

**2023 HOUSE APPROPRIATIONS**

**HB 1276**

# 2023 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee Brynhild Haugland Room, State Capitol

HB 1276  
2/8/2023

BILL for an Act to provide an appropriation for the agriculture diversification and development fund; and to provide for a transfer
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**8:33 AM Chairman Vigesaa-** Meeting was called to order and roll call was taken.

**All Members present:** Chairman Vigesaa, Representative Kempenich, Representative B. Anderson, Representative Bellew, Representative Brandenburg, Representative Hanson, Representative Kreidt, Representative Martinson, Representative Mitskog, Representative Meier, Representative Mock, Representative Monson, Representative Nathe, Representative J. Nelson, Representative O'Brien, Representative Pyle, Representative Richter, Representative Sanford, Representative Schatz, Representative Schobinger, Representative Strinden, Representative G. Stemen and Representative Swiontek.

### **Discussion Topics:**

- Changes to Bill from Last Session
- Provides Grant Funds for Projects
- ADD Grant (Agriculture Diversification & Development)

**Representative Satrom-** Introduces the bill. (Testimony #19565 and #19566)

**Tom Bodine- Deputy Agriculture Commissioner-** Testifies in favor and explains the proposed amendment (Testimony #19949)

**John Schneider- Business Marketing and Information Division Director Department of Agriculture-** In support

**Todd Steinwand Bank of ND President -**Neutral oral testimony explaining the bank's part.

**Courtney Heiser- Business Banker– Bank of ND-** Oral neutral testimony

**Matt Perdue- ND Farmers Union-** In support (Testimony #19737)

**Samantha Vangsness- ND Ethanol Producers Association-** In Support (Testimony #19742)

**Julie Ellingson, ND Stockman's Association –** Oral testimony in support

**Phil Murphey- NDSGA-** In Support (Testimony #19271)

**Additional written testimony:** Brenda Elmer- ND Corn Growers Association #19735, Dana Hager, Economic Development Association of ND #19700

House Appropriations Committee

HB 1276

Feb. 8<sup>th</sup> 2023

Page 2

**Chairman Vigesaa** Closed the meeting for HB 1276 at 9:01 AM

*Risa Berube, Committee Clerk*

# 2023 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee Brynhild Haugland Room, State Capitol

HB 1276  
2/21/2023

BILL for an Act to provide an appropriation for the agriculture diversification and development fund; and to provide for a transfer
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**8:40 AM Chairman Vigesaa-** Meeting was called to order and roll call was taken.

**All Members Present;** Chairman Vigesaa, Representative Kempenich, Representative B. Anderson, Representative Bellew, Representative Brandenburg, Representative Hanson, Representative Kreidt, Representative Martinson, Representative Mitskog, Representative Meier, Representative Mock, Representative Monson, Representative Nathe, Representative J. Nelson, Representative O'Brien, Representative Pyle, Representative Richter, Representative Sanford, Representative Schatz, Representative Schobinger, Representative Strinden, Representative G. Stemen and Representative Swiontek.

### Discussion Topics:

- Amendment

**Representative Brandenburg-** Gives explanation of the bill and its progress.

**Chairman Vigesaa-** Introduces amendment 23.0538.01004 (Testimony #21188)

**Representative Brandenburg** moves to adopt amendment 23.0538.01004 (Testimony #21188)

**Representative Monson** seconded the motion.

### Roll Call Vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	Y
Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	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 Emily O'Brien	Y
Representative Brandy Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y
Representative Randy A. Schobinger	Y
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	Y

Motion Carried 23-0-0

**Representative Brandenburg** moves for a Do Pass as Amended

**Representative Stemen** seconded the motion.

Roll Call Vote

<b>Representatives</b>	<b>Vote</b>
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	Y
Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	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 Emily O'Brien	Y
Representative Brandy Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y
Representative Randy A. Schobinger	Y
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	Y

**Motion Carries 23-0-0 Representative Kempenich will carry the bill.**

**8:46 AM Chairman Vigesaa** Closed the meeting for HB 1276

*Risa Berube, Committee Clerk*

DR  
182  
2-21-23

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1276

Page 1, line 1, after "Act" insert "to amend and reenact section 4.1-01.1-07 of the North Dakota Century Code, relating to the agriculture diversification and development fund;"

Page 1, after line 3, insert:

**"SECTION 1. AMENDMENT.** Section 4.1-01.1-07 of the North Dakota Century Code is amended and reenacted as follows:

**4.1-01.1-07. Agriculture diversification and development fund - Continuing appropriation.**

1. There is created in the state treasury the agriculture diversification and development fund. The fund consists of all moneys transferred to the fund by the legislative assembly, interest upon moneys in the fund, and payments of interest and principal on loans made from the fund. Moneys in the fund are appropriated to the Bank of North Dakota on a continuing basis for loan disbursements, ~~grants,~~ and administrative costs pursuant to this section. No more than twenty-five percent of the fund may be utilized for grants in a biennium, and moneys in the fund are appropriated to the agriculture commissioner on a continuing basis for grants pursuant to this section. The agricultural diversification and development committee shall designate the amount available from the fund for loans and grants.
2. Loans, interest rate buydowns, or grants under subsections 3 and 4 may be issued from the fund to support new or expanding value-added agriculture businesses that demonstrate financial feasibility, enhance profitability for farmers and ranchers, create jobs, and grow the state's economy. Grants under subsection 5 may be issued from the fund for infrastructure improvements necessary for the development or expansion of new or existing value-added agriculture businesses. Value-added agriculture businesses include food production or processing facilities; feed or pet food processing facilities; commodity processing facilities; agriculture product manufacturers; and animal agriculture production facilities, including swine, poultry, dairy, and feed lot production facilities.
3. The Bank of North Dakota shall develop policies for loans from the fund in consultation with the agricultural diversification and development committee. The Bank shall review loan applications. To be eligible for a loan under this section, an entity shall agree to provide the Bank with information as requested. The Bank may develop policies for loan participation with local financial institutions. The Bank shall deposit in the fund all principal and interest paid on the outstanding loans. The Bank may use a portion of the interest paid as a servicing fee to pay for administrative costs, which may not exceed one-half of one percent of the amount of the outstanding loans. ~~The Bank shall contract with a certified public accounting firm to audit the fund if the fund has any loans.~~ The fund must be audited annually pursuant to section 6-09-29, and the cost of the audit must be paid from the fund.

BR  
292  
2-21-23

4. The agricultural diversification and development committee shall develop policies for grants from the fund to support new or expanding value-added agriculture businesses, including eligibility criteria, maximum grant amounts, and reporting requirements. Based on recommendations from the agricultural diversification and development committee, the agriculture commissioner shall distribute the grant funding.
  
5. The agricultural diversification and development committee shall develop policies for grants from the fund to political subdivisions, individuals, or organizations for infrastructure improvements necessary for the development or expansion of new or existing value-added agriculture businesses, including eligibility criteria and reporting requirements. Grants to political subdivisions are limited to one million two hundred fifty thousand dollars per project and may not exceed eighty percent of the infrastructure improvement costs. Grants to individuals or organizations are limited to three hundred fifty thousand dollars and may not exceed eighty percent of the infrastructure improvement costs. Eligible uses of grant funding include water and sewer line improvements and electrical and gas supply improvements. Grant funding may not be used for routine maintenance or operating costs. Based on recommendations from the agricultural diversification and development committee, the agriculture commissioner shall distribute the grant funding."

Page 1, line 6, replace "\$50,000,000" with "\$30,000,000"

Page 1, line 8, after the period insert "Of the \$30,000,000, up to \$10,000,000 is available for grants to political subdivisions."

Re-number accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

This amendment:

- Decreases the amount transferred from the general fund to the agriculture diversification and development fund by \$20 million, from \$50 million to \$30 million.
- Authorizes the Agriculture Commissioner to provide grants from the fund, including grants to political subdivisions for infrastructure necessary for the development or expansion of a value-added agriculture facility.
- Requires the Agriculture Diversification and Development Committee to develop grant guidelines and to make grant recommendations.

**REPORT OF STANDING COMMITTEE**

**HB 1276: Appropriations Committee (Rep. Vigesaa, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (23 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1276 was placed on the Sixth order on the calendar.

Page 1, line 1, after "Act" insert "to amend and reenact section 4.1-01.1-07 of the North Dakota Century Code, relating to the agriculture diversification and development fund;"

Page 1, after line 3, insert:

**"SECTION 1. AMENDMENT.** Section 4.1-01.1-07 of the North Dakota Century Code is amended and reenacted as follows:

**4.1-01.1-07. Agriculture diversification and development fund - Continuing appropriation.**

1. There is created in the state treasury the agriculture diversification and development fund. The fund consists of all moneys transferred to the fund by the legislative assembly, interest upon moneys in the fund, and payments of interest and principal on loans made from the fund. Moneys in the fund are appropriated to the Bank of North Dakota on a continuing basis for loan disbursements, ~~grants,~~ and administrative costs pursuant to this section. ~~No more than twenty-five percent of the fund may be utilized for grants in a biennium, and moneys in the fund are appropriated to the agriculture commissioner on a continuing basis for grants pursuant to this section. The agricultural diversification and development committee shall designate the amount available from the fund for loans and grants.~~
2. Loans, interest rate buydowns, or grants under subsections 3 and 4 may be issued from the fund to support new or expanding value-added agriculture businesses that demonstrate financial feasibility, enhance profitability for farmers and ranchers, create jobs, and grow the state's economy. Grants under subsection 5 may be issued from the fund for infrastructure improvements necessary for the development or expansion of new or existing value-added agriculture businesses. Value-added agriculture businesses include food production or processing facilities; feed or pet food processing facilities; commodity processing facilities; agriculture product manufacturers; and animal agriculture production facilities, including swine, poultry, dairy, and feed lot production facilities.
3. The Bank of North Dakota shall develop policies for loans from the fund in consultation with the agricultural diversification and development committee. The Bank shall review loan applications. To be eligible for a loan under this section, an entity shall agree to provide the Bank with information as requested. The Bank may develop policies for loan participation with local financial institutions. The Bank shall deposit in the fund all principal and interest paid on the outstanding loans. The Bank may use a portion of the interest paid as a servicing fee to pay for administrative costs, which may not exceed one-half of one percent of the amount of the outstanding loans. ~~The Bank shall contract with a certified public accounting firm to audit the fund if the fund has any loans. The fund must be audited annually pursuant to section 6-09-29, and the cost of the audit must be paid from the fund.~~
4. The agricultural diversification and development committee shall develop policies for grants from the fund to support new or expanding value-added agriculture businesses, including eligibility criteria, maximum grant amounts, and reporting requirements. Based on recommendations from



the agricultural diversification and development committee, the agriculture commissioner shall distribute the grant funding.

