

2021 SENATE AGRICULTURE

SB 2230

2021 SENATE STANDING COMMITTEE MINUTES

Agriculture Committee
Fort Union Room, State Capitol

SB 2230
1/28/2021

Relating to the use of the strategic investment and improvement funds

Chair Luick called the Committee to order at 9:37 AM. All committee members present: Vice Chair Myrdal, Senators: Klein, Lemm, O. Larson, Hogan.

Discussion Topics:

- Bank of North Dakota
- Guaranteed funds

Senator Terry Wanzek District 29 introduced the Bill **(9:40 AM)**

Todd Steinwand BND in favor and provided testimony # 3908 **(9:45 AM)**

Lance Gaebe representing **NDePA** introduced **Gerald Bachmeier**

Gerald Bachmeier, President of ND Ethanol Producers Association (NDePA) in favor and presented testimony # 3883
(9:58 AM)

Brenda Elmer introduced **Drew Courtney** from **Oaks, ND**

Drew Courtney ND Corn Growers Association in favor and provided testimony # 3984
(10:08 AM)

Julie Ellingson ND Stockmen's Association in favor and provided testimony # 4213 **(10:09 AM)**

Matt Perdue ND Farmers Union in favor and provided testimony # 3930 **(10:10 AM)**

Additional written testimony:

Dan Wogsland ND Grain Growers Association in favor and testimony # 3929

Kelvin Hullet BND in favor and Testimony # 3909

Jennifer Greuel Economic Development Association of ND in favor and testimony # 3868

Phil M. Murphy NDSGA in favor and testimony # 3821

Vice Chair Myrdal moved a do pass and rereferred to **Appropriations.****(10:12 AM)**

Senator Klein 2nd the motion. **(10:12 AM)**

Roll Call vote 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

(10:14 AM) Roll Call vote was taken on a Do Pass and rereferred to Appropriations. 6-0-0.

Senator Klein will carry the Bill.**(10:14 AM)**

Chair Luick closed the hearing. **(10:14:38 AM)**

Alice Delzer, Committee Clerk

REPORT OF STANDING COMMITTEE

SB 2230: Agriculture Committee (Sen. Luick, Chairman) recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2230 was rereferred to the **Appropriations Committee**.

January 28, 2021
Todd Steinwand, SVP Business Development, BND
Testimony on SB2230
Senate Agriculture Committee

Position: Support

Mr. Chairman and members of the Appropriations Committee, I am Todd Steinwand, Chief Business Development Officer for Bank of North Dakota, here today in support of SB2230. This bill proposes to increase the funding for value added agriculture and energy projects. Issues important to the economic diversification of our state. In considering this bill, I wanted to highlight two points.

1. BND is aware of several value added agriculture and energy projects that could move forward in the next couple of years. The availability of this program in providing a guarantee to a local financial institution may be essential to securing the financing package and moving a project forward.
2. The structure of this program enables BND flexibility to utilize the funding in a way that most benefits the state and fills in gaps. In 2020, at the height of the Covid-19 pandemic, North Dakota ethanol producers approached BND about how it could provide interim financing to assist them through the drastic downturn.

BND utilized this financing tool to create the Ethanol Recovery Program and guaranteed the loans made to ethanol facilities in North Dakota. This funding made it possible to structure a recovery program that otherwise may not have happened.

BND appreciates the support of the Legislature and believes the value added agriculture and energy program enables BND to develop programming that moves the economy forward. If you have any questions, I am happy to answer them.

Testimony of Gerald Bachmeier
CEO of Red Trail Energy and President of North Dakota Ethanol Producers Association

To the Senate Agriculture Committee
In Support of Senate Bill 2230

January 28, 2021

Chairman Luick and members of the committee:

My name is Gerald Bachmeier, I am the president of the North Dakota Ethanol Producers Association, which represents North Dakota's six ethanol plants, industry stakeholders and associated businesses. I am here today to support Senate Bill 2230, which is advanced by the ethanol plants to enhance a critical financing assistance to additional value-added opportunities.

Senate Bill 2230 would reserve up to \$100 million of the SIIF (Strategic Investment and Improvements Fund) to be available for loan guarantee programs managed by the Bank of North Dakota (BND).

The Ethanol Producers Association likes this bill because it can help create better lending terms and reduced credit costs for additional value-added projects and expansions. The loan guarantee fund could be another tool to support agriculture investments and economic development projects in the state.

North Dakota's ethanol industry contributes more than \$623 million annually to the state's economy and provides thousands of direct and indirect jobs. North Dakota's economy is dependent on agriculture and ethanol is a big deal here- the industry converts 200 million bushels of corn (40 to 60% of the state's average corn crop) into 543 million gallons of ethanol and 1.5 million tons of dried distillers grains for livestock feed. Thanks to North Dakota's innovative private sector investments and supportive state government programs, the state's ethanol production is more than five times the production a from twelve years ago.

The loan guarantee authorized by SB 2230 can help provide a mechanism to enable investing in cutting edge emerging technologies. The loan guarantee can permit North Dakota businesses to commercialize projects earlier with competitive financing supported with the loan guarantee.

In 2019, Ethanol Producers worked with the legislature to reestablish a Bank of North Dakota (BND) loan guarantee program that was previously specific to biofuels production facilities. In 2019, you allocated \$50 million of the SIIF to support the state guarantee loan program at the Bank of North Dakota (BND). We thank you for that foresight. We hope you will consider expanding the set-aside to \$100 million.

In 2020, because of global economics and the COVID-19 downturn fuel prices plummeted, causing farmers and ethanol plants to lose money. Last spring's margins were the worst in the history of our industry, destroying the corn market and threatening to shutter North Dakota ethanol facilities. Fuel demand dropped by half during the worst of the downturn, equaling a potential annualized loss of 8 billion gallons of ethanol and 2.7 billion bushels of corn nationally.

While a number of biofuel plants across the country closed and North Dakota's ethanol producers and the farmers that supply our facilities faced a similar economic crisis, the State of North Dakota stepped up with the loan guarantee you approved in 2019. The Industrial Commission and BND used the loan-guarantee combined with an interest buydown program to support loans to help keep our ethanol plants operating.

The \$43 million provided through the loan guarantee is helping keep plants open, businesses solvent, and workers onsite. Ethanol plants continue to purchase and process farmers' corn instead of idling like many plants in other parts of the country. Our ethanol plants are actively repaying creditors the loans supported by the state guarantee, making these funds available to support future value-added ventures.

Besides the well-known ag product processing investments this program could support, I want to offer an example of adding value in a less traditional sense in a next generation opportunity. Ethanol plants produce 18 pounds of nearly pure CO₂ for every bushel of corn processed. The Renewable Energy Council, along with private industry, have invested in research to help commercialize emerging CO₂ capture technologies. Our industry recognizes an opportunity capture that CO₂ and use it to generate additional revenue.

