

2021 SENATE AGRICULTURE

SB 2058

2021 SENATE STANDING COMMITTEE MINUTES

Agriculture Committee Fort Union Room, State Capitol

SB 2058
1/7/2021

A BILL for an Act to amend and reenact sections 17-03-01 and 17-03-04 of the NDCC, relating to the biodiesel partnership in assisting community expansion.

Chair Luick called the committee to order at 1:45 pm. All committee members present: Chair Luick, V. Chair Myrdal, Senators: Klein, Lemm, O. Larsen, Hogan.

Discussion Topics:

- Biodiesel partnership in community expansion

1:45 PM Todd Steinwand, SVP of Business Development representing the Bank of ND introduced the Bill in favor and testimony #236.

1:55 PM Doug Goehring, Agriculture Commissioner in favor and testimony #243.

2:12 PM Julie Elingson, ND Stockman's Assoc. in favor and testimony #256.

Additional written testimony: None.

Chair Luick closed the hearing.

2:17:31 PM Vice Chair Myrdal moved a Do Pass. **Senator Jerry Klein 2nd**. Roll call was taken.

Senators	Vote
Senator Larry Luick	Y
Senator Janne Myrdal	Y
Senator Kathy Hogan	Y
Senator Jerry Klein	Y
Senator Oley Larsen	Y
Senator Randy D. Lemm	Y

2:17:41 PM Roll call vote 6-0-0

Vice Chair Myrdal will carry the bill.

02:18 PM Chair Luick closed the hearing.

Alice Delzer, Committee Clerk

REPORT OF STANDING COMMITTEE

SB 2058: Agriculture Committee (Sen. Luick, Chairman) recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2058 was placed on the Eleventh order on the calendar.

January 7, 2021
Todd Steinwand, SVP Business Development, BND
Testimony on Senate Bill 2058
Senate Agriculture Committee

Chairman Luick and members of the Agriculture Committee, I am Todd Steinwand, SVP of Business Development here today representing Bank of North Dakota. Senate Bill 2058 was introduced on behalf of BND to amend and NDCC 17-03-01 and 17-03-04 changing the definition in the code from “livestock operation” to “value added operation”.

Background

NDCC 17-03 is the biodiesel partnership in assisting community expansion passed in 2007. This section of code enables Bank of North Dakota to provide an interest rate buydown for entities investing in biodiesel, ethanol or green diesel production facilities. As currently drafted, “livestock operations” are also eligible. Eligible uses of the program include:

- The purchase or construction of real property.
- Expansion of Facilities
- Purchase or installation of equipment, including a biodigester system.
- The loan funds may not be used to refinance debt or relocate facilities within the state.

The maximum buydown to a biodiesel, ethanol or green diesel facility is \$500,000. The maximum buydown to a livestock facility is \$250,000.

As you can see in the following chart, since 2016, Bank of North Dakota has initiated 33 loans totaling \$7,261,882 for livestock operations in the biofuels program.

Livestock Operation	2016	2017	2018	2019	2020
Total Loans	4	6	10	7	6
Total Loans	\$ 904,511	\$ 915,337	\$ 2,138,412	\$ 1,530,162	\$ 1,773,460

Reason for Request

In the 2019-2021 interim, North Dakota’s Agriculture Commissioner approached the Bank of North Dakota about ways the Bank could assist to encourage value added livestock production in the state. After meetings with bank customers and others that produce livestock, the conclusion is that there is an opportunity to expand the definition within NDCC 17-03.

Proposed Changes

I direct your attention to bullet point Five of the definitions on page 2, lines 1 through 5 in SB2058. The proposed change removes “Livestock Operation” and replaces it with the term “Value added operation”. The expanded definition also includes poultry into the code.

~~“Livestock operation” means a livestock feeding, handling, milking, or holding operation located in this state which uses as part of its operation a byproduct produced at a biodiesel or an ethanol production facility.~~ “Value-added operation” includes a producer that engages in dairy and milking or feeding of animals or poultry which enhances the value before sale into the marketplace.

As you will see, the proposed change eliminates the requirement for utilizing “byproducts produced at a biodiesel or ethanol production facility” or what is known as dried distillers grains (DDG’s). When the biofuels bill was passed, the ethanol industry was in its beginning stages. Today, the industry is mature and the use of DDG’s for livestock feeding is not only accepted but viewed as an essential part of the industry. Eliminating this line will enable BND to finance a broader array of “value added” facilities.