5. The agricultural diversification and development committee shall develop policies for grants from the fund to political subdivisions, individuals, or organizations for infrastructure improvements necessary for the development or expansion of new or existing value-added agriculture businesses, including eligibility criteria and reporting requirements. Grants to political subdivisions are limited to one million two hundred fifty thousand dollars per project and may not exceed eighty percent of the infrastructure improvement costs. Grants to individuals or organizations are limited to three hundred fifty thousand dollars and may not exceed eighty percent of the infrastructure improvement costs. Eligible uses of grant funding include water and sewer line improvements and electrical and gas supply improvements. Grant funding may not be used for routine maintenance or operating costs. Based on recommendations from the agricultural diversification and development committee, the agriculture commissioner shall distribute the grant funding."

Page 1, line 6, replace "\$50,000,000" with "\$30,000,000"

Page 1, line 8, after the period insert "Of the \$30,000,000, up to \$10,000,000 is available for grants to political subdivisions."

Re-number accordingly

#### **STATEMENT OF PURPOSE OF AMENDMENT:**

This amendment:

- Decreases the amount transferred from the general fund to the agriculture diversification and development fund by \$20 million, from \$50 million to \$30 million.
- Authorizes the Agriculture Commissioner to provide grants from the fund, including grants to political subdivisions for infrastructure necessary for the development or expansion of a value-added agriculture facility.
- Requires the Agriculture Diversification and Development Committee to develop grant guidelines and to make grant recommendations.

**2023 SENATE AGRICULTURE AND VETERANS AFFAIRS**

**HB 1276**

# 2023 SENATE STANDING COMMITTEE MINUTES

## Agriculture and Veterans Affairs Committee Fort Union Room, State Capitol

HB 1276  
3/23/2023

A bill relating to the agriculture infrastructure grant program and relating to the agriculture diversification and development fund; and to provide for a transfer.
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10:52 AM Chairman Luick opened the meeting. Members present: Chairman Luick, Vice Chairman Myrdal, Senator Lemm, Senator Hogan, Senator Weston, Senator Weber.

### **Discussion Topics:**

- Cost share
- Value added projects
- Grant programs

10:52 AM Representative Bernie Satrom, District 12, introduced HB 1276 and testified in favor. No written testimony.

10:52 AM Representative Paul Thomas, District 6, testified in favor of HB 1276. No written testimony.

11:01 AM Doug Goehring, North Dakota State Agriculture Commissioner, testified in favor of HB 1276. #26466

11:17 AM Matt Perdue, Government Relations Director North Dakota Farmers Union, testified in favor of HB 1276. #26410

11:24 AM Samantha Vangsness, Executive Director, North Dakota Ethanol Producers Association, Government Relations Liaison of North Dakota Corn Growers Association, testified in favor of HB 1276. No written testimony.

11:25 AM Julie Ellingson, Executive Vice President, North Dakota Stockmen's Association, testified in favor of HB 1276. No written testimony.

11:26 AM Chairman Luick adjourned the meeting.

*Brenda Cook, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

## Agriculture and Veterans Affairs Committee

Fort Union Room, State Capitol

HB 1276

3/23/2023

A bill relating to the agriculture infrastructure grant program and relating to the agriculture diversification and development fund; and to provide for a transfer.

2:37 PM Chairman Luick opened the meeting on HB 1276. Members present: Chairman Luick, Vice Chairman Myrdal, Senator Lemm, Senator Hogan, Senator Weston, Senator Weber.

### Discussion Topics:

- Committee action

2:37 PM Senator Myrdal moved to adopt an amendment to HB 1276. LC 23.0538.03001

2:42 PM Senator Lemm seconded the motion.

Roll call vote:

Senators	Vote
Senator Larry Luick	Y
Senator Janne Myrdal	Y
Senator Kathy Hogan	Y
Senator Randy D. Lemm	Y
Senator Mark F. Weber	Y
Senator Kent Weston	Y

Vote: 6-0-0 Motion TO ADOPT AMENDMENT To HB 1276.

2:42 PM Senator Lemm moved to DO PASS HB 1276 AS AMENDED, AND REREFER TO APPROPRIATIONS.

2:43 PM Senator Myrdal seconded the motion.

Roll call vote:

Senators	Vote
Senator Larry Luick	Y
Senator Janne Myrdal	Y
Senator Kathy Hogan	Y
Senator Randy D. Lemm	Y
Senator Mark F. Weber	Y
Senator Kent Weston	Y

Vote: 6-0-0- DO PASS HB 1276 AS AMENDED AND REREFER TO APPROPRIATIONS.

Senator Lemm will carry the bill.

2:43 PM Chairman Luick adjourned the meeting.

*Brenda Cook, Committee Clerk*



DR  
171

3-23-23

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1423

Page 8, line 24, replace "county commissioners" with "township supervisors"

Page 10, line 7, replace "county" with "township"

Page 11, line 4, replace "creating" with "considering the impact of"

Page 11, line 7, after "ordinance" insert ", if necessary"

Renumber accordingly

**REPORT OF STANDING COMMITTEE**

**HB 1276, as engrossed: Agriculture and Veterans Affairs Committee (Sen. Luick, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS and BE REREFERRED to the Appropriations Committee (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1276 was placed on the Sixth order on the calendar. This bill does not affect workforce development.**

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 4.1-01 of the North Dakota Century Code, relating to the agriculture infrastructure grant program;"

Page 1, after line 5, insert:

**"SECTION 1.** A new section to chapter 4.1-01 of the North Dakota Century Code is created and enacted as follows:

**Agriculture infrastructure grant program.**

The agriculture commissioner shall develop policies to administer the agriculture infrastructure grant program to include a grant application process and eligibility criteria. A grant provided to a political subdivision, under this section, is limited to one million two hundred-fifty thousand dollars per project and may not exceed eighty percent of the infrastructure project cost. A grant provided to an individual or organization, under this section, is limited to three hundred-fifty thousand dollars per project and may not exceed eighty percent of the capital improvement project costs. Eligible uses of grant funding include road and bridge improvements, water and sewer line improvements, and electrical and gas supply improvements. Grant funding may not be used for routine maintenance or operating costs. For purposes of grant eligibility, value-added agriculture businesses includes the same businesses as provided under section 4.1-01.1-07. The agriculture commissioner shall distribute all funds related to the agriculture infrastructure grant program."

Page 1, line 18, after "loans" insert ", interest rate buydowns."

Page 1, line 22, replace "subsection 5" with "section 1 of this Act"

Page 2, line 6, after "loans" insert "and interest rate buydowns"

Page 2, remove lines 22 through 31

Page 3, remove lines 1 through 3

Page 3, line 9, after "for" insert "agriculture infrastructure"

ReNUMBER accordingly

**2023 SENATE APPROPRIATIONS**

**HB 1276**

# 2023 SENATE STANDING COMMITTEE MINUTES

## Appropriations - Government Operations Division Red River Room, State Capitol

HB 1276  
4/3/2023 AM

A bill for an act, relating to the agriculture diversification and development fund; to provide an appropriation for the agriculture diversification and development fund; and to provide for a transfer.
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9:05 Chairman Wanzek opened the meeting.  
Senators Wanzek, Dwyer, J. Roers, Vedaa, and Erbele were present.

### Discussion Topics:

- HB 1148 grants
- Value-added agriculture definition and costs
- Processing plants/facilities
- Three-phase power sources (power, water, roads)
- Job creation
- Productivity comparison: irrigated land - dry land
- Animal agriculture
- Precision approach
- Local acceptance
- Proposed amendment to HB 1276
- Corridor improvements
- Transportation access to value-added agricultural businesses
- Cost/benefits analysis
- Public/private partnerships
- Other states' incentives - competition
- One-time assistance per approved project
- Bank of ND fiscal analysis of project applications
- Policy design

9:07 AM District Representative Thomas testified. (No written testimony)

9:20 AM Matt Perdue, ND Farmers Union, testified. Testimony #27213

9:39 AM Todd Steinwand, President and CEO Bank of ND, testified. (No written testimony)

9:49 AM Phil Murphy, ND Soybean Growers, testified. (No written testimony)

### Additional written testimony:

ND Agriculture Commissioner Doug Goehring Testimony #27240

9:51 Chairman Wanzek closed the meeting.

*Carol Thompson, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

## Appropriations - Government Operations Division Red River Room, State Capitol

HB 1276  
4/3/2023

A bill for an act, relating to the agriculture infrastructure grant program; relating to the agriculture diversification and development fund; to provide an appropriation for the agriculture diversification and development fund; and to provide for a transfer.
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3:51 PM Chairman Wanzek opened the meeting.  
Senators Wanzek, Dwyer, J. Roers, Vedaa, and Erbele are present.

