

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
SFN 2053 (2/85) 5M



ROLL NUMBER
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DESCRIPTION

2019

**2001 SENATE APPROPRIATIONS**

**SB 2019**

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2019

Senate Appropriations Committee

Conference Committee

Hearing Date January 11, 2001

Tape Number	Side A	Side B	Meter #
Tape #2	x		43.0 - 54.4
Tape #2		x	0.0 - 34.5
Committee Clerk Signature <i>Donnie Patech</i>			

Minutes:

Senator Nething opened the hearing on SB2019.

Rod Backman, Director of the Office of Management and Budget, testified on the bill for the Department of Economic Development and Finance (a copy of written testimony is attached).

Miles Friedman, President of the National Association of State Development Agencies (NASDA), presented documentation regarding his work addressing the potential for consolidation and/or privatization of the economic development programs in ND (copy of his written testimony attached).

Senator Nething: Appears you focused on marketing as opposed to regulatory of commerce?

Miles Friedman: Generally economic development programs op to keep regulating issues separate.

Senator Solberg: Realize you worked with numerous states -- is North Dakota unique in the fact that we have the Bank of North Dakota? Did you look at that? What part should it play?

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Mike Friedman: Considered, reviewed all resources out there, the Bank being one of them. Saw Bank as free standing.

Lee Peterson, Director of Economic Development and Finance (ED&F), presented testimony on the department (copy attached).

Orlin Hanson, farmer/rancher and Director of Renville County Economic Development, testified in support of Mr. Peterson and SB2019. He is very supportive of the ND Workforce Training, and the advancement of technology...everyone should have the opportunity to access the internet, it's imperative that all areas of North Dakota have adequate wiring system.

Jim Melland, Grand Forks, lobbyist for the Economic Development Association of ND, presented testimony in support of SB2019 (copy of written testimony is attached).

Due to time restraints and other Senate commitments, the hearing on SB2019 was recessed until Friday, January 19th by Senator Nething.

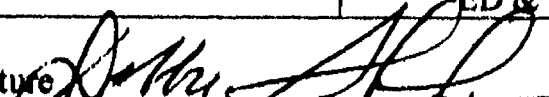
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2019

Senate Appropriations Committee

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Tape Number	Side A	Side B	Meter #
1	ED & F		49.5 - 54.5
		ED & F	0.0-49.7
2	ED & F		0.0-54.5
2		ED & F	0.0-4.2
Committee Clerk Signature 			

Minutes: Continued Hearing on SB 2019 from January 11, 2001

Senator Nething reopening the hearing on SB 2019.

Lee Peterson, Director of Department of Commerce, appeared in support of SB 2019 (testimony and charts attached). An overview was given for proposed organizational plan with regards to SB 2019.

Senator Heitkamp: Where are you at with the FTE's; reduction with combined agencies.

Lee Peterson: An overall reduction of two FTE's.

Senator Nething: Was the Schafer budget lower?

Rod Backman, OMB: When agencies pulled together the reduction FTE's was made for overlapping positions.

Senator Andrist: Workforce development and training development; what is the difference with one agency?

Lee Peterson: The work force council, what are needs at ED & F. Need to look more closely with coordination with varied programs. Looking down the road, this is a giant step with the combined agencies especially on building issue.

Senator Nething: When will these charts be available for a breakdown of the department personnel?

Lee Peterson: Next week.

Linda, Department Director of Economic Development and Finance, gave an overview with proposed amendments and cyber budget request summary (attached).

Senator Nething: On the amendment part; income, how is this generated?

Linda Butts, Interest income and federal fund dollars.

Senator Nething: The summary request; summarize this.

Ron Rothenberg: Commerce Services has federal funds which are not available until next biennium.

Senator Nething: Estimated income; is there a list or breakdown?

Sandy Paulson: OMB to supply this.

Senator Robinson: In the line item grants; why the change?

Sandy Paulson, OMB: \$3.4 million reduced for flood disaster; combination three division grants.

