

# MICROFILM DIVIDER

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



ROLL NUMBER

DESCRIPTION

2379

2001 SENATE AGRICULTURE  
SB 2379

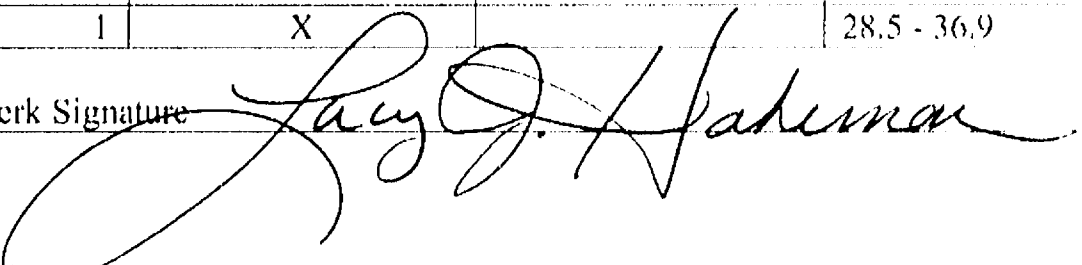
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2379

Senate Agriculture Committee

Conference Committee

Hearing Date February 9, 2001

Tape Number		Side A	Side B	Meter #
Feb. 9	1	X		0.0 - 50.3
Feb. 15	2	X		7.6 - End
Feb. 16	1	X		28.5 - 36.9
Committee Clerk Signature 				

Minutes:

February 9, 2001

SENATOR BOWMAN; Sponsor, introduced the bill to the committee. See attached testimony.

LT. GOVERNOR DALRYMPLE; testified in support of this bill. This bill is a good vehicle for getting projects running. The bill refers to this entity as a screening board, may consider changing to promotion board. May want to put someone from APUC on this board. We need a state wide function to be there, ready to receive the proposals as they come forward and immediately provide support and professional advice and options.

SENATOR WANZEK; Would this be a more focused approach?

DALRYMPLE; Yes, I think that the people at EDF would tell you that they are in the constant process of sorting out the prospects and clearly they do focus most of their time on the most promising, as they come forward. There is not question that we could do much more in the livestock area.

SENATOR NICHOLS; Will there be more risk through the Bank of North Dakota?

DALRYMPLE; It is clearly the main barrier to development now. Rather than push our lending institutions to go further, risk wise, we need to help them to put pools of equity capital in. Even the most aggressive lender needs some equity in a project to make a loan.

SENATOR G. NELSON; Sponsor, testified in support of this bill. Things haven't changed much. Agriculture continues to be, should be, and always will be strong.

SENATOR NICHOLS; Seems to me that this should be a way that we can help with some percentage of some of the projects that are very large.

SENATOR G. NELSON; I won't disagree with you.

SENATOR WANZEK; Sponsor, testified in support of this bill. I have always believed that the most obvious for potential economic development in this state is within our base industry, agriculture. There are a lot of opportunity there. We are limited in seeking out equity capital.

LANCE GAEBE; APUC, Economic Development Agency, testified in support of this bill. There are a lot of people out there but they need assistance.

WADE MOSER; ND Stockmen's Assoc. testified in support of this bill. Changing screening board to promotion board gives this a positive approach.

RICHARD SCHLOSSER; NDFU, testified in support of this bill.

BRIAN KRAMER; ND Farm Bureau, testified in support of this bill.

MIKE HILMAN; Board of Higher Education, testified in the neutral position on this bill. We need to look at partnerships.

COLE GUSTAVSON; testified in the neutral position of this bill.

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Senate Agriculture Committee  
Bill/Resolution Number SB 2379  
Hearing Date February 9, 2001

EDDIE DUNN; Higher Education, testified in the neutral position. If North Dakota is going to have a brighter future it is going to need to be well connected to it research and intellectual capacity.

The hearing was closed.

~~February 15, 2001~~

Discussion was held.