### **Discussion Topics:**

- Proposed amendments

3:52 PM Chairman Wanzek closed the meeting.

*Carol Thompson, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

## Appropriations - Government Operations Division Red River Room, State Capitol

HB 1276  
4/6/2023

A bill relating to the agriculture diversification and development fund; to provide an appropriation for the agriculture diversification and development fund; and to provide for a transfer.

10:18 AM Chairman Wanzek opened the meeting.  
Senators Wanzek, Dwyer, J. Roers, Vedaa, and Erbele were present.

### Discussion Topics:

- Proposed amendments
- Agriculture and Transportation Agency consultation
- Amendment
- Agriculture Diversification and Development Fund Grant Report
- Scheduling

10:20 AM Chairman Wanzek testified. Testimony #27370

10:27 AM Senator Roers moved to adopt the proposed amendment LC 23.0538.04000, replacing in paragraph three the words "individuals and organizations" with "entities."  
Senator Dwyer seconded the motion.

Roll call vote.

Senators	Vote
Senator Terry M. Wanzek	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Jim P. Roers	Y
Senator Shawn Vedaa	Y

Motion passed 5-0-0

10:29 AM Senator Dwyer moved to further amend the proposed amendment by reducing the amount in the Ag Diversification and Development Fund from 30 million to 25 million dollars.

Senator Roers seconded the motion.

Roll call vote.

Senators	Vote
Senator Terry M. Wanzek	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Jim P. Roers	Y
Senator Shawn Vedaa	Y

Motion passed 5-0-0

10:34 AM Larry Martin, Office of Management and Budget Fiscal Management Analyst, testified. (No written testimony)

10:35 AM Senator Dwyer testified. Testimony #27240

10:36 AM Senator Erbele moved a Do Pass as Amended recommendation for HB 1276. Senator Roers seconded the motion.

Roll call vote.

<b>Senators</b>	<b>Vote</b>
Senator Terry M. Wanzek	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Jim P. Roers	Y
Senator Shawn Vedaa	Y

Motion passed 5-0-0

Senator Roers will carry this bill.

10:39 Chairman Wanzek closed the meeting.

*Carol Thompson, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

## Appropriations Committee Roughrider Room, State Capitol

HB 1276  
4/7/2023

A BILL for an Act relating to the agriculture infrastructure grant program; relating to the agriculture diversification and development fund; to provide an appropriation for the agriculture diversification and development fund; and to provide for a transfer.

9:43 AM Chairman Bekkedahl opened the hearing on HB 1276.

Members present: Senators Bekkedahl, Krebsbach, Burckhard, Davison, Dever, Dwyer, Erbele, Kreun, Meyer, Roers, Schaible, Sorvaag, Wanzek, Rust, and Mathern.

Members absent: Senator Vedaa

### Discussion Topics:

- Agricultural infrastructure grant program
- Diversification and development fund
- Committee action

9:43 AM Senator Roers introduced amendment LC 23.0538.03004.

9:45 AM Senator Roers moved to adopt AMENDMENT 23.0538.03004.  
Senator Mthern seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator David S. Rust	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	AB
Senator Terry M. Wanzek	Y

Motion passed 15-0-1.



9:47 AM Senator Roers moved DO PASS AS AMENDED.  
Senator Dwyer seconded the motion.

<b>Senators</b>	<b>Vote</b>
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator David S. Rust	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	AB
Senator Terry M. Wanzek	Y

Motion passed 15-0-1.

Senator Roers will carry the bill.

9:49 AM Chairman Bekkedahl closed the hearing.

*Kathleen Hall, Committee Clerk*

JA  
4-7-23

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1276

In lieu of the amendments adopted by the Senate as printed on pages 1156 and 1157 of the Senate Journal, Engrossed House Bill No. 1276 is amended as follows:

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 4.1-01 of the North Dakota Century Code, relating to the agriculture infrastructure grant program;"

Page 1, after line 4, insert:

"**SECTION 1.** A new section to chapter 4.1-01 of the North Dakota Century Code is created and enacted as follows:

**Agriculture infrastructure grant program.**

1. The agriculture commission, in consultation with the director of the department of transportation, shall develop policies to administer the agriculture infrastructure grant program to include a grant application process and eligibility criteria.
2. The agriculture commissioner, in consultation with the director of the department of transportation, shall award grants to political subdivisions for road and bridge improvements necessary to accommodate value-added agriculture businesses. Grant funding under this subsection may be used for:
  - a. Corridor improvements on county and township roadways; and
  - b. Improvements to roads or bridges that provided access to value-added agriculture businesses.
3. The agriculture commissioner shall award grants to entities for water and sewer line improvements and electrical and gas supply improvements necessary to accommodate value-added agriculture businesses.
4. Grants awarded under this section may not exceed:
  - a. The lesser of one million two hundred fifty thousand dollars per project or eighty percent of the infrastructure project cost for grants awarded under subsection 2.
  - b. The lesser of three hundred fifty thousand dollars per project or eighty percent of the capital improvement project costs for grants awarded under subsection 3.
5. For purposes of grant eligibility under this section, value-added agriculture businesses include the same businesses as provided under section 4.1-01.1-07.
6. Grant funding under this section may not be used for routine maintenance or operating costs."

LA  
4-7-23

Page 1, line 16, after "section" insert "and section 1 of this Act"

Page 1, line 18, after "loans" insert ", interest rate buydowns,"

Page 1, line 22, replace "subsection 5" with "section 1 of this Act"

Page 2, line 6, after "loans" insert "and interest rate buydowns"

Page 2, remove lines 22 through 31

Page 3, remove lines 1 through 3

Page 3, line 6, replace "\$30,000,000" with "\$25,000,000"

Page 3, line 8, replace "\$30,000,000" with "\$25,000,000"

Page 3, line 9, after "for" insert "agriculture infrastructure"

Re-number accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1276 - Department of Agriculture - Senate Action**

	Base Budget	House Version	Senate Changes	Senate Version
Agriculture diversification		\$30,000,000	(\$5,000,000)	\$25,000,000
Total all funds	\$0	\$30,000,000	(\$5,000,000)	\$25,000,000
Less estimated income	0	0	0	0
General fund	\$0	\$30,000,000	(\$5,000,000)	\$25,000,000
FTE	0.00	0.00	0.00	0.00

**Department 602 - Department of Agriculture - Detail of Senate Changes**

	Reduces Funding for Grants <sup>1</sup>	Total Senate Changes
Agriculture diversification	(\$5,000,000)	(\$5,000,000)
Total all funds	(\$5,000,000)	(\$5,000,000)
Less estimated income	0	0
General fund	(\$5,000,000)	(\$5,000,000)
FTE	0.00	0.00

<sup>1</sup> Funding for agriculture diversification and infrastructure grants is reduced from \$30 million to \$25 million.

This amendment also creates a statutory section and provides guidelines for the agriculture infrastructure grant program.

**REPORT OF STANDING COMMITTEE**

**HB 1276, as engrossed and amended: Appropriations Committee (Sen. Bekkedahl, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (15 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1276, as amended, was placed on the Sixth order on the calendar. This bill affects workforce development.

In lieu of the amendments adopted by the Senate as printed on pages 1156 and 1157 of the Senate Journal, Engrossed House Bill No. 1276 is amended as follows:

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 4.1-01 of the North Dakota Century Code, relating to the agriculture infrastructure grant program;"

Page 1, after line 4, insert:

**"SECTION 1.** A new section to chapter 4.1-01 of the North Dakota Century Code is created and enacted as follows:

**Agriculture infrastructure grant program.**

1. The agriculture commission, in consultation with the director of the department of transportation, shall develop policies to administer the agriculture infrastructure grant program to include a grant application process and eligibility criteria.
2. The agriculture commissioner, in consultation with the director of the department of transportation, shall award grants to political subdivisions for road and bridge improvements necessary to accommodate value-added agriculture businesses. Grant funding under this subsection may be used for:
  - a. Corridor improvements on county and township roadways; and
  - b. Improvements to roads or bridges that provided access to value-added agriculture businesses.
3. The agriculture commissioner shall award grants to entities for water and sewer line improvements and electrical and gas supply improvements necessary to accommodate value-added agriculture businesses.
4. Grants awarded under this section may not exceed:
  - a. The lesser of one million two hundred fifty thousand dollars per project or eighty percent of the infrastructure project cost for grants awarded under subsection 2.
  - b. The lesser of three hundred fifty thousand dollars per project or eighty percent of the capital improvement project costs for grants awarded under subsection 3.
5. For purposes of grant eligibility under this section, value-added agriculture businesses include the same businesses as provided under section 4.1-01.1-07.
6. Grant funding under this section may not be used for routine maintenance or operating costs."

Page 1, line 16, after "section" insert "and section 1 of this Act"

Page 1, line 18, after "loans" insert ", interest rate buydowns."