At Red Trail Energy, where I work in Richardton, we are working in coordination with the Energy and Environmental Research Center a Carbon Capture and Storage project, which has the potential for tens of millions of dollars of economic impact per year. It has the promise of bringing significant impact to North Dakota and extending value to numerous industries. This project not only provides an additional revenue opportunity for use of the CO₂, but capturing the carbon improves the Carbon Intensity (CI) value of the ethanol as evaluated by several West Coast markets. Ethanol produced with a lower CI score is differentiated from other ethanol and is worth more in California and Oregon due to their Low Carbon Fuel Standards.

Our facility and other North Dakota producers are investing in projects like these, to further process ethanol, corn or other agriculture products into higher-value products, help generate additional revenue for owners of Red Trail and our other ethanol plants. Expanding the value-added loan guarantee program can help support investments that are good for farmers, communities, and North Dakota.

We thank you for your support of the state's ethanol industry in the past and urge your favorable consideration of SB 2230. The ethanol producers appreciate your affirmative consideration of SB 2296.

I will try to answer any questions you may have.



**Testimony of Drew Courtney
On behalf of the North Dakota Corn Growers Association
January 28, 2021
In Support of SB 2230**

Chairman Luick and members of the Senate Agriculture Committee,

My name is Drew Courtney and I am with the North Dakota Corn Growers Association and I farm near Oakes, ND.

The North Dakota Corn Growers Association supports Senator Wanzek's legislation SB 2230 to expand the Bank of North Dakota's loan guarantee program to \$100 million.

Part of our mission as an association is to help develop and expand markets for North Dakota corn. We need additional, and diverse value-added projects in the state that can help process North Dakota's commodities and increase the demand. With better lending terms and lower costs for such new projects and expansions of existing ones, this will provide more economic incentive to help spur varied opportunities and a boon for our farmers and ranchers and for our state.

We think that this legislation will have a hand in developing a more robust market for our crops and more opportunity for our states growers which helps our communities and North Dakota. We ask you to support SB 2230 as well.

Thank you for your time. I welcome any questions.

North Dakota Stockmen's Association
Testimony to the Senate Agriculture Committee on SB 2230
Jan. 28, 2021

Good morning, Chairman Luick and members of the Senate Agriculture Committee. For the record, my name is Julie Ellingson and I represent the North Dakota Stockmen's Association, a 91-year-old beef cattle trade organization representing approximately 3,000 North Dakota cattle-ranching families.

The Stockmen's Association stands in support of SB 2230, which would expand BND's loan guarantee program. In our view, the expansion could provide additional support for value-added agriculture projects in our state, including those in the livestock sector, as well as additional opportunities and value for our state's farmers, ranchers and economy.

Thank you for your consideration of SB 2230 and the chance to appear before you this morning.



Contact:
Matt Perdue, Lobbyist
mperdue@ndfu.org | 701.641.3303

**Testimony of
Matt Perdue
North Dakota Farmers Union
Before the
Senate Agriculture Committee
January 28, 2021**

Mr. Chairman and members of the committee,

Thank you for the opportunity to provide testimony on Senate Bill No. 2230. My name is Matt Perdue, and I am testifying on behalf of North Dakota Farmers Union's (NDFU) members.

NDFU supports SB 2230, which would provide a \$50 million increase for the Bank of North Dakota's Value-Added Guarantee Loan program. We believe the Value-Added Guarantee Loan program is a critical resource for promoting the development and expansion of value-added agriculture businesses in North Dakota. Value-added projects are, in turn, critical to the long-term success of our state's family farmers and ranchers.

Loan guarantees support better lending terms and lower costs, encouraging businesses to invest in our state. In one important example, the Value-Added Guarantee Loan served as a critical resource for North Dakota's ethanol industry when the coronavirus pandemic hit last spring. As fuel demand dropped dramatically, ethanol plants in other states were forced to shutter and some may never reopen. Thanks to the loan guarantee, North Dakota was able to provide the Ethanol Recovery Program, allowing our ethanol producers to weather the pandemic's blows.

The Ethanol Recovery Program provides a powerful example of the value of the loan guarantee program. NDFU believes that we have only scratched the surface of the potential for the fund. Increasing the state's investment in the Value-Added Guarantee Loan could support the development of beef processing and rendering facilities, soybean crush plants, continued growth of our ethanol industry, and any variety of other processors. These projects will improve farmers' and ranchers' income, promote job growth and help diversify our state's economy.

We urge a do pass on SB 2230. Thank you for your consideration.





**North Dakota Grain Growers Association
Testimony in Support of SB 2230
Senate Agriculture Committee
January 28, 2021**

Chairman Luick, members of the Senate Agriculture Committee, for the record my name is Dan Wogsland, Executive Director of the North Dakota Grain Growers Association (NDGGA). NDGGA, through our contracts with the North Dakota Wheat Commission and the North Dakota Barley Council, engage in domestic policy issues on the state and federal level on behalf of North Dakota wheat and barley farmers. I am providing testimony for you today on behalf of NDGGA in support of SB 2230.

Chairman Luick, members of the Senate Agriculture Committee, all of you are very well aware of the success the Strategic Investment and Improvement Fund and its importance in supporting credit for value added agriculture and energy ventures. Value-added agriculture is critical to the continued success for North Dakota agriculture.

SB 2230, which expands this loan guarantee fund, would give the fund the ability to better support large-scale value-added agricultural projects. The positive aspect of this is that the SIF monies used to “back” the loan guarantees would not be spent but instead would be held in a reserve fund; as loans are repaid this reserve fund would be reduced.

Chairman Luick, members of the Senate Agriculture Committee, as I’ve said before, value-added agriculture is a key component to North Dakota agriculture’s continued success. SB 2230 is a key component in this effort. Therefore the North Dakota Grain Growers Association would respectfully request the Senate Agriculture Committee give SB 2230 a Do Pass recommendation and would urge the Senate concur.

"You Raise; We Represent"

January 28, 2021
Todd Steinwand, SVP Business Development, BND
Testimony on SB2230
Senate Agriculture Committee

Position: Support

Mr. Chairman and members of the Appropriations Committee, I am Todd Steinwand, Chief Business Development Officer for Bank of North Dakota, here today in support of SB2230. This bill proposes to increase the funding for value added agriculture and energy projects. Issues important to the economic diversification of our state. In considering this bill, I wanted to highlight two points.

1. BND is aware of several value added agriculture and energy projects that could move forward in the next couple of years. The availability of this program in providing a guarantee to a local financial institution may be essential to securing the financing package and moving a project forward.
2. The structure of this program enables BND flexibility to utilize the funding in a way that most benefits the state and fills in gaps. In 2020, at the height of the Covid-19 pandemic, North Dakota ethanol producers approached BND about how it could provide interim financing to assist them through the drastic downturn.