Dean Reese, CEO, North Dakota Development Fund, gave overview of their budget and adjustments (attached handouts). Projects are moving along and the demand is there.

Senator Solberg: Equity positions; do you ever charge write offs; when and are these being monitored?

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Dean Reese: Equities are updated with concerns; we look at value, solvency and percentage collectible.

Senator Grindberg: Concerned; venture capital is management funds the key with different stages; how do these development funds fit?

Dean Reese: The development funds do fit, the venture capital funds stay in there regions with volume and risks. Fund is not looking by return we fit gap with venture capital; now have five equity projects. We are here to help companies, expanding IT industry is a strong major role; information will be supplied with breakdowns will go together.

Tape #1, end Side B, meter 49.7

Tape #2, start Side A, meter 0.0

Randy Schwartz, Director of Business Services, (testimony attached).

Senator Nething: Financing Division in the budget; shifting why change.

Randy Schwartz: Schafer \$1.1 million; now \$570,000.

Sandy Paulson, OMB: Executive Administration decision Hoeven budget; cut back reduced special funds and federal funds; needs to be looked at.

Senator Bowman: Marketing weakness with technology; college with market specialist to get expertise workers?

Randy Schwartz: Will look at University systems; work together with university system and manufacturing companies, develop consultant data base.

Lance Gaebe, Executive Director, Agricultural Products Utilization Commission, testified on ethanol production incentives (testimony and charts attached).

Senator Thane: Research at NDSU & ND State School of Science with sunflower oil; was this put to sleep, status?

Lance Gaebe: Just recently a feasibility study was talked about on this; study possible.

Gene Veeder, McKenzie County Economic Development Board, appeared in support of SB 2019. The Department of Commerce merger concept is vital; projects need to be under one agency for rural communities in addition to the tourism budget.

Roger Johnson, Commission of Agriculture, urged funding and support of SB 2019 (testimony attached), and funding is needed for ethanol industry.

Todd Kranda, Attorney, Kelsch Law Firm Bismarck, ND: appeared in support of SB 2019 and introduced Harold Newman.

Harold Newman, Grafton, ND: spoke on the impact this bill has on the community. Gave figures on their plant that was opened 14 years ago. He gave problems surrounding corn producers in the state; there are more incentives with big industry; optimistic with future; plant in Grafton is EPA safe to use and room for expansion in Grafton; federal grants out there for corn used.

Senator Bowman: What is the cost to do business with the high gas prices now? Where can you break even?

Harold Newman: Good point; it varies from 53 cents to 57 cents; bad natural gas prices now, pd \$1.5 million in 1999 and \$2.5 million in 2000; hard for project absorb.

Senator Bowman: How about the byproducts?

Harold Newman: This has accelerated some; \$60-\$65 per ton; 30% gross.

Senator Thane: BTU inputs with ethanol reduced; technology improved this than past years; cost more than getting out.

Harold Newman: The newer plants have improved for corn to alcohol process. Biodiesel is working with 10% alcohol.



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David Monson, Representative from District 10, spoke in support of this bill with the ethanol incentives to help Walhalla plant. It will help farmers in the feed industry and the REC.

Tape #2, end Side A, meter 54.5

Tape #2, start Side B, meter 0.0

Tom Trenbeath, spoke in favor of SB 2019, stating the present plant affects farmers and jobs are affected by production. Hopefully all plants are treated equally as there are limit plans in the budget.

Allan Braaten, Corn Growers Association, spoke in favor of the bill.

Senator Solberg: Are your working on feedlot expansion?

Allan Braaten: There is a need for this as ND has the better feed for cattle as well as cheaper land.

Mark Sitz, ND Farmers Union and farmer, spoke in support of SB 2019. This bill will add value to farmers with a win, win situation.

Senator Tallackson: passed out a handout (attached) on funding for the ethanol production incentive program from executive budget recommendation for the 1999-2001 biennium.

Hearing closed.