Page 1, line 22, replace "subsection 5" with "section 1 of this Act"

Page 2, line 6, after "loans" insert "and interest rate buydowns"

Page 2, remove lines 22 through 31

Page 3, remove lines 1 through 3

Page 3, line 6, replace "\$30,000,000" with "\$25,000,000"

Page 3, line 8, replace "\$30,000,000" with "\$25,000,000"

Page 3, line 9, after "for" insert "agriculture infrastructure"

ReNUMBER accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1276 - Department of Agriculture - Senate Action**

	Base Budget	House Version	Senate Changes	Senate Version
Agriculture diversification		\$30,000,000	(\$5,000,000)	\$25,000,000
Total all funds	\$0	\$30,000,000	(\$5,000,000)	\$25,000,000
Less estimated income	0	0	0	0
General fund	\$0	\$30,000,000	(\$5,000,000)	\$25,000,000
FTE	0.00	0.00	0.00	0.00

**Department 602 - Department of Agriculture - Detail of Senate Changes**

	Reduces Funding for Grants <sup>1</sup>	Total Senate Changes
Agriculture diversification	(\$5,000,000)	(\$5,000,000)
Total all funds	(\$5,000,000)	(\$5,000,000)
Less estimated income	0	0
General fund	(\$5,000,000)	(\$5,000,000)
FTE	0.00	0.00

<sup>1</sup> Funding for agriculture diversification and infrastructure grants is reduced from \$30 million to \$25 million.

This amendment also creates a statutory section and provides guidelines for the agriculture infrastructure grant program.

**TESTIMONY**

**HB 1276**

Testimony in Favor of 1276

Chair and Committee, my name is Phil Murphy representing the ND Soybean Growers Association.

We stand in favor of this bill adding \$50,000,000 to the ADD fund. My understanding is that the fund began at \$25,000,000 with no more than ten percent of that allowed for any one project and no more than a fourth of the total be disbursed during any given biennium. Obviously, the injection of more funding would allow for larger and more projects.

With our industry striving to provide pathways for value-added projects, we ask you to sweeten the pot. Thank you for your consideration.

T

23.0538.01001  
Title.

Prepared by the Legislative Council staff for  
Representative Satrom  
February 7, 2023

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1276

Page 1, line 1, after "Act" insert "to amend and reenact section 4.1-01.1-07 and 4.1-01.1-09 of the North Dakota Century Code, relating to the agriculture diversification and development fund; to repeal section 4.1-01.1-08 of the North Dakota Century Code, relating to the agriculture diversification and development committee;"

Page 1, after line 3, insert:

**"SECTION 1. AMENDMENT.** Section 4.1-01.1-07 of the North Dakota Century Code is amended and reenacted as follows:

**4.1-01.1-07. Agriculture diversification and development fund - Continuing appropriation.**

1. There is created in the state treasury the agriculture diversification and development fund. The fund consists of all moneys transferred to the fund by the legislative assembly, interest upon moneys in the fund, and payments of interest and principal on loans made from the fund. Moneys in the fund are appropriated to the Bank of North Dakota on a continuing basis for loan disbursements, ~~grants~~, and administrative costs pursuant to this section. ~~No more than twenty five percent of the fund may be utilized for grants in a biennium, and moneys in the fund are appropriated to the agriculture commissioner on a continuing basis for grants pursuant to this section. The agricultural products utilization commission shall designate the amount available from the fund for loans and grants.~~
2. Loans, interest rate buydowns, or grants may be issued from the fund to support new or expanding value-added agriculture businesses that demonstrate financial feasibility, enhance profitability for farmers and ranchers, create jobs, and grow the state's economy. Value-added agriculture businesses include food production or processing facilities; feed or pet food processing facilities; commodity processing facilities; agriculture product manufacturers; and animal agriculture production facilities, including swine, poultry, dairy, and feed lot production facilities.
3. The Bank of North Dakota shall develop policies for loans from the fund in consultation with the agricultural products utilization commission. ~~agriculture diversification and development committee~~ The Bank shall review loan applications. To be eligible for a loan under this section, an entity shall agree to provide the Bank with information as requested. The Bank may develop policies for loan participation with local financial institutions. The Bank shall deposit in the fund all principal and interest paid on the outstanding loans. The Bank may use a portion of the interest paid as a servicing fee to pay for administrative costs, which may not exceed one-half of one percent of the amount of the outstanding loans. ~~The Bank shall contract with a certified public accounting firm to audit the fund if the fund has any loans. The fund must be audited annually pursuant to section 6-09-29, and the cost of the audit must be paid from the fund.~~



4. The agricultural products utilization commission shall develop policies for grants from the fund, including eligibility criteria, maximum grant amounts, and reporting requirements. Based on recommendations from the agricultural products utilization commission, the agriculture commissioner shall distribute the grant funding.

**SECTION 2. AMENDMENT.** Section 4.1-01.1-09 of the North Dakota Century Code is amended and reenacted as follows:

**4.1-01.1-09. Agriculture diversification and development fund grants program - Access to records.**

1. To the extent the ~~agriculture diversification and development committee~~agricultural products utilization commission determines the materials or data provided under section 4.1-01.1-07 consist of trade secrets or commercial, financial, or proprietary information of individuals or entities applying for grants with the committee, materials and data submitted to, made by, or received by the committee, are not public records subject to section 44-04-18 and section 6 of article XI of the Constitution of North Dakota, and are subject to section 44-04-18.4.
2. A person may file a request with the ~~committee~~commission to have material designated as confidential under subsection 1. The request must contain any information required by the ~~committee~~commission and must include at least the following:
  - a. A general description of the nature of the information sought to be protected;
  - b. An explanation of why the information derives independent economic value, actual or potential, from not being generally known to other persons;
  - c. An explanation of why the information is not readily ascertainable by proper means of other persons;
  - d. A general description of any person that may obtain economic value from disclosure or use of the information, and how the person may obtain this value; and
  - e. A description of the efforts used to maintain the secrecy of the information.
3. A request under subsection 2 is confidential. The ~~committee~~commission shall examine the request and determine whether the information is relevant to the matter at hand and is a trade secret under the definition in section 47-25.1-01 or 44-04-18.4. If the ~~committee~~commission determines the information is not relevant or not a trade secret, the ~~committee~~commission shall notify the requester and the requester may ask for the return of the information and the request within ten days of the notice. If no return is sought, the information and request are public records.
4. The names or identities of independent technical reviewers on a project or program are confidential, may not be disclosed by the

~~committee~~commission, and are not public records subject to section 44-04-18 or section 6 of article XI of the Constitution of North Dakota.

**SECTION 3. REPEAL.** Section 4.1-01.1-08 of the North Dakota Century Code is repealed."

Renumber accordingly

23.0538.01001

Sixty-eighth  
Legislative Assembly  
of North Dakota

**HOUSE BILL NO. 1276**

Introduced by

Representatives Satrom, Brandenburg, Grueneich, Hagert, Headland, Kempenich, Kiefert,  
Ostlie, Thomas

Senators Conley, Luick, Wanzek

1 A BILL for an Act to amend and reenact section 4.1-01.1-07 and 4.1-01.1-09 of the North  
2 Dakota Century Code, relating to the agriculture diversification and development fund; to repeal  
3 section 4.1-01.1-08 of the North Dakota Century Code, relating to the agriculture diversification  
4 and development committee; to provide an appropriation for the agriculture diversification and  
5 development fund; and to provide for a transfer.

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

7 **SECTION 1. AMENDMENT.** Section 4.1-01.1-07 of the North Dakota Century Code is  
8 amended and reenacted as follows:

9 **4.1-01.1-07. Agriculture diversification and development fund - Continuing**  
10 **appropriation.**

- 11 1. There is created in the state treasury the agriculture diversification and development  
12 fund. The fund consists of all moneys transferred to the fund by the legislative  
13 assembly, interest upon moneys in the fund, and payments of interest and principal on  
14 loans made from the fund. Moneys in the fund are appropriated to the Bank of North  
15 Dakota on a continuing basis for loan disbursements, ~~grants~~, and administrative costs  
16 pursuant to this section. ~~No more than twenty-five percent of the fund may be utilized~~  
17 ~~for grants in a biennium,~~ and moneys in the fund are appropriated to the agriculture  
18 commissioner on a continuing basis for grants pursuant to this section. The  
19 agricultural products utilization commission shall designate the amount available from  
20 the fund for loans and grants.
- 21 2. Loans, interest rate buydowns, or grants may be issued from the fund to support new  
22 or expanding value-added agriculture businesses that demonstrate financial feasibility,  
23 enhance profitability for farmers and ranchers, create jobs, and grow the state's

1 economy. Value-added agriculture businesses include food production or processing  
2 facilities; feed or pet food processing facilities; commodity processing facilities;  
3 agriculture product manufacturers; and animal agriculture production facilities,  
4 including swine, poultry, dairy, and feed lot production facilities.

5 3. The Bank of North Dakota shall develop policies for loans from the fund in consultation  
6 with the ~~agriculture diversification and development committee~~agricultural products  
7 utilization commission. The Bank shall review loan applications. To be eligible for a  
8 loan under this section, an entity shall agree to provide the Bank with information as  
9 requested. The Bank may develop policies for loan participation with local financial  
10 institutions. The Bank shall deposit in the fund all principal and interest paid on the  
11 outstanding loans. The Bank may use a portion of the interest paid as a servicing fee  
12 to pay for administrative costs, which may not exceed one-half of one percent of the  
13 amount of the outstanding loans. ~~The Bank shall contract with a certified public-~~  
14 ~~accounting firm to audit the fund if the fund has any loans.~~The fund must be audited  
15 annually pursuant to section 6-09-29, and the cost of the audit must be paid from the  
16 fund.

17 4. The agricultural products utilization commission shall develop policies for grants from  
18 the fund, including eligibility criteria, maximum grant amounts, and reporting  
19 requirements. Based on recommendations from the agriculture products utilization  
20 commission, the agriculture commissioner shall distribute the grant funding.