BND utilized this financing tool to create the Ethanol Recovery Program and guaranteed the loans made to ethanol facilities in North Dakota. This funding made it possible to structure a recovery program that otherwise may not have happened.

BND appreciates the support of the Legislature and believes the value added agriculture and energy program enables BND to develop programming that moves the economy forward. If you have any questions, I am happy to answer them.



PO Box 1091 • Bismarck, ND 58502

701-355-4458 • www.ednd.org

Testimony of Jennifer Greuel
Economic Development Association of North Dakota
In Support of SB 2230
Jan. 28, 2021

Chair Luick and members of the Senate Agriculture committee:

The Economic Development Association of North Dakota represents more than 80 large and small and rural and urban economic development organizations on the front line of growing businesses and communities in North Dakota. The primary purpose of the organization is to promote the creation of new wealth throughout North Dakota to develop more vibrant communities and improve quality of life. It is for these reasons our organization and its members want to express support for SB 2230.

Energy and agriculture have long been the two historical and leading pillars of North Dakota's economy. EDND supports investments that will enhance these important economic sectors and ensure their success in the future, while making strides to diversify the economy. If North Dakota wants to remain a leader in the energy and value-added ag sectors, we will have to invest in research and encourage innovation.

Thank you for the opportunity to express our support for SB 2230 and for your continued commitment to keeping North Dakota globally competitive and diversifying the state's economy.

Testimony in favor of 2230 Phil Murphy for NDSGA

The ND Soybean Growers Association believes SB2230 can provide an important tool for value added agriculture through this BND Loan Program. We stand in full support.

2021 SENATE APPROPRIATIONS

SB 2230

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2230
2/3/2021
Senate Appropriations Committee

A BILL for an Act to amend and reenact section 6-09.7-05 of the North Dakota Century Code, relating to the use of the strategic investment and improvements fund.

Chairman Holmberg opened the hearing at 8:29 a.m.

Senators present: **Holmberg, Krebsbach, Wanzek, Bekkedahl, Poolman, Erbele, Dever, Oehlke, Rust, Davison, Hogue, Sorvaag, Mathern, and Heckaman.**

Discussion Topics:

- Loan Program for Agriculture Projects
- SIIF Fund

Vice-Chair Wanzek introduced the bill.

Todd Steinwand, Chief Business Development Officer, Bank of North Dakota, testified in favor and submitted testimony #5002.

Gerald Bachmeier, President, North Dakota Ethanol Development Association, testified in favor and submitted testimony #5074.

Matt Perdue, Government Relations Director, North Dakota Farmers Union, testified in favor and submitted testimony #5069.

Additional written testimony: #5033, #5090, #5091, and #5114

Chairman Holmberg closed the hearing at 9:25 a.m.

Rose Laning, Committee Clerk

February 3, 2021

Todd Steinwand, SVP Business Development, BND
Testimony on SB2230
Senate Appropriations Committee

Position: Support

Mr. Chairman and members of the Appropriations Committee, I am Todd Steinwand, Chief Business Development Officer for Bank of North Dakota, here today in support of SB2230. This bill proposes to increase the funding for value added agriculture and energy projects. Issues important to the economic diversification of our state. In considering this bill, I wanted to highlight two points.

1. BND is aware of several value added agriculture and energy projects that could move forward in the next couple of years. The availability of this program in providing a guarantee to a local financial institution may be essential to securing the financing package and moving a project forward.
2. The structure of this program enables BND flexibility to utilize the funding in a way that most benefits the state and fills in gaps. In 2020, at the height of the Covid-19 pandemic, North Dakota ethanol producers approached BND about how it could provide interim financing to assist them through the drastic downturn.

BND utilized this financing tool to create the Ethanol Recovery Program and guaranteed the loans made to ethanol facilities in North Dakota. This funding made it possible to structure a recovery program that otherwise may not have happened.

BND appreciates the support of the Legislature and believes the value added agriculture and energy program is a flexible program that enables BND to develop programming that moves the economy forward. If you have any questions, I am happy to answer them.

Testimony of Gerald Bachmeier

President of North Dakota Ethanol Producers Association and CEO of Red Trail Energy

To the Senate Appropriations Committee
In Support of Senate Bill 2230

February 3, 2021

Chairman Holberg and members of the Appropriations Committee:

My name is Gerald Bachmeier, I am the president of the North Dakota Ethanol Producers Association, which represents North Dakota's six ethanol plants, industry stakeholders and associated businesses. I am here today to support Senate Bill 2230, which is supported by the ethanol plants to enhance a critical financing assistance to additional value-added opportunities.

Senate Bill 2230 would reserve up to \$100 million of the SIIF (Strategic Investment and Improvements Fund) to be available for loan guarantee programs managed by the Bank of North Dakota (BND).

The Ethanol Producers Association likes this bill because it can help create better lending terms and reduced credit costs for additional value-added projects and expansions. The loan guarantee fund could be another tool to support agriculture investments and economic development projects in the state.

North Dakota's ethanol industry contributes more than \$623 million annually to the state's economy and provides thousands of direct and indirect jobs. North Dakota's economy is dependent on agriculture and ethanol is an important part of that economy- the industry converts 200 million bushels of corn (40 to 60% of the state's average corn crop) into 543 million gallons of ethanol and 1.5 million tons of dried distillers grains for livestock feed. Thanks to North Dakota's innovative private sector investments and supportive state government programs, the state's ethanol production is more than five times the production from twelve years prior.

The loan guarantee authorized by SB 2230 can help provide a mechanism to enable investments in cutting edge emerging technologies. The loan guarantee can permit North Dakota businesses to commercialize projects earlier than industries from other states, with competitive financing supported with the loan guarantee.

In 2019, Ethanol Producers worked with the legislature to reestablish a Bank of North Dakota (BND) loan guarantee program that was previously specific to biofuels production facilities. You allocated \$50 million of the SIIF to support the state guarantee loan program at the Bank of North Dakota (BND). We thank you for that foresight. We hope you will consider expanding the set-aside to \$100 million.

In 2020, because of global economics and the COVID-19 downturn, fuel prices plummeted causing farmers and ethanol plants to lose money. Last spring's margins were the worst in the history of our industry, destroying the corn market and threatening to shutter North Dakota ethanol facilities. Fuel demand dropped by half during the worst of the downturn, equaling a potential annualized loss of 8 billion gallons of ethanol and 2.7 billion bushels of corn nationally.

While many biofuel plants across the country closed and North Dakota's ethanol producers and the farmers that supply our facilities faced a similar economic crisis, the State of North Dakota stepped up with the loan guarantee you approved in 2019. The Industrial Commission and BND used the loan-guarantee combined with an interest buydown program to support loans to help keep our ethanol plants operating.