~~February 16, 2001~~

~~Discussion was held.~~

SENATOR KLEIN moved the amendments.

SENATOR URLACHER seconded.

Roll call vote: 6 Yeas, 0 No, 0 Absent and Not voting.

SENATOR KLEIN moved for a DO PASS of this bill.

SENATOR NICHOLS seconded the motion.

Roll call vote: 6 Yeas, 0 No, 0 Absent and Not voting.

SENATOR KLEIN will carry the bill.

**FISCAL NOTE**  
 Requested by Legislative Council  
 03/30/2001

Bill/Resolution No.:

Amendment to:           Engrossed  
                                   SB 2379

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>	\$0	\$0	\$0	\$24,000	\$0	\$24,000
<b>Expenditures</b>	\$0	\$0	\$16,640	\$24,000	\$16,640	\$24,000
<b>Appropriations</b>	\$0	\$0	\$16,640	\$24,000	\$16,640	\$24,000

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Engrossed SB 2379 with House amendments establishes a value-added agriculture promotion board that will meet regularly to review business plans for value-added agriculture projects. The board shall prioritize projects based on likelihood for success and promote the formation, development and growth of these projects - taking steps to improve the projects success. A selected project shall be assisted by a financing advisory group in completing feasibility, business plans and in seeking early stage money. (Section 1)

The program is to be located in the Department of Economic Development & Finance where administrative assistance is to be provided. Compensation for expenses related to the work of the promotion board and financing advisory group are to be reimbursed.

Section 2 seeks to limit the definition of production agriculture in order to allow investor-owned (and independently managed) livestock feeding or milking operations eligible for potential financing from the North Dakota Development and Regional Rural Revolving Loan Fund(s).

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

It is estimated that 50% of the 6 applications presented to the Board each quarter would be referred to the financing group. If a fee of \$1,000 is charged to those who are referred to the financing group, revenue

would potentially be \$24,000 for the biennium.

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Based upon a fee system it is estimated that the agricultural promotion board could review 6 business plans every quarter. To effectively review those plans could take 2 full days. Expenses related to travel, lodging and per diem could total \$215 per person. Holding quarterly screenings (2 full days) for the 8 members would total about \$6,880 for the year (\$13,760 for biennium).

The financing group's expenses have been figured at approximately 1/3 of the screening committee's (\$3,440 per year, \$6,880 for biennium). The bill does not clarify whether the role of the individual experienced in capital formation will be working gratis or providing services for fee. If (for fee) additional expenditures need to be added (perhaps ranging from low of \$75,000 to \$150,000 per year; \$150,000 to \$300,000 for biennium) depending on number of projects, their needs/complexity and the capabilities of the individual.

As ED&F has no additional staff to provide administrative assistance (or FTE's) for this program, contract staff and additional overheads (for expenses related to the program) have been estimated at \$20,000 for the biennium).

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

A special fund appropriation of \$24,000/biennium would need to be provided to collect the revenue. A general fund appropriation would need to be provided to cover the additional \$16,640 of expenditures that would not be paid for out of the revenue.

<b>Name:</b>	Linda Butts	<b>Agency:</b>	Economic Development & Finance
<b>Phone Number:</b>	328-5342	<b>Date Prepared:</b>	04/03/2001



**FISCAL NOTE**  
 Requested by Legislative Council  
 03/19/2001

Bill/Resolution No.:

Amendment to:           Engrossed  
                                   SB 2379

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Expenditures</b>	\$0	\$0	\$40,640	\$0	\$40,640	\$0
<b>Appropriations</b>	\$0	\$0	\$40,640	\$0	\$40,640	\$0

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Engrossed SB 2379 with House amendments establishes a value-added agriculture promotion board that will meet regularly to review business plans for value-added agriculture projects. The board shall prioritize projects based on likelihood for success and promote the formation, development and growth of these projects - taking steps to improve the projects success. A selected project shall be assisted by a financing advisory group in completing feasibility, business plans and in seeking early stage money. (Section 1)

The program is to be located in the Department of Economic Development & Finance where administrative assistance is to be provided. Compensation for expenses related to the work of the promotion board and financing advisory group are to be reimbursed.