21 **SECTION 2. AMENDMENT.** Section 4.1-01.1-09 of the North Dakota Century Code is  
22 amended and reenacted as follows:

23 **4.1-01.1-09. Agriculture diversification and development fund grants program -**  
24 **Access to records.**

25 1. To the extent the ~~agriculture diversification and development committee~~agricultural  
26 products utilization commission determines the materials or data provided under  
27 section 4.1-01.1-07 consist of trade secrets or commercial, financial, or proprietary  
28 information of individuals or entities applying for grants with the committee, materials  
29 and data submitted to, made by, or received by the committee, are not public records  
30 subject to section 44-04-18 and section 6 of article XI of the Constitution of North  
31 Dakota, and are subject to section 44-04-18.4.

- 1 | 2. A person may file a request with the committeecommission to have material
- 2 | designated as confidential under subsection 1. The request must contain any
- 3 | information required by the committeecommission and must include at least the
- 4 | following:
- 5 | a. A general description of the nature of the information sought to be protected;
- 6 | b. An explanation of why the information derives independent economic value,
- 7 | actual or potential, from not being generally known to other persons;
- 8 | c. An explanation of why the information is not readily ascertainable by proper
- 9 | means of other persons;
- 10 | d. A general description of any person that may obtain economic value from
- 11 | disclosure or use of the information, and how the person may obtain this value;
- 12 | and
- 13 | e. A description of the efforts used to maintain the secrecy of the information.
- 14 | 3. A request under subsection 2 is confidential. The committeecommission shall examine
- 15 | the request and determine whether the information is relevant to the matter at hand
- 16 | and is a trade secret under the definition in section 47-25.1-01 or 44-04-18.4. If the
- 17 | committeecommission determines the information is not relevant or not a trade secret,
- 18 | the committeecommission shall notify the requester and the requester may ask for the
- 19 | return of the information and the request within ten days of the notice. If no return is
- 20 | sought, the information and request are public records.
- 21 | 4. The names or identities of independent technical reviewers on a project or program
- 22 | are confidential, may not be disclosed by the committeecommission, and are not
- 23 | public records subject to section 44-04-18 or section 6 of article XI of the Constitution
- 24 | of North Dakota.

25 | **SECTION 3. REPEAL.** Section 4.1-01.1-08 of the North Dakota Century Code is repealed.

26 | **SECTION 4. APPROPRIATION - TRANSFER TO AGRICULTURE DIVERSIFICATION**  
27 | **AND DEVELOPMENT FUND.** There is appropriated out of any moneys in the general fund in  
28 | the state treasury, not otherwise appropriated, the sum of \$50,000,000, which the office of  
29 | management and budget shall transfer to the agriculture diversification and development fund,  
30 | during the biennium beginning July 1, 2023, and ending June 30, 2025.



**Testimony of Dana Hager**  
**Economic Development Association of North Dakota**  
**In Support of HB 1276**  
**Feb. 8, 2023**

Chairman Vigessa and members of the House Appropriations Committee:

My name is Dana Hager, executive director of the Economic Development Association of North Dakota (EDND). I am here to express support for HB 1276 relating to the Agriculture Diversification and Development Fund (ADD).

EDND represents more than 80 state economic development organizations on the front line of economic development efforts throughout North Dakota. EDND members understand that our state's long-term future depends upon expanded economic diversification and supporting innovation that will bring new wealth to the state.

The Agriculture Diversification and Development Fund (ADD) was established through HB 1475 during the sixty-seventh Legislative Assembly to support new or expanding value-added-agriculture businesses. These funding opportunities, including grants, interest rate buydowns and loans, are important tools for agriculture opportunities and businesses in North Dakota. With every value-added-agriculture company North Dakota supports, our state becomes more diversified and better positioned for the future.

Thank you for taking the time to share EDND's support HB 1276. We request the committee's support in funding ADD to help grow this program for the state's future agriculture businesses.



**Testimony of Brenda Elmer, executive director**

**North Dakota Corn Growers Association**

**In SUPPORT of HB 1276**

**February 8, 2023**

Chairman Vigessa and members of the House Appropriations Committee,

Thank you for allowing me to share our support of House Bill 1276. For the record, my name is Brenda Elmer, and I am the executive director of the North Dakota Corn Growers Association (NDCGA), which is the voice of the more than 13,000 corn growers across the state at the grass roots level.

HB 1276 would help provide what is otherwise one of the biggest impediments to more value-add agriculture endeavors in our state and that is the capital to get it off the ground or to expand. The agriculture diversification and development fund has been a successful program and the infusion this bill provides will allow it to continue to pay dividends to the taxpayers of North Dakota many times over.

We urge your support of HB 1276. Thank you for your time and consideration to vote DO PASS on HB 1276.



Contact:  
**Matt Perdue, Lobbyist**  
[mperdue@ndfu.org](mailto:mperdue@ndfu.org) | 701.641.3303

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**Testimony of  
Matt Perdue  
North Dakota Farmers Union  
Before the  
House Appropriations Committee  
February 8, 2023**

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Chairman Vigesaa and members of the committee,

Thank you for the opportunity to testify on House Bill No. 1276. My name is Matt Perdue, and I am testifying on behalf of North Dakota Farmers Union.

NDFU supports HB 1276, which would provide \$50 million in new funding for the Agricultural Diversification and Development (ADD) fund. This program, which was established during the 2021 legislation session, is one of North Dakota's unique tools for developing value-added agriculture in our state.

The ADD fund provides interest buydowns and grants to support new or expanding value-added projects of all types. The ADD fund has demonstrated its value to processing facilities in our state. We also believe it will serve as a key tool for incentivizing livestock development.

In its first 18 months of operation, the ADD fund has supported a variety of value-added projects. ADD fund recipients include meat processors, ethanol facilities, craft malting, pea flour processing and more. Each of these projects demonstrates the ADD funds stated purpose to:

1. Enhance profitability for farmers and ranchers;
2. Create jobs; and
3. Grow the state's economy.

NDFU has had the opportunity to work with a couple projects that have received support from the ADD fund. We can confidently say the program is a game changer for those projects and for North Dakota agriculture.

We respectfully request a "Do Pass" recommendation on HB 1276. I will stand for any questions.





Testimony of Samantha Vangsness

Executive Director, North Dakota Ethanol Producers Association

**In Support** of HB 1276

February 8, 2023

Chairman Vigesaa and members of the House Appropriations Committee,

Thank you for the opportunity to testify before you today, I am Samantha Vangsness. I am executive director for the North Dakota Ethanol Producers Association (NDEPA), which represents North Dakota's six ethanol plants, industry stakeholders and associated businesses. I am here today to voice support for HB 1276, which allocates \$50 million to the agriculture diversification and development (ADD) fund.

Thanks to North Dakota's innovative private sector and supportive state government, North Dakota's ethanol industry has been able to expand into various markets. Annually the industry converts 40-60% of the state's corn crop into more than 550 million gallons of ethanol, 1.5 million tons of high-value livestock feed (distillers grain), 2.4 million tons of CO<sub>2</sub> and 20 million gallons of corn oil used in renewable diesel. According to a recent study conducted by North Dakota State University, the ethanol industry contributes nearly \$1.7 billion annually to the state's economy and provides thousands of direct and indirect jobs.

Since the creation of the ADD fund in the 67<sup>th</sup> Legislative Assembly, ten projects have been funded, including one at Tharaldson Ethanol. This project implements a selective milling technology system to improve efficiency and increase ethanol production per bushel of corn. The additional funds will assist ethanol and other industries in innovation and diversification into the future.

Thank you for your time, and I respectfully urge a 'Do Pass' recommendation on HB 1276. I stand for any questions.

COMMISSIONER  
DOUG GOEHRING



[ndda@nd.gov](mailto:ndda@nd.gov)  
[www.nd.gov/ndda](http://www.nd.gov/ndda)

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

**Testimony of Tom Bodine**  
**Deputy Agriculture Commissioner**  
**House Appropriations Committee**  
**Brynhild Haugland Room**  
**February 8, 2023**

Chairman Vigesaa, and members of the House Appropriations Committee, I am Tom Bodine, deputy commissioner here on behalf of agriculture commissioner Doug Goehring and I'm here today in support of House Bill 1276.

The agriculture diversification and development committee were created as part of the agriculture diversification and development fund (ADD) to provide grant funds to projects meeting the requirements of ADD. By law we currently have 2.5 million available for grants. To date, we have provided funding to 10 projects totaling \$2,174,000 in grants. From that funding over 100 million dollars in agriculture-based project developments have occurred. We have \$326,000 remaining which will be granted out in a meeting later this month.

Additional funding as specified in this bill is vital to continue to provide support to agriculture development. As the program continues to grow, there is a need for additional grant dollars to match the opportunities in agriculture development.

Chairman Vigesaa, and committee members, thank you for your time and I'd be happy to answer any questions you may have.

## Agriculture Diversification and Development Fund

<b>Company</b>	<b>Amount Obligated</b>	<b>Paid</b>	<b>Total Project Cost</b>
Yellowstone River Beef Inc.	\$250,000	\$250,000	\$ 312,500.00
GP Turnkey Tharaldson, LLC	\$250,000	\$125,000	\$ 80,317,467.00
Agassiz Sustainable LLC	\$250,000	\$125,000	\$ 500,000.00
Tharaldson Ethanol Plant I, LLC	\$250,000	\$125,000	\$ 6,200,000.00
South 40 Beef LLC	\$200,000	\$100,000	\$ 250,000.00
Nodak Meats, LLC	\$149,000	pending	\$ 456,100.00
6 In 1 Meats, LLC	\$200,000	pending	\$ 275,000.00
Cloverdale Foods Company	\$125,000	\$62,500	\$ 340,311.00
North American Bison, LLC	\$250,000	\$125,000	\$ 8,490,748.00
Two Track Malting, LLC	<u>\$250,000</u>	<u>\$125,000</u>	<u>\$ 4,250,000.00</u>
<b>TOTAL</b>	<u><b>\$2,174,000</b></u>	<u><b>\$1,037,500</b></u>	<u><b>\$ 101,392,126.00</b></u>

Total Grant Fund	\$2,500,000
Amount Obligated	<u>(\$2,174,000)</u>
Remaining Grant	<u><b>\$326,000</b></u>



# AGRICULTURE DIVERSIFICATION AND DEVELOPMENT FUND

GRANT REPORT 2022



Agriculture Commissioner  
Doug Goehring

**BND**   
Bank of North Dakota



## ABOUT ADD

The Agriculture Diversification and Development Fund (ADD) was established through HB No. 1475 during the 67th Legislative Assembly to support new or expanding value-added-agriculture businesses that demonstrate financial feasibility, enhance profitability for farmers and ranchers, create jobs and grow North Dakota's economy. The funding opportunities include grants, interest rate buydowns and loans.