The \$43 million provided through the loan guarantee is helping keep plants open, businesses solvent, and workers onsite. Ethanol plants continue to purchase and process farmers' corn instead of idling like several plants in other parts of the country. Our ethanol plants are actively repaying creditors the loans supported by the state guarantee, making these funds available to support future value-added ventures.

Besides the well-known ag product processing investments this program could support, I want to offer an example of adding value in a less traditional sense in a next generation opportunity. Ethanol plants produce 18 pounds of nearly pure carbon dioxide (CO₂) for every bushel of corn processed. The Renewable Energy Council, along with private industry, have invested in research to help commercialize emerging CO₂ capture technologies. Our industry recognizes an opportunity capture that CO₂ and use it to generate additional revenue.

At Red Trail Energy in Richardton, we are working in coordination with the Energy and Environmental Research Center on a Carbon Capture and Storage project, which has the potential for tens of millions of dollars of economic impact per year. It has the promise of bringing significant impact to North Dakota and extending value to numerous industries. This project not only provides an additional revenue opportunity for use of the CO₂, but capturing the carbon improves the Carbon Intensity (CI) value of the ethanol as evaluated by several West Coast markets. Ethanol produced with a lower CI score is differentiated from other ethanol and is worth more in California and Oregon due to their Low Carbon Fuel Standards.

Our facility and other North Dakota producers are investing in projects like these, to further process ethanol, corn or other agriculture products into higher-value products, help generate additional revenue for owners of Red Trail and our other ethanol plants. Expanding the value-added loan guarantee program can help support investments that are good for farmers, communities, and North Dakota.

We thank you for your support of the state's ethanol industry in the past and urge your favorable consideration of SB 2230. The ethanol producers appreciate your affirmative consideration.

I will try to answer any questions you may have.



Contact:
Matt Perdue, Lobbyist
mperdue@ndfu.org | 701.641.3303

**Testimony of
Matt Perdue
North Dakota Farmers Union
Before the
Senate Appropriations Committee
February 3, 2021**

Mr. Chairman and members of the committee,

Thank you for the opportunity to provide testimony on Senate Bill No. 2230. My name is Matt Perdue, and I am testifying on behalf of North Dakota Farmers Union's (NDFU) members.

NDFU supports SB 2230, which would provide a \$50 million increase for the Bank of North Dakota's Value-Added Guarantee Loan program. We believe the Value-Added Guarantee Loan program is a critical resource for promoting the development of a wide variety of value-added businesses in North Dakota. Those projects, in turn, improve farmers' and ranchers' income, create new jobs, and strengthen the state's economy.

The Ethanol Recovery Program, which was offered in the midst of the coronavirus pandemic, provides a powerful illustration of the loan guarantee program's value. Higher funding authority will further the program's ability to serve a number of value-added projects. For example, NDFU is currently investigating the feasibility of constructing a mid-size beef processing and rendering facility in the state. The loan guarantee program is a difference maker for a project of that scope and scale.

In another example, industrial hemp offers great promise for North Dakota producers. However, one of the barriers to hemp production is the lack of processing facilities, especially for hemp fiber. As other states work to promote the growth of their hemp industries, the Value-Added Guarantee Loan program gives North Dakota a competitive advantage.

There are many other examples of the types of projects the loan guarantee program can support. In each instance, farmers and ranchers would benefit from new opportunities and higher margins. The program also delivers far-reaching benefits to our rural communities and overall economy.

We urge a "Do Pass" on SB 2230. Thank you for your consideration.





Testimony of Jennifer Greuel
Economic Development Association of North Dakota
In Support of SB 2230
Feb. 3, 2021

Chair Holmberg and members of the Senate Appropriations Committee:

The Economic Development Association of North Dakota represents more than 80 large and small and rural and urban economic development organizations on the front line of growing businesses and communities in North Dakota. The primary purpose of the organization is to promote the creation of new wealth throughout North Dakota to develop more vibrant communities and improve quality of life. It is for these reasons our organization and its members want to express support for SB 2230.

Energy and agriculture have long been the two historical and leading pillars of North Dakota's economy. EDND supports investments that will enhance these important economic sectors and ensure their success in the future, while making strides to diversify the economy. If North Dakota wants to remain a leader in the energy and value-added ag sectors, we will have to invest in research and encourage innovation.

Thank you for the opportunity to express our support for SB 2230 and for your continued commitment to keeping North Dakota globally competitive and diversifying the state's economy.

5090



**North Dakota Grain Growers Association
Testimony in Support of SB 2230
Senate Appropriations Committee
February 3, 2021**

Chairman Holmberg, members of the Senate Appropriations Committee, for the record my name is Dan Wogsland, Executive Director of the North Dakota Grain Growers Association (NDGGA). NDGGA, through our contracts with the North Dakota Wheat Commission and the North Dakota Barley Council, engages in domestic policy issues on the state and federal levels on behalf of North Dakota wheat and barley farmers. I am providing testimony for you today on behalf of NDGGA in support of SB 2230.

Chairman Holmberg, Appropriations Committee members, all of you are very well aware of the success the Strategic Investment and Improvement Fund and its importance in supporting credit for value added agriculture and energy ventures. Value-added agriculture is critical to the continued success for North Dakota agriculture.

SB 2230, which expands this loan guarantee fund, would give the fund the ability to better support large-scale value-added agricultural projects. The positive aspect of this is that the SIIF monies used to “back” the loan guarantees would not be spent but instead would be held in reserve; as loans are repaid this reserve fund would be reduced.

Chairman Holmberg, members of the Senate Appropriations Committee, as its been stated before, value-added agriculture is a critical factor in contributing to North Dakota agriculture’s continued success. SB 2230 is a key component in this effort. Therefore the North Dakota Grain Growers Association would respectfully request the Senate Appropriations Committee give SB 2230 a Do Pass recommendation and would urge the full Senate concur.

"You Raise; We Represent"

Phone: 701-282-9361 | Fax: 701-404-5187 | 1002 Main Ave W. #3 West Fargo, N.D. 58078

North Dakota Stockmen's Association
Testimony to the
Senate Appropriations Committee on SB 2230
Jan. 28, 2021

Good morning, Chairman Holmberg and members of the Senate Appropriations Committee. For the record, my name is Julie Ellingson and I represent the North Dakota Stockmen's Association, a 91-year-old beef cattle trade organization representing approximately 3,000 North Dakota cattle-ranching families.

The North Dakota Stockmen's Association stands in support of SB 2230, which would expand the Bank of North Dakota's loan guarantee program. In our view, the expansion could provide additional support for value-added agriculture projects in our state, including those in the livestock sector, as well as additional opportunities and value for our state's farmers, ranchers and overall economy.

Thank you for your consideration of SB 2230. We respectfully request a do-pass recommendation.