Section 2 seeks to limit the definition of production agriculture in order to allow investor-owned (and independently managed) livestock feeding or milking operations eligible for potential financing from the North Dakota Development and Regional Rural Revolving Loan Fund(s).

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Not possible to estimate.

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Using APUC applications as a guide, the agricultural promotion board could review 18 to 24 business plans every quarter. To effectively review those plans could take 2 full days. Expenses related to travel, lodging and per diem could total \$215 per person. Holding quarterly screenings (2 full days) for the 8 members would total about \$6,880 for the year (\$13,760 for biennium).

The financing group's expenses have been figured at approximately 1/2 of the screening committee's (\$3,440 per year, \$6,880 for biennium). The bill does not clarify whether the role of the individual experienced in capital formation will be working gratis or providing services for fee. If (for fee) additional expenditures need to be added (perhaps ranging from low of \$75,000 to \$150,000 per year; \$150,000 to \$300,000 for biennium) depending on number of projects, their needs/complexity and the capabilities of the individual.

As ED&F has no additional staff to provide administrative assistance (or FTE's) for this program, contract staff and additional overheads (for expenses related to the program) have been estimated at \$20,000 for the biennium).

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

There is no appropriation provided.

<b>Name:</b>	Linda Butts	<b>Agency:</b>	Economic Development & Finance
<b>Phone Number:</b>	328-5342	<b>Date Prepared:</b>	03/21/2001

**FISCAL NOTE**  
 Requested by Legislative Council  
 02/20/2001

Bill/Resolution No.:

Amendment to: SB 2379

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Expenditures</b>	\$0	\$0	\$38,060	\$0	\$38,060	\$0
<b>Appropriations</b>	\$0	\$0	\$0	\$0	\$0	\$0

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Engrossed SB 2379 establishes a value-added agriculture promotion board that will meet regularly to review business plans for value-added agriculture projects. The board shall prioritize projects based on likelihood for success and promote the formation, development and growth of these projects - taking steps to improve the projects success. A selected project shall be assisted by a financing advisory group in completing feasibility, business plans and in seeking early stage money. (Section 1)

The program is to be located in the Department of Economic Development & Finance where administrative assistance is to be provided. Compensation for expenses related to the work of the promotion board and financing advisory group are to be reimbursed.

Section 2 seeks to limit the definition of production agriculture in order to allow investor-owned (and independently managed) livestock feeding or milking operations eligible for potential financing from the North Dakota Development and Regional Rural Revolving Loan Fund(s).

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Not possible to estimate.

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each*

*agency, line item, and fund affected and the number of FTE positions affected.*

Using APUC applications as a guide, the agricultural promotion board could review 18 to 24 business plans every quarter. To effectively review those plans could take 2 full days. Expenses related to travel, lodging and per diem could total \$215 per person. Holding quarterly screenings (2 full days) for the 7 members would total about \$6,020 for the year (\$12,040 for biennium).

The financing group's expenses have been figured at approximately 1/2 of the screening committee's (\$3,010 per year, \$6,020 for biennium). The bill does not clarify the role of the individual experienced in capital formation will be working gratis or providing services for fee. If (for fee) additional expenditures need to be added (perhaps ranging from low of \$75,000 to \$150,000 per year; \$150,000 to \$300,000 for biennium) depending on number of projects, their needs-complexity and the capabilities of the individual.

As ED&F has no additional staff to provide administrative assistance (or FTE's) for this program, contract staff and additional overheads (for expenses related to the program) have been estimated at \$20,000 for the biennium).

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on two biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

There is no appropriation provided.

<b>Name:</b>	Randy Schwartz	<b>Agency:</b>	ND Dept of Economic Development & Finance
<b>Phone Number:</b>	701-328-5314	<b>Date Prepared:</b>	02/21/2001