The North Dakota Department of Agriculture (NDDA) houses the ADD grant committee. The committee is tasked with the review and recommendation of the grant funding portion of the ADD program. Applications for the program can be found at the Bank of North Dakota at <https://bnd.nd.gov/ag/agriculture-diversification-and-development-fund/>.

Applicants must complete the ADD application form and submit a complete business plan, current balance sheet and income statement along with full sources and use of funds.

## ELIGIBILITY

A value-added agriculture business registered with the North Dakota Secretary of State's office or a North Dakota resident that diversifies a crop or animal industry and provides collateral uses for agriculture resources. Businesses with a majority ownership comprised of North Dakota residents will have priority over majority non-North Dakota-owned applications. Companies outside North Dakota must have an established relationship with a North Dakota partner which includes an individual, company or agency to validate the credibility of the proposal and comply with the intent of the Code. The types of projects may include but are not limited to:

- Food production and processing facilities
- Feed or pet food processing facilities
- Commodity processing facilities
- Agriculture product manufacturer
- Animal production facilities

Priority consideration is given to projects most consistent with the mission of the Agriculture Diversification and Development Committee as established in North Dakota Century Code 4.1-01.1. Emphasis will be given to those proposals deemed most likely to generate economic returns and support agricultural-based prosperity of a region or sector of the state.

## USE OF PROCEEDS

Proceeds may be used to:

- Purchase or lease equipment.
- To establish a value-added agriculture business.
- To expand an existing value-added agriculture business.

Proceeds may not be used to:

- Fund salaries or operating expenses normally associated with standard business practices.
- Refinance an existing loan or debt.

# ADMINISTRATION

## ADD COMMISSIONERS

The ADD committee consists of 11 board members. The Agriculture Commissioner appoints five members and the Governor appoints one member.

The board also includes three statutory members: the North Dakota Agriculture Commissioner, the Director of the Department of Economic Development & Finance, and the President of North Dakota State University, or their designees. The remaining two members must be representatives from Independent Community Banks of North Dakota and North Dakota Bankers Association.



RACHEL RETTERATH, CHAIR  
Commissioner's Appointee



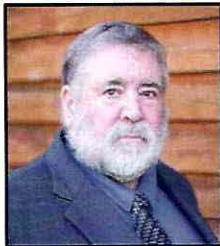
MATTHEW GLESSNER, VICE CHAIR  
Commissioner's Appointee



DAN KALIL  
Commissioner's Appointee



KEITH PELTIER  
Commissioner's Appointee



BILL ONGSTAD  
Commissioner's Appointee



WADE BOESHANS  
Governor's Appointee



DENNIS WALSH  
Independent Community  
Banks of North Dakota



DIANNE PIERCE  
North Dakota  
Bankers Association



KEVIN SONSALLA  
Commerce Designee



DOUG GOEHRING  
Agriculture Commissioner



DAVID COOK  
NDSU President

## ADD STAFF



JOHN F. SCHNEIDER  
Business, Marketing  
& Information Division  
Director



BRADLEY DEAN  
Administration

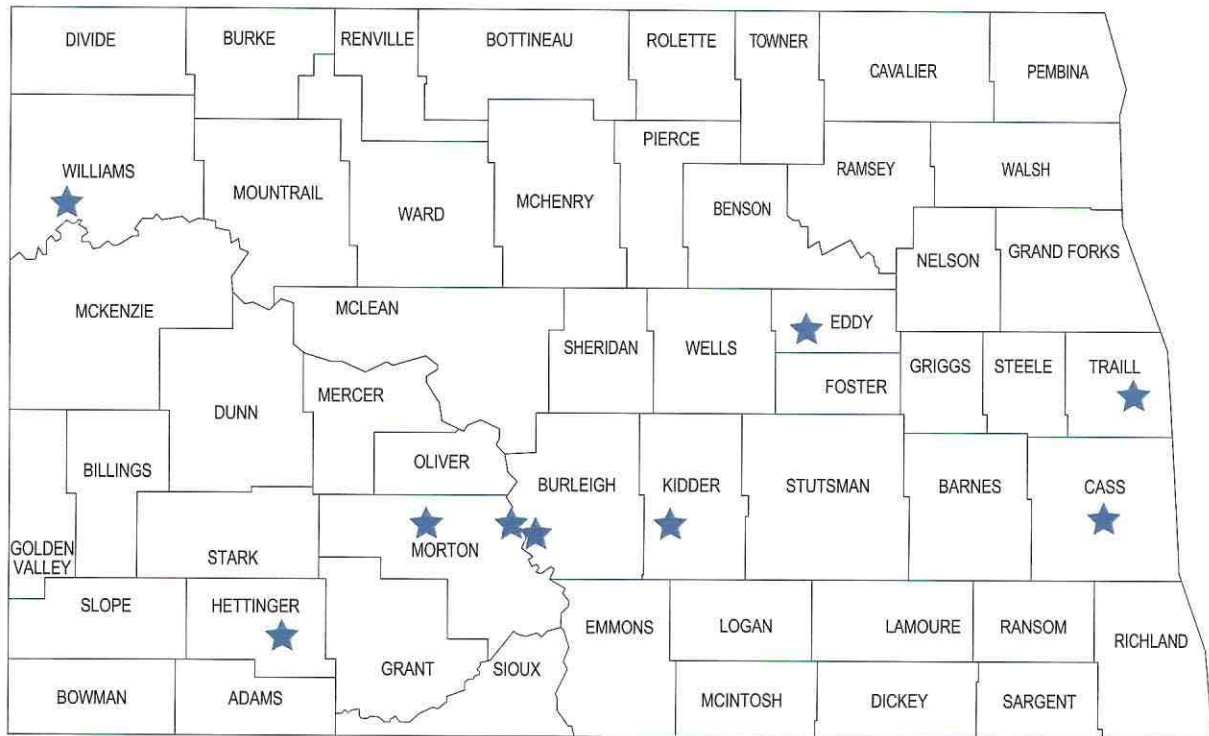


BETTY SCHNEIDER  
Administration



# PROJECT MAP

In 2022, ADD funded 10 projects in 9 North Dakota communities, totaling over \$2.1 million in grants.



- Bismarck - Two Track Malting, LLC
- Casselton - GP Turnkey Tharaldson, LLC
- Casselton - Tharaldson Ethanol Plant I, LLC
- Hillsboro - Agassiz Sustainable LLC
- Mandan - Cloverdale Foods Company
- Mott - South 40 Beef LLC
- New Rockford - North American Bison, LLC
- New Salem - 6 in 1 Meats, LLC
- Steele - Nodak Meats, LLC
- Williston - Yellowstone River Beef Inc.

# PROJECTS



*A worker trims beef at South 40 Beef in Mott, ND*

## **YELLOWSTONE RIVER BEEF INC.**

Trevor Abell, Williston

Grant Amount: \$250,000

Grant funding will be utilized to assist in the continued expansion of Yellowstone River Beef which includes a new shipping dock and expanded office space. Along with this, Yellowstone River Beef is adding new carcass cooling as well as expanding the kill floor to allow for more processing of local North Dakota beef. Yellowstone River Beef is an existing USDA beef processing facility.

## **GP TURNKEY THARALDSON, LLC**

Ryan Carter, Casselton

Grant Amount: \$250,000

Grant funding will be utilized to obtain equipment needed to produce higher-value proteins and corn oil at the Tharaldson ethanol facility. Maximized Stillage Co-Product (MSC) High Protein will improve the company's flexibility and profitability by producing higher-value proteins (50% or greater) and corn oil in a sustainable manner. This project is expected to be 105,000

tons at capacity. Currently this high protein is not available in North Dakota. This project will produce a high purity protein product that trades in the alternative high-value protein market. The protein has shown great success in the pet food, aqua, dairy, poultry, and swine markets.

## **AGASSIZ SUSTAINABLE LLC**

Hua Sun, Hillsboro

Grant Amount: \$250,000

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Grant funding will be utilized for starting a custom exempt meat processing facility in Steele, North Dakota. The demand for cattle processing has increased and this will help service farmers directly and provide meat to the local food industry.

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*Close up of two-row barley growing on Stober Farms near Goodrich, ND*

**TWO TRACK MALTING, LLC**

Farmed Stober, Bismarck

Grant Amount:       \$250,000

Grant funding will be utilized to assist with construction costs to complete the expansion of their facility to meet increased demand and growth. Two Track Malting is a value-added agriculture business turning barley and wheat grown in North Dakota into malt, which is used by brewers across the country.



# FUNDING

## Financials as of December 31, 2022

Total Appropriation	\$2,500,000
Total Projects Funded	<u>\$2,174,000</u>
Remaining Appropriation	\$ 326,000

## Loan Participation Commitments

Total Appropriation	\$7,500,000.00
Total Committed	<u>\$2,681,704.45</u>
Remaining Appropriation	\$4,818,295.55

**NORTH DAKOTA DEPARTMENT OF AGRICULTURE**

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**BANK OF NORTH DAKOTA**

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23.0538.01004  
Title.