**Testimony of Drew Courtney
On behalf of the North Dakota Corn Growers Association
February 3, 2021
In Support of SB 2230**

Chairman Holmberg and members of the Senate Appropriations Committee,

My name is Drew Courtney and I am a North Dakota Corn Growers Association board member and I farm near Oakes, ND.

The North Dakota Corn Growers Association supports Senator Wanzek's legislation SB 2230 to expand the Bank of North Dakota's loan guarantee program to \$100 million.

Part of our mission as an association is to help develop and expand markets for North Dakota corn. We need additional, and diverse value-added projects in the state that can help process North Dakota's commodities and increase the demand. With better lending terms and lower costs for such new projects and expansions of existing ones, this will provide more economic incentive to help spur varied opportunities and a boon for our farmers and ranchers and for our state.

We think that this legislation will have a hand in developing a more robust market for our crops and more opportunity for our states growers which helps our communities and North Dakota. We ask you to support SB 2230 as well.

Thank you for your time and consideration.

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2230
2/10/2021
Senate Appropriations Committee

Relating to the use of the strategic investment and improvements fund.

Chairman Holmberg opened the meeting at 9:26 a.m.

Senators present: **Holmberg, Krebsbach, Wanzek, Bekkedahl, Poolman, Erbele, Dever, Oehlke, Rust, Davison, Hogue, Sorvaag, Mathern, and Heckaman.**

Discussion Topics:

- Amendments for Budget

Vice-Chair Wanzek presented amendment [LC 21.0386.01002]; testimony #6232.

Vice-Chair Wanzek made a motion to adopt amendment [LC 21.0386.01002]
Senator Davison seconded the motion

<i>Senators</i>		<i>Senators</i>	
<i>Senator Holmberg</i>	Y	<i>Senator Hogue</i>	Y
<i>Senator Krebsbach</i>	Y	<i>Senator Oehlke</i>	Y
<i>Senator Wanzek</i>	Y	<i>Senator Poolman</i>	Y
<i>Senator Bekkedahl</i>	Y	<i>Senator Rust</i>	Y
<i>Senator Davison</i>	Y	<i>Senator Sorvaag</i>	Y
<i>Senator Dever</i>	Y	<i>Senator Heckaman</i>	Y
<i>Senator Erbele</i>	Y	<i>Senator Mathern</i>	Y

Motion Passes 14-0-0

Vice-Chair Wanzek made a motion to DO PASS AS AMENDED
Senator Davison seconded the motion

<i>Senators</i>		<i>Senators</i>	
<i>Senator Holmberg</i>	Y	<i>Senator Hogue</i>	Y
<i>Senator Krebsbach</i>	Y	<i>Senator Oehlke</i>	Y
<i>Senator Wanzek</i>	Y	<i>Senator Poolman</i>	Y
<i>Senator Bekkedahl</i>	Y	<i>Senator Rust</i>	Y
<i>Senator Davison</i>	Y	<i>Senator Sorvaag</i>	Y
<i>Senator Dever</i>	Y	<i>Senator Heckaman</i>	Y
<i>Senator Erbele</i>	Y	<i>Senator Mathern</i>	Y

Motion Passes 14-0-0

Chairman Holmberg closed the meeting at 9:30 a.m.

Rose Laning, Committee Clerk

21.0386.01002
Title.03000

Prepared by the Legislative Council staff for
Senator Wanzek

February 9, 2021

CS
2/16
1 of 1

PROPOSED AMENDMENTS TO SENATE BILL NO. 2230

Page 1, line 13, replace "one hundred" with "seventy-five"

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2230: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2230 was placed on the Sixth order on the calendar.

Page 1, line 13, replace "one hundred" with "seventy-five"

Renumber accordingly

February 9, 2021

PROPOSED AMENDMENTS TO SENATE BILL NO. 2230

Page 1, line 13, replace "one hundred" with "seventy-five"

Renumber accordingly

2021 HOUSE AGRICULTURE

SB 2230

2021 HOUSE STANDING COMMITTEE MINUTES

Agriculture Committee
Room JW327C, State Capitol

SB 2230
3/11/2021

Relating to the use of the strategic investment and improvements fund
--

Chair D. Johnson opened the hearing at 9:44 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:

- ND project benefits
- Loan guarantee fee
- Lead lenders

Senator Wanzek, Sponsor introduced the bill

Representative Brandenburg, Co-Sponsor testified in support

Todd Steinwand, Chief Business Development Officer, Bank of ND testified in support-Attachment #8677

Gerald Bachmeier, President of ND Ethanol Producers testified in support-Attachment #8730

Matt Perdue, ND Farmers Union testified in support-Attachment #8759

House Agriculture Committee

SB 2230

March 11, 2021

Page 2

Additional written testimony: #8358, 8656, 8762, 8769

Chair D. Johnson closed 10:29 a.m.

ReMae Kuehn, Committee Clerk

March 11, 2021
Todd Steinwand, SVP Business Development, BND
Testimony on SB2230
House Agriculture Committee

Position: Support

Mr. Chairman and members of the House Agriculture Committee, I am Todd Steinwand, Chief Business Development Officer for Bank of North Dakota, here today in support of SB2230. This bill proposes to increase the funding for value added agriculture and energy projects. Issues important to the economic diversification of our state. In considering this bill, I wanted to highlight two points.

1. BND is aware of several value added agriculture and energy projects that could move forward in the next couple of years. The availability of this program in providing a guarantee to a local financial institution may be essential to securing the financing package and moving a project forward.
2. The structure of this program enables BND flexibility to utilize the funding in a way that most benefits the state and fills in gaps. In 2020, at the height of the Covid-19 pandemic, North Dakota ethanol producers approached BND about how it could provide interim financing to assist them through the drastic downturn.

BND utilized this financing tool to create the Ethanol Recovery Program and guaranteed the loans made to ethanol facilities in North Dakota. This funding made it possible to structure a recovery program that otherwise may not have happened.

BND appreciates the support of the Legislature and believes the value added agriculture and energy program is a flexible program that enables BND to develop programming that moves the economy forward. If you have any questions, I am happy to answer them.

Testimony of Gerald Bachmeier

President of North Dakota Ethanol Producers Association and CEO of Red Trail Energy

To the House Agriculture Committee
In Support of Senate Bill 2230

March 11, 2021

Chairman Johnson and members of the Agriculture Committee:

My name is Gerald Bachmeier, I am the president of the North Dakota Ethanol Producers Association, which represents North Dakota's six ethanol plants, industry stakeholders and associated businesses. I am here today to support Senate Bill 2230, which is supported by the ethanol plants to enhance a critical financing assistance to additional value-added opportunities.

As introduced, Senate Bill 2230 would reserve up to \$100 million of the SIIF (Strategic Investment and Improvements Fund) to be available for loan guarantee programs managed by the Bank of North Dakota (BND). The Senate reduced the guarantee to \$75 million, but we hope that you can restore the support to \$100 million.

