dairy cattle, hogs, poultry, and sheep.

29          **SECTION 7. REPORT TO COMMITTEES.** Between the first and tenth legislative days  
30 of the regular session of the sixtieth legislative assembly as selected by the legislative council,  
31 the agriculture commissioner, the Bank of North Dakota, and the North Dakota stockmen's

1 association shall provide a joint report regarding the livestock loan guarantee program to the  
2 standing agriculture committee of each house of the legislative assembly.

3 **SECTION 8. APPROPRIATION.** There is appropriated out of any moneys in the  
4 general fund in the state treasury, not otherwise appropriated, the sum of \$100,000, or so much  
5 of the sum as may be necessary, to the agriculture commissioner for the purpose of  
6 administering the beef marketing program, for the biennium beginning July 1, 2005, and ending  
7 June 30, 2007.

8 **SECTION 9. APPROPRIATION.** There is appropriated out of any moneys in the  
9 general fund in the state treasury, not otherwise appropriated, the sum of \$100,000, or so much  
10 of the sum as may be necessary, to the agriculture commissioner for the purpose of  
11 administering the farmers' market development and promotion program, for the biennium  
12 beginning July 1, 2005, and ending June 30, 2007.

13 **SECTION 10. EXPIRATION DATE.** Section 3 of this Act is effective through June 30,  
14 2009, and after that date is ineffective.