Prepared by the Legislative Council staff for  
the House Appropriations Committee  
February 20, 2023

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1276

Page 1, line 1, after "Act" insert "to amend and reenact section 4.1-01.1-07 of the North Dakota Century Code, relating to the agriculture diversification and development fund"

Page 1, after line 3, insert:

**"SECTION 1. AMENDMENT.** Section 4.1-01.1-07 of the North Dakota Century Code is amended and reenacted as follows:

**4.1-01.1-07. Agriculture diversification and development fund - Continuing appropriation.**

1. There is created in the state treasury the agriculture diversification and development fund. The fund consists of all moneys transferred to the fund by the legislative assembly, interest upon moneys in the fund, and payments of interest and principal on loans made from the fund. Moneys in the fund are appropriated to the Bank of North Dakota on a continuing basis for loan disbursements, ~~grants,~~ and administrative costs pursuant to this section. No more than twenty five percent of the fund may be utilized for grants in a biennium, and moneys in the fund are appropriated to the agriculture commissioner on a continuing basis for grants pursuant to this section. The agricultural diversification and development committee shall designate the amount available from the fund for loans and grants.
2. Loans, interest rate buydowns, or grants under subsections 3 and 4 may be issued from the fund to support new or expanding value-added agriculture businesses that demonstrate financial feasibility, enhance profitability for farmers and ranchers, create jobs, and grow the state's economy. Grants under subsection 5 may be issued from the fund for infrastructure improvements necessary for the development or expansion of new or existing value-added agriculture businesses. Value-added agriculture businesses include food production or processing facilities; feed or pet food processing facilities; commodity processing facilities; agriculture product manufacturers; and animal agriculture production facilities, including swine, poultry, dairy, and feed lot production facilities.
3. The Bank of North Dakota shall develop policies for loans from the fund in consultation with the agricultural diversification and development committee. The Bank shall review loan applications. To be eligible for a loan under this section, an entity shall agree to provide the Bank with information as requested. The Bank may develop policies for loan participation with local financial institutions. The Bank shall deposit in the fund all principal and interest paid on the outstanding loans. The Bank may use a portion of the interest paid as a servicing fee to pay for administrative costs, which may not exceed one-half of one percent of the amount of the outstanding loans. ~~The Bank shall contract with a certified public accounting firm to audit the fund if the fund has any loans.~~ The fund must be audited annually pursuant to section 6-09-29, and the cost of the audit must be paid from the fund.

4. The agricultural diversification and development committee shall develop policies for grants from the fund to support new or expanding value-added agriculture businesses, including eligibility criteria, maximum grant amounts, and reporting requirements. Based on recommendations from the agricultural diversification and development committee, the agriculture commissioner shall distribute the grant funding.
5. The agricultural diversification and development committee shall develop policies for grants from the fund to political subdivisions, individuals, or organizations for infrastructure improvements necessary for the development or expansion of new or existing value-added agriculture businesses, including eligibility criteria and reporting requirements. Grants to political subdivisions are limited to one million two hundred fifty thousand dollars per project and may not exceed eighty percent of the infrastructure improvement costs. Grants to individuals or organizations are limited to three hundred fifty thousand dollars and may not exceed eighty percent of the infrastructure improvement costs. Eligible uses of grant funding include water and sewer line improvements and electrical and gas supply improvements. Grant funding may not be used for routine maintenance or operating costs. Based on recommendations from the agricultural diversification and development committee, the agriculture commissioner shall distribute the grant funding."

Page 1, line 6, replace "\$50,000,000" with "\$30,000,000"

Page 1, line 8, after the period insert "Of the \$30,000,000, up to \$10,000,000 is available for grants to political subdivisions."

Renumber accordingly

#### **STATEMENT OF PURPOSE OF AMENDMENT:**

This amendment:

- Decreases the amount transferred from the general fund to the agriculture diversification and development fund by \$20 million, from \$50 million to \$30 million.
- Authorizes the Agriculture Commissioner to provide grants from the fund, including grants to political subdivisions for infrastructure necessary for the development or expansion of a value-added agriculture facility.
- Requires the Agriculture Diversification and Development Committee to develop grant guidelines and to make grant recommendations.





Contact:

**Matt Perdue, Lobbyist**

[mperdue@ndfu.org](mailto:mperdue@ndfu.org) | 701.641.3303

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**Testimony of  
Matt Perdue  
North Dakota Farmers Union  
Before the  
Senate Agriculture and Veterans Affairs Committee  
March 23, 2023**

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Chairman Luick and members of the committee,

Thank you for the opportunity to testify on House Bill No. 1276. My name is Matt Perdue, and I am testifying on behalf of North Dakota Farmers Union's (NDFU) members.

NDFU supports HB 1276, which provides \$30 million in funding for the Agriculture Diversification and Development (ADD) Fund and establishes an Agriculture Infrastructure Grant program.

**Agriculture Diversification and Development Fund**

The ADD Fund was established during the 2021 legislative session and is one of North Dakota's unique tools for developing value-added agriculture in our state. The ADD Fund provides interest buydowns and grants to support new or expanding value-added projects of all types. The ADD Fund has demonstrated its value in supporting processing expansion. It will also serve as a key tool for supporting livestock development in the years ahead.

In its first 18 months of operation, the ADD Fund has supported a variety of value-added projects. ADD Fund recipients include meat processors, ethanol facilities, craft malting, pea flour processing and more. NDFU has had the opportunity to work with a couple projects that have received support from the ADD Fund. We can confidently say the program is a game changer for those projects and for North Dakota agriculture.

**Agriculture Infrastructure Grants**

Section 1, Subsection 5 authorizes new Agriculture Infrastructure Grants. These grants will address external costs associated with livestock and commodity processing facilities. These new developments are often accompanied by increased truck traffic, requiring road and bridge upgrades and improvements. The program would provide cost-share of up to \$1.25 million or 80% of road improvement costs to support infrastructure projects. New value-added projects often also face high costs to access natural gas, three-phase power, and water and sewer infrastructure. The program provides up to \$350,000 per project to address those "last mile" infrastructure needs.

Agriculture Infrastructure Grants help promote local acceptance of livestock and agriculture processing facilities. The external costs of these projects are often a valid concern for local residents. The program helps mitigate those concerns, supporting broader efforts to build local support for new projects.

The Agriculture Infrastructure Grants program is modeled after South Dakota's Agribusiness Access Grant program. It is a proven model that will support continued growth in value-added agriculture in our state.



NDFU supports amending HB 1276 to clarify that the Agriculture Infrastructure Grants program is a unique program within the ADD Fund. We also support changes that gives the Agriculture Commissioner authority over policy development, administration and granting decisions under the fund. We believe this streamlined administration is more appropriate for this specific program.

Thank you for the opportunity to testify. NDFU respectfully requests a "Do Pass" recommendation on HB 1276. I will stand for any questions.



COMMISSIONER  
DOUG GOEHRING



[ndda@nd.gov](mailto:ndda@nd.gov)  
[www.nd.gov/ndda](http://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**  
**Senate Agriculture and Veteran Affairs Committee**  
**Fort Union Room**  
**February 8, 2023**

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Chairman Luick, and members of the Senate Agriculture and Veteran Affairs Committee, I am Agriculture Commissioner Doug Goehring and I'm here today in support of House Bill 1276.

The agriculture diversification and development committee was created as part of the agriculture diversification and development fund (ADD) to provide grants to projects meeting the requirements of ADD. To date, we have provided funding to 10 projects totaling \$2,174,000 in grants. From that funding over \$100 million dollars in agriculture-based project developments have occurred. Additional funding as specified in this bill is vital to continue to provide support to agriculture development.

At this time, I would like to offer an amendment to make the agriculture infrastructure grant program its own section in law, instead of portion of ADD committee. Infrastructure grants program would be up to \$10 million of the total of the ADD fund. Political subdivisions would be limited to grants of \$1.25 million per project or 80% of total cost. Grants to the actual individuals would be limited to \$350 thousand or 80% of total cost. The grants to support infrastructure needs to political subdivisions and

individuals are critical to allow diversification and development of value-added projects.

Chairman Luick, and committee members, thank you for your time and I'd be happy to answer any questions you may have.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1276

Page 2, line 22: Insert **SECTION 2. AMENDMENT.** A new section to chapter 4.1-01 of the North Dakota Century Code is created and enacted as follows:

**Agriculture infrastructure grant program.**

The agriculture commissioner shall develop policies to administer the grants, including a grant application process and eligibility criteria. Grants to political subdivisions are limited to one million two hundred fifty thousand dollars per project and may not exceed eighty percent of the infrastructure project cost. Grants to individuals or organizations are limited to three hundred fifty thousand dollars per project and may not exceed eighty percent of the capital improvement project costs. Eligible uses of grant funding include road and bridge improvements, water and sewer line improvements, and electrical and gas supply improvements. Grant funding may not be used for routine maintenance or operating costs. For purposes of grant eligibility, value-added agriculture businesses includes the same businesses as provided under section 4.1-01.1-07. The agriculture commissioner shall distribute the funding.

Page 3 line 9: after word available, insert agriculture infrastructure.

Renumber accordingly

**PROPOSED AMENDMENT TO HB 1276  
VERSION 23.0538.04000**

Page 1, lines 9-21. Replace with the following language.