The Ethanol Producers Association like this bill because it can help create better lending terms and reduced credit costs for additional value-added projects and expansions. The loan guarantee fund could be another tool to support agriculture investments and economic development projects in the state.

North Dakota's ethanol industry contributes more than \$623 million annually to the state's economy and provides thousands of direct and indirect jobs. North Dakota's economy is dependent on agriculture and ethanol is an important part of that economy- the industry converts 200 million bushels of corn (40 to 60% of the state's average corn crop) into 543 million gallons of ethanol and 1.5 million tons of dried distillers grains for livestock feed. Thanks to North Dakota's innovative private sector investments and supportive state government programs, the state's ethanol production is more than five times the production from twelve years ago.

The loan guarantee authorized by SB 2230 can help provide a mechanism to enable investments in cutting edge emerging technologies. The loan guarantee can permit North Dakota businesses to commercialize projects earlier than industries from other states, with competitive financing supported with the loan guarantee.

In 2019, Ethanol Producers worked with the legislature to reestablish a Bank of North Dakota (BND) loan guarantee program that was previously specific to biofuels production facilities. You allocated \$50 million of the SIIF to support the state guarantee loan program at the Bank of North Dakota (BND). We thank you for that foresight. We hope you will consider expanding the set-aside to \$100 million.

In 2020, because of global economics and the COVID-19 downturn, fuel prices plummeted causing farmers and ethanol plants to lose money. Last spring's margins were the worst in the history of our industry, destroying the corn market and threatening to shutter North Dakota ethanol facilities. Fuel demand dropped by half during the worst of the downturn, equaling a potential annualized loss of 8 billion gallons of ethanol and 2.7 billion bushels of corn nationally.

While many biofuel plants across the country closed and North Dakota's ethanol producers and the farmers that supply our facilities faced a similar economic crisis, the State of North Dakota stepped up with the loan guarantee you approved in 2019. The Industrial Commission and BND used the loan-guarantee combined with an interest buydown program to support loans to help keep our ethanol plants operating.

The \$43 million provided through the loan guarantee is helping keep plants open, businesses solvent, and workers onsite. Ethanol plants continue to purchase and process farmers' corn instead of idling like several plants in other parts of the country. Our ethanol plants are actively repaying creditors the loans supported by the state guarantee, making these funds available to support future value-added ventures.

Besides the well-known ag product processing investments this program could support, I want to offer an example of adding value in a less traditional sense in a next generation opportunity. Ethanol plants produce 18 pounds of nearly pure carbon dioxide (CO₂) from every bushel of corn processed. The Renewable Energy Council, along with private industry, have invested in research to help commercialize emerging CO₂ capture technologies. Our industry recognizes an opportunity capture that CO₂ and use it to generate additional revenue.

At Red Trail Energy in Richardton, where I am CEO, we are working in coordination with the Energy and Environmental Research Center on a Carbon Capture and Storage project, which has the potential for tens of millions of dollars of economic impact per year. It has the promise of bringing significant impact to North Dakota and extending value to numerous industries. This project not only provides an additional revenue opportunity for use of the CO₂, but the captured carbon improves the Carbon Intensity (CI) value of the ethanol as evaluated by several West Coast markets. Ethanol produced with a lower CI score is differentiated from other ethanol and is worth more in California and Oregon due to their Low Carbon Fuel Standards.

Our facility and other North Dakota producers are investing in projects like these, to further process ethanol, corn or other agriculture products into higher-value products, help generate additional revenue for owners of Red Trail and other ethanol plants. Expanding the value-added loan guarantee program can help support investments that are good for farmers, communities, and North Dakota.

We thank you for your support of the state's ethanol industry in the past and urge your favorable consideration of SB 2230. The ethanol producers appreciate your affirmative consideration.

I will try to answer any questions you may have.



Contact:
Matt Perdue, Lobbyist
mperdue@ndfu.org | 701.641.3303

**Testimony of
Matt Perdue
North Dakota Farmers Union
Before the
House Agriculture Committee
March 11, 2021**

Mr. Chairman and members of the committee,

Thank you for the opportunity to testify on Senate Bill No. 2230. My name is Matt Perdue, and I am testifying on behalf of North Dakota Farmers Union's members.

NDFU supports SB 2230, which would increase funding authority for the Bank of North Dakota's Value-Added Guarantee Loan program. The Value-Added Guarantee Loan is a critical resource for promoting the development of a wide variety of value-added businesses in North Dakota. Those projects, in turn, improve farmers' and ranchers' income, create new jobs, and strengthen the state's economy.

Loan guarantees support better lending terms and lower financing costs, encouraging businesses to invest in our state. The Ethanol Recovery Program, which was offered in the midst of the coronavirus pandemic, provides a powerful illustration of the loan guarantee program's value. Increasing the funding authority for the Value-Added Guaranteed Loan will further the program's ability to serve value-added projects.

Beyond the support it's already provided the ethanol industry, the Value-Added Guarantee Loan program is poised to serve value-added projects of all types. The program can be a difference maker for expanding beef processing in the state. It could give North Dakota a competitive advantage as the hemp industry continues to grow across the country. The program can support soybean crush plants, feed mills, advanced biofuel facilities and much more. In each case, farmers and ranchers would benefit from new opportunities and higher margins. The program also delivers far-reaching benefits to our rural communities and overall economy.

Finally, NDFU encourages the committee to restore the initial \$50 million increase in authority provided in the initial bill draft. Currently, \$43 million is in reserve to guarantee loans made through the Ethanol Recovery Program. Increasing authority to \$50 million will ensure the program can fully support value-added projects in the state.

We urge a "Do Pass" on SB 2230. Thank you for your consideration.



#8358

Testimony in favor of 2230 Phil Murphy for NDSGA

The ND Soybean Growers Association believes SB2230 can provide an important tool for value added agriculture through this BND Loan Program. We stand in full support.



Testimony of Jennifer Greuel
Economic Development Association of North Dakota
In Support of SB 2230
March 11, 2021

Chair Johnson and members of the House Agriculture committee:

The Economic Development Association of North Dakota represents more than 80 large and small and rural and urban economic development organizations on the front line of growing businesses and communities in North Dakota. The primary purpose of the organization is to promote the creation of new wealth throughout North Dakota to develop more vibrant communities and improve quality of life. It is for these reasons our organization and its members want to express support for SB 2230.

Energy and agriculture have long been the two historical and leading pillars of North Dakota's economy. EDND supports investments that will enhance these important economic sectors and ensure their success in the future, while making strides to diversify the economy. If North Dakota wants to remain a leader in the energy and value-added ag sectors, we will have to invest in research and encourage innovation.

Thank you for the opportunity to express our support for SB 2230 and for your continued commitment to keeping North Dakota globally competitive and diversifying the state's economy.