By passing the proposed change, Bank of North Dakota is able extend the buydown of \$250,000 to more producers. BND is also asking for additional funding in it’s PACE appropriation to support anticipated growth in this program. In closing, we ask for your support of the proposed changes in SB2058.

I will be happy to answer any questions and North Dakota Agriculture Commissioner Doug Goehring is here to provide more information on the potential for value added operations in North Dakota.

COMMISSIONER
DOUG GOEHRING



ndda@nd.gov
www.agdepartment.com

**Testimony of Doug Goehring
Agriculture Commissioner
North Dakota Department of Agriculture
Senate Bill 2058
Senate Agriculture Committee
January 7, 2021**

Chairman Luick and members of the Senate Agriculture Committee, I am Agriculture Commissioner Doug Goehring and I am here in support of Senate Bill 2058 which will change the definition from “livestock operation” to “value added operation” in relation to the biodiesel partnership in assisting community expansion.

When the Bio-PACE program was developed, it was done so to incentivize the use of dry distillers grains out of a growing ethanol industry. The changes today will further promote value added operations which would complement our grain and livestock producers of North Dakota.

Chairman Luick and committee members, thank you for your consideration of SB 2058. I would be happy to answer any questions you may have.

Good afternoon, Chairman Luick and members of the Senate Agriculture Committee. My name is Julie Ellingson and I represent the North Dakota Stockmen Association (NDSA). The NDSA is a 91-year-old beef cattle trade organization representing approximately 3,000 cattle ranching families.

The NDSA appears in support of SB 2058, which would expand opportunities for producers and others in the livestock sector to utilize this important Bank of North Dakota program.

Thank you,

Julie Ellingson
North Dakota Stockmen's Association
Executive Vice President

2021 HOUSE AGRICULTURE

SB 2058

2021 HOUSE STANDING COMMITTEE MINUTES

Agriculture Committee
Room JW327C, State Capitol

SB 2058
3/12/2021

Relating to the biodiesel partnership in assisting community expansion

Chair D. Johnson opened the hearing at 9:02 a.m.

Attendance	P or Ab
Chair D. Johnson	P
Vice Chair Trottier	P
Representative Beltz	P
Representative Buffalo	P
Representative Dobervich	P
Representative Fisher	P
Representative Headland	P
Representative Kiefert	P
Representative Richter	P
Representative Satrom	P
Representative Schreiber-Beck	P
Representative Skroch	P
Representative Thomas	P
Representative Tveit	P

Discussion Topics:

- Definition change
- Additional funding
- Funds in Industrial Commission budget

Doug Goehring, ND Agriculture Commissioner introduced the bill: Attachment #8884

Todd Steinwand, SVP Business Development, Bank of ND testified in favor: Attachment #8924

Representative Headland moved Do Pass

Representative Schreiber-Beck seconded the motion

Vote	
Chair D. Johnson	Y
Vice Chair Trottier	Y
Representative Beltz	Y
Representative Fisher	Y
Representative Headland	Y
Representative Kiefert	Y
Representative Richter	Y
Representative Satrom	AB
Representative Schreiber-Beck	Y
Representative Skroch	Y
Representative Thomas	Y
Representative Tveit	Y
Representative Buffalo	Y
Representative Dobervich	Y

Roll call vote. Motion carried 13-0-1. Representative Thomas is the carrier.

Additional testimony: #8543

(9:18)

ReMae Kuehn, Committee Clerk

REPORT OF STANDING COMMITTEE

SB 2058: Agriculture Committee (Rep. D. Johnson, Chairman) recommends **DO PASS**
(13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2058 was placed on the
Fourteenth order on the calendar.

COMMISSIONER
DOUG GOEHRING



#8884

ndda@nd.gov
www.nd.gov/ndda

NORTH DAKOTA
DEPARTMENT OF AGRICULTURE
STATE CAPITOL
600 E. BOULEVARD AVE. – DEPT. 602
BISMARCK, ND 58505-0020

Testimony of Doug Goehring
Agriculture Commissioner
North Dakota Department of Agriculture
Senate Bill 2058
House Agriculture Committee
March 12, 2021

Chairman Johnson and members of the House Agriculture Committee, I am Agriculture Commissioner Doug Goehring and I am here in support of Senate Bill 2058 which will change the definition from “livestock operation” to “value added operation” in relation to the biodiesel partnership in assisting community expansion.