#8762

**Testimony of Brenda Elmer
On behalf of the North Dakota Corn Growers Association
March 11, 2021
In Support of SB 2230**

Chairman Johnson and members of the House Agriculture Committee,

My name is Brenda Elmer and I am the Executive Director of the North Dakota Corn Growers Association.

The North Dakota Corn Growers Association supports SB 2230 to expand the Bank of North Dakota's value-added loan guarantee program to \$75 million.

Part of our mission as an association is to help develop and expand markets for North Dakota corn. We need additional, and diverse value-added projects in the state that can help process North Dakota's commodities and increase the demand. With desirable lending terms and lower costs for such new projects and expansions of existing ones, this will provide more economic incentive to help spur varied opportunities and a boost to our farmers and ranchers and for our state.

We think that this legislation will have a hand in developing a more robust market for our crops and more opportunity for our states growers which helps our communities and North Dakota. We ask you to support SB 2230.

Thank you for your time.



**North Dakota Grain Growers Association
Testimony in Support of SB 2230
House Agriculture Committee
March 11, 2021**

Chairman Johnson, members of the House Agriculture Committee, for the record my name is Dan Wogsland, Executive Director of the North Dakota Grain Growers Association (NDGGA). NDGGA, through our contracts with the North Dakota Wheat Commission and the North Dakota Barley Council, engage in domestic policy issues on the state and federal level on behalf of North Dakota wheat and barley farmers. I am providing testimony for you today on behalf of NDGGA in support of SB 2230.

Chairman Johnson, members of the House Agriculture Committee, all of you are very well aware of the success the Strategic Investment and Improvement Fund and its importance in supporting credit for value added agriculture and energy ventures. Value-added agriculture is critical to the continued success for North Dakota agriculture.

SB 2230, which expands this loan guarantee fund, would give the fund the ability to better support large-scale value-added agricultural projects. The positive aspect of this is that the SIF monies used to “back” the loan guarantees would not be spent but instead would be held in a reserve fund; as loans are repaid this reserve fund would be reduced.

Chairman Johnson, members of the House Agriculture Committee, as I’ve said before, value-added agriculture is a key component to North Dakota agriculture’s continued success. SB 2230 is a key component in this effort. Therefore the North Dakota Grain Growers Association would respectfully request the House Agriculture Committee give SB 2230 a Do Pass recommendation and would urge the full House concur.

"You Raise; We Represent"

2021 HOUSE STANDING COMMITTEE MINUTES

Agriculture Committee
Room JW327C, State Capitol

SB 2230
3/12/2021

Relating to the use of the strategic investment and improvements fund
--

Chair D. Johnson opened committee work at 9:19 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:

- Committee work
- Amendment

Representative Richter moved to amend to change \$75 million to \$100 million

Representative Skroch seconded the motion

Voice vote. Motion carried

Representative Beltz moved Do Pass as amended and rerefer to Appropriations

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	Y
Representative Schreiber-Beck	Y
Representative Skroch	Y
Representative Thomas	Y
Representative Tveit	Y
Representative Buffalo	Y
Representative Dobervich	Y

Roll call vote. Motion carried 14-0-0. Chair D. Johnson will be the carrier.

Chair D. Johnson closed 9:26 a.m.

ReMae Kuehn, Committee Clerk

21.0386.03001
Title.04000

Adopted by the House Agriculture Committee

March 12, 2021

af
3/12/21

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2230

Page 1, line 13, replace "seventy-five" with "one hundred"

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2230, as engrossed: Agriculture Committee (Rep. D. Johnson, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2230 was placed on the Sixth order on the calendar.

Page 1, line 13, replace "seventy-five" with "one hundred"

Renumber accordingly

2021 HOUSE APPROPRIATIONS

SB 2230

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Brynhild Haugland Room, State Capitol

SB 2230
3/22/2021

BILL for an Act to amend and reenact section 6-09.7-05 of the North Dakota Century Code, relating to the use of the strategic investment and improvements fund.

10:17 Chairman Delzer- Opened the meeting for SB 2230

Attendance	P/A
Representative Jeff Delzer	P
Representative Keith Kempenich	P
Representative Bert Anderson	P
Representative Larry Bellew	P
Representative Tracy Boe	A
Representative Mike Brandenburg	A
Representative Michael Howe	P
Representative Gary Kreidt	P
Representative Bob Martinson	P
Representative Lisa Meier	P
Representative Alisa Mitskog	P
Representative Corey Mock	P
Representative David Monson	P
Representative Mike Nathe	P
Representative Jon O. Nelson	P
Representative Mark Sanford	P
Representative Mike Schatz	P
Representative Jim Schmidt	P
Representative Randy A. Schobinger	P
Representative Michelle Strinden	P
Representative Don Vigesaa	P

Discussion Topics:

- Loan guarantee program
- Fund repayment history

10:18 Representative D. Johnson- Introduces the bill and testifies in favor

10:21 Committee Discussion

Additional written testimony: In Favor testimony #10249 and #10197

10:24 Chairman Delzer- Closes the meeting for SB 2230

Risa Berube, House Appropriations Committee Clerk

Testimony of Gerald Bachmeier

President of North Dakota Ethanol Producers Association and CEO of Red Trail Energy

To the House Appropriations Committee
In Support of Senate Bill 2230

March 22, 2021

Chairman Delzer and members of the Appropriations Committee:

My name is Gerald Bachmeier, I am the president of the North Dakota Ethanol Producers Association, which represents North Dakota's six ethanol plants, industry stakeholders and associated businesses. I am here today to support Senate Bill 2230, which is supported by the ethanol plants to enhance a critical financing assistance to additional value-added opportunities.

Senate Bill 2230 would reserve up to \$100 million of the SIIF (Strategic Investment and Improvements Fund) to be available for loan guarantee programs managed by the Bank of North Dakota (BND). The Ethanol Producers Association like this bill because it can help create better lending terms and reduced credit costs for additional value-added projects and expansions. The loan guarantee fund could be another tool to support agriculture investments and economic development projects in the state.

North Dakota's ethanol industry contributes more than \$623 million annually to the state's economy and provides thousands of direct and indirect jobs. North Dakota's economy is dependent on agriculture and ethanol is an important part of that economy- the industry converts 200 million bushels of corn (40 to 60% of the state's average corn crop) into 543 million gallons of ethanol and 1.5 million tons of dried distillers grains for livestock feed. Thanks to North Dakota's innovative private sector investments and supportive state government programs, the state's ethanol production is more than five times the production from twelve years ago.

The loan guarantee authorized by SB 2230 can help provide a mechanism to enable investments in cutting edge emerging technologies. The loan guarantee can permit North Dakota businesses to commercialize projects earlier than industries from other states, with competitive financing supported with the loan guarantee.

In 2019, Ethanol Producers worked with the legislature to reestablish a BND loan guarantee program that was previously specific to biofuels production facilities. You allocated \$50 million of the SIIF to support the state guarantee loan program at the Bank of North Dakota (BND). We thank you for that foresight. We hope you will consider expanding the set-aside to \$100 million.

In 2020, because of global economics and the COVID-19 downturn, fuel prices plummeted causing farmers and ethanol plants to lose money. Last spring's margins were the worst in the history of our industry, destroying the corn market and threatening to shutter North Dakota ethanol facilities. Fuel demand dropped by half during the worst of the downturn, equaling a potential annualized loss of 8 billion gallons of ethanol and 2.7 billion bushels of corn nationally.

While many biofuel plants across the country closed and North Dakota's ethanol producers and the farmers that supply our facilities faced a similar economic crisis, the State of North Dakota stepped up with the loan guarantee you approved in 2019. The Industrial Commission and BND used the loan-guarantee combined with an interest buydown program to support loans to help keep our ethanol plants operating. The \$43 million provided through the loan guarantee is helping keep plants open, businesses solvent, and workers onsite. Ethanol plants continue to purchase and process farmers' corn instead of idling like several plants in other parts of the country. Our ethanol plants are actively repaying creditors the loans supported by the state guarantee, making these funds available to support future value-added ventures.

Besides the well-known ag product processing investments this program could support, I want to offer an example of adding value in a less traditional sense in a next generation opportunity. Ethanol plants produce 18 pounds of nearly pure carbon dioxide (CO₂) from every bushel of corn processed. The Renewable Energy Council, along with private industry, have invested in research to help commercialize emerging CO₂ capture technologies. Our industry recognizes an opportunity capture that CO₂ and use it to generate additional revenue.

At Red Trail Energy in Richardton, where I am CEO, we are working in coordination with the Energy and Environmental Research Center on a Carbon Capture and Storage project, which has the potential for tens of millions of dollars of economic impact per year. It has the promise of bringing significant impact to North Dakota and extending value to numerous industries. This project not only provides an additional revenue opportunity for use of the CO₂, but the captured carbon improves the Carbon Intensity (CI) value of the ethanol as evaluated by several West Coast markets. Ethanol produced with a lower CI score is differentiated from other ethanol and is worth more in California and Oregon due to their Low Carbon Fuel Standards.

Our facility and other North Dakota producers are investing in projects like these, to further process ethanol, corn or other agriculture products into higher-value products, help generate additional revenue for owners of Red Trail and other ethanol plants. Expanding the value-added loan guarantee program can help support investments that are good for farmers, communities, and North Dakota.

We thank you for your support of the state's ethanol industry in the past and urge your favorable consideration of SB 2230. The ethanol producers appreciate your affirmative consideration.



**North Dakota Grain Growers Association
Testimony in Support of SB 2230
House Appropriations Committee
March 22, 2021**

Chairman Delzer, members of the House Appropriations Committee, for the record my name is Dan Wogsland, Executive Director of the North Dakota Grain Growers Association (NDGGA). NDGGA, through our contracts with the North Dakota Wheat Commission and the North Dakota Barley Council, engage in domestic policy issues on the state and federal level on behalf of North Dakota wheat and barley farmers. I am providing testimony for you today on behalf of NDGGA in support of SB 2230.

Chairman Delzer, members of the House Appropriations Committee, all of you are very well aware of the success the Strategic Investment and Improvement Fund and its importance in supporting credit for value added agriculture and energy ventures. Value-added agriculture is critical to the continued success for North Dakota agriculture.

SB 2230, which expands this loan guarantee fund, would give the fund the ability to better support large-scale value-added agricultural projects. The positive aspect of this is that the SIF monies used to “back” the loan guarantees would not be spent but instead would be held in a reserve fund; as loans are repaid this reserve fund would be reduced.

Chairman Delzer, members of the House Appropriations Committee, as stated before, value-added agriculture is a key component to North Dakota agriculture’s continued success. SB 2230 will be a critical element in this effort. Therefore the North Dakota Grain Growers Association would respectfully request the House Appropriations Committee give SB 2230 a Do Pass recommendation and would urge the full House concur.

"You Raise; We Represent"

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Brynhild Haugland Room, State Capitol

SB 2230
4/1/2021

Relating to the use of the strategic investment and improvements fund.

4:35 Chairman Delzer- Opened the meeting for SB 2230

Attendance	P/A
Representative Jeff Delzer	P
Representative Keith Kempenich	P
Representative Bert Anderson	P
Representative Larry Bellew	P
Representative Tracy Boe	P
Representative Mike Brandenburg	P
Representative Michael Howe	P
Representative Gary Kreidt	P
Representative Bob Martinson	P
Representative Lisa Meier	P
Representative Alisa Mitskog	P
Representative Corey Mock	P
Representative David Monson	P
Representative Mike Nathe	P
Representative Jon O. Nelson	P
Representative Mark Sanford	P
Representative Mike Schatz	P
Representative Jim Schmidt	P
Representative Randy A. Schobinger	P
Representative Michelle Strinden	P
Representative Don Vigesaa	A

Discussion Topics:

- Loan Guarantee Program
- New Technology Loan

Chairman Delzer – Introduces the bill.

4:36 Representative Brandenburg Makes a motion to change line 13 from 100 million to 80 million.

Representative Kempenich Second

Further discussion

4:40 Voice Vote- Motion Carries

Representative Brandenburg Makes a motion for a Do Pass as Amended

Representative Howe Second

Further discussion

4:41 Roll Call Vote was Taken;

Representatives	Vote
Representative Jeff Delzer	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	Y
Representative Tracy Boe	Y
Representative Mike Brandenburg	Y
Representative Michael Howe	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative Corey Mock	Y
Representative David Monson	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y
Representative Jim Schmidt	Y
Representative Randy A. Schobinger	Y
Representative Michelle Strinden	Y
Representative Don Vigessaa	A

Motion Carries 20-0-1 Representative Brandenburg will carry the bill

Additional written testimony: No Additional Testimony

4:42 Chairman Delzer- Closes the meeting for SB 2230

Risa Berube,

House Appropriations Committee Clerk

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2230

In lieu of the amendments adopted by the House as printed on pages 1155 and 1156 of the House Journal, Engrossed Senate Bill No. 2230 is amended as follows:

Page 1, line 13, replace "seventy-five" with "eighty"

Re-number accordingly

REPORT OF STANDING COMMITTEE

SB 2230, as engrossed and amended: Appropriations Committee (Rep. Delzer, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (20 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2230, as amended, was placed on the Sixth order on the calendar.

In lieu of the amendments adopted by the House as printed on pages 1155 and 1156 of the House Journal, Engrossed Senate Bill No. 2230 is amended as follows:

Page 1, line 13, replace "seventy-five" with "eighty"

Renumber accordingly