When the Bio-PACE program was developed, it was done so to incentivize the use of dry distillers grains out of a growing ethanol industry. The changes today will further promote value added operations which would complement the grain and livestock producers of North Dakota.

Chairman Johnson and committee members, thank you for your consideration of SB 2058. I would be happy to answer any questions you may have.

March 12, 2021

Todd Steinwand, SVP Business Development, BND
Testimony on Senate Bill 2058
House Agriculture Committee

Chairman Johnson and members of the Agriculture Committee, I am Todd Steinwand, SVP of Business Development here today representing Bank of North Dakota. Senate Bill 2058 was introduced on behalf of BND to amend NDCC 17-03-01 and 17-03-04 changing the definition in the code from "livestock operation" to "value added operation".

Background

NDCC 17-03 is the biodiesel partnership in assisting community expansion passed in 2007. This section of code enables Bank of North Dakota to provide an interest rate buydown for entities investing in biodiesel, ethanol or green diesel production facilities. As currently drafted, "livestock operations" are also eligible. Eligible uses of the program include:

- The purchase or construction of real property.
- Expansion of Facilities
- Purchase or installation of equipment, including a biodigester system.
- The loan funds may not be used to refinance debt or relocate facilities within the state.

The maximum buydown to a biodiesel, ethanol or green diesel facility is \$500,000. The maximum buydown to a livestock facility is \$250,000.

As you can see in the following chart, since 2016, Bank of North Dakota has initiated 33 loans totaling \$7,261,882.

Livestock Operation	2016	2017	2018	2019	2020
Total Loans	4	6	10	7	6
Total Loans	\$ 904,511	\$ 915,337	\$ 2,138,412	\$ 1,530,162	\$ 1,773,460

Reason for Request

In the 2019-2021 interim, North Dakota's Agriculture Commissioner approached the Bank of North Dakota about ways the Bank could assist to encourage value added livestock production in the state. After meetings with bank customers and others that produce livestock, the conclusion is that there is an opportunity to expand the definition within NDCC 17-03.

Proposed Changes

I direct your attention to bullet point Five of the definitions on page 2, lines 1 through 5 in SB2058. The proposed change removes "Livestock Operation" and replaces it with the term "Value added operation". The expanded definition also includes poultry into the code.

~~"Livestock operation" means a livestock feeding, handling, milking, or holding operation located in this state which uses as part of its operation a byproduct produced at a biodiesel or an ethanol production facility.~~ "Value-added operation" includes a producer that engages in dairy and milking or feeding of animals or poultry which enhances the value before sale into the marketplace.

As you will see, the proposed change eliminates the requirement for utilizing "byproducts produced at a biodiesel or ethanol production facility" or what is known as dried distillers grains (DDG's). When the biofuels bill was passed, the ethanol industry was in its beginning stages. Today, the industry is mature and the use of DDG's for livestock feeding is not only accepted but viewed as an essential part of the industry. Eliminating this line will enable BND to finance a broader array of "value added" facilities.

By passing the proposed change, Bank of North Dakota is able to extend the buydown of \$250,000 to more producers. BND is also asking for additional funding in its PACE appropriation to support anticipated growth in this program. In closing, we ask for your support of the proposed changes in SB2058.

I will be happy to answer any questions and North Dakota Agriculture Commissioner Doug Goehring is here to provide more information on the potential for value added operations in North Dakota.

Testimony in Support of 2058 – Phil Murphy for the NDSGA

Chairman Johnson and Committee, given that 2058 is an interest rate buy-down program to assist value added animal operations as well as biofuels production, the ND Soybean Growers Association is in strong support. Soybeans can be crushed and the byproducts become a major source for production of biofuels such as biodiesel. The crushed bean is an important protein source for animal feed and the major reason why so many ND soybeans are exported. We are looking for opportunities to crush beans in our state to provide more opportunity to market crops locally as well as give North Dakota livestock the benefit of nearby protein. This bill incentivizes these types of goals and we thank you to look favorably upon 2058.