**Agriculture infrastructure grant program.**

1. The agriculture commissioner, in consultation with the director of the department of transportation, shall develop policies to administer the agriculture infrastructure grant program to include a grant application process and eligibility criteria.
2. The agriculture commissioner, in consultation with the director of the department of transportation, shall award grants to political subdivisions for road and bridge improvements necessary to accommodate value-added agriculture businesses. Grant funding under this subsection may be used for:
  - a. Corridor improvements on county and township roadways.
  - b. Improvements to roads or bridges that provide access to value-added agriculture businesses.
3. The agriculture commissioner shall award grants to individuals and organizations for water and sewer line improvements, and electrical and gas supply improvements necessary to accommodate value-added agriculture businesses.
4. Grants awarded under this section may not exceed:
  - a. The lesser of one million two hundred-fifty thousand dollars per project or eighty percent of the infrastructure project cost for grants awarded under subsection 2.
  - b. The lesser of three hundred-fifty thousand dollars per project or eighty percent of the capital improvement project costs for grants awarded under subsection 3.
5. For purposes of grant eligibility under this section, value-added agriculture businesses include the same businesses as provided under section 4.1-01.1-07.
6. Grant funding under this section may not be used for routine maintenance or operating costs.



# AGRICULTURE DIVERSIFICATION AND DEVELOPMENT FUND

## GRANT REPORT 2022



Agriculture Commissioner  
Doug Goehring



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## ABOUT ADD

The Agriculture Diversification and Development Fund (ADD) was established through HB No. 1475 during the 67th Legislative Assembly to support new or expanding value-added-agriculture businesses that demonstrate financial feasibility, enhance profitability for farmers and ranchers, create jobs and grow North Dakota's economy. The funding opportunities include grants, interest rate buydowns and loans.

The North Dakota Department of Agriculture (NDDA) houses the ADD grant committee. The committee is tasked with the review and recommendation of the grant funding portion of the ADD program. Applications for the program can be found at the Bank of North Dakota at <https://bnd.nd.gov/ag/agriculture-diversification-and-development-fund/>.

Applicants must complete the ADD application form and submit a complete business plan, current balance sheet and income statement along with full sources and use of funds.

## ELIGIBILITY

A value-added agriculture business registered with the North Dakota Secretary of State's office or a North Dakota resident that diversifies a crop or animal industry and provides collateral uses for agriculture resources. Businesses with a majority ownership comprised of North Dakota residents will have priority over majority non-North Dakota-owned applications. Companies outside North Dakota must have an established relationship with a North Dakota partner which includes an individual, company or agency to validate the credibility of the proposal and comply with the intent of the Code. The types of projects may include but are not limited to:

- Food production and processing facilities
- Feed or pet food processing facilities
- Commodity processing facilities
- Agriculture product manufacturer
- Animal production facilities

Priority consideration is given to projects most consistent with the mission of the Agriculture Diversification and Development Committee as established in North Dakota Century Code 4.1-01.1. Emphasis will be given to those proposals deemed most likely to generate economic returns and support agricultural-based prosperity of a region or sector of the state.

## USE OF PROCEEDS

Proceeds may be used to:

- Purchase or lease equipment.
- To establish a value-added agriculture business.
- To expand an existing value-added agriculture business.

Proceeds may not be used to:

- Fund salaries or operating expenses normally associated with standard business practices.
- Refinance an existing loan or debt.

# ADMINISTRATION

## ADD COMMISSIONERS

The ADD committee consists of 11 board members. The Agriculture Commissioner appoints five members and the Governor appoints one member.

The board also includes three statutory members: the North Dakota Agriculture Commissioner, the Director of the Department of Economic Development & Finance, and the President of North Dakota State University, or their designees. The remaining two members must be representatives from Independent Community Banks of North Dakota and North Dakota Bankers Association.



RACHEL RETTERATH, CHAIR  
Commissioner's Appointee



MATTHEW GLESSNER, VICE CHAIR  
Commissioner's Appointee



DAN KALIL  
Commissioner's Appointee



KEITH PELTIER  
Commissioner's Appointee



BILL ONGSTAD  
Commissioner's Appointee



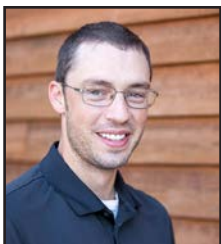
WADE BOESHANS  
Governor's Appointee



DENNIS WALSH  
Independent Community  
Banks of North Dakota



DIANNE PIERCE  
North Dakota  
Bankers Association



KEVIN SONSALLA  
Commerce Designee



DOUG GOEHRING  
Agriculture Commissioner



DAVID COOK  
NDSU President

## ADD STAFF



JOHN F. SCHNEIDER  
Business, Marketing  
& Information Division  
Director



BRADLEY DEAN  
Administration

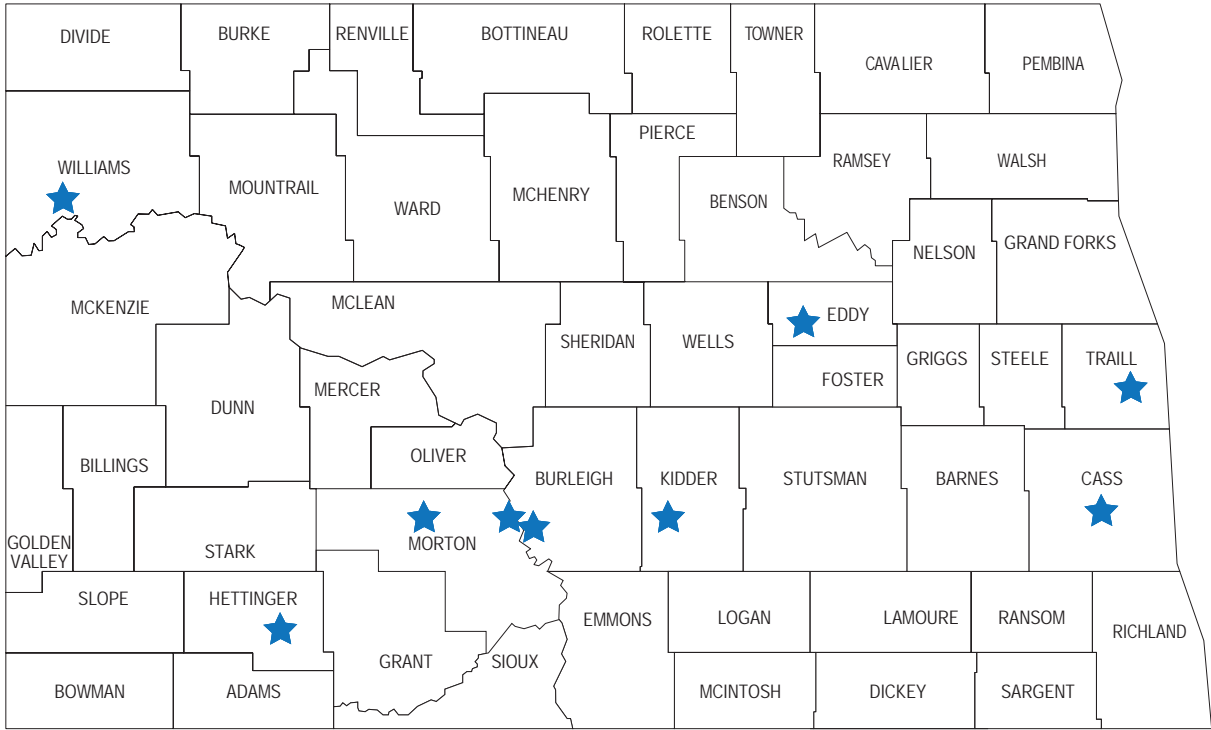


BETTY SCHNEIDER  
Administration



# PROJECT MAP

In 2022, ADD funded 10 projects in 9 North Dakota communities, totaling over \$2.1 million in grants.



- Bismarck - Two Track Malting, LLC
- Casselton - GP Turnkey Tharaldson, LLC
- Casselton - Tharaldson Ethanol Plant I, LLC
- Hillsboro - Agassiz Sustainable LLC
- Mandan - Cloverdale Foods Company
- Mott - South 40 Beef LLC
- New Rockford - North American Bison, LLC
- New Salem - 6 in 1 Meats, LLC
- Steele - Nodak Meats, LLC
- Williston - Yellowstone River Beef Inc.



*A worker trims beef at South 40 Beef in Mott, ND*

## **YELLOWSTONE RIVER BEEF INC.**

Trevor Abell, Williston

Grant Amount: \$250,000

Grant funding will be utilized to assist in the continued expansion of Yellowstone River Beef which includes a new shipping dock and expanded office space. Along with this, Yellowstone River Beef is adding new carcass cooling as well as expanding the kill floor to allow for more processing of local North Dakota beef. Yellowstone River Beef is an existing USDA beef processing facility.

## **GP TURNKEY THARALDSON, LLC**

Ryan Carter, Casselton

Grant Amount: \$250,000

Grant funding will be utilized to obtain equipment needed to produce higher-value proteins and corn oil at the Tharaldson ethanol facility. Maximized Stillage Co-Product (MSC) High Protein will improve the company's flexibility and profitability by producing higher-value proteins (50% or greater) and corn oil in a sustainable manner. This project is expected to be 105,000

tons at capacity. Currently this high protein is not available in North Dakota. This project will produce a high purity protein product that trades in the alternative high-value protein market. The protein has shown great success in the pet food, aqua, dairy, poultry, and swine markets.

## **AGASSIZ SUSTAINABLE LLC**

Hua Sun, Hillsboro

Grant Amount: \$250,000

Grant funding will be utilized for the pilot project of an Agassiz Sustainable wheat straw pulping facility near Hillsboro, ND. The project will convert residual wheat straw into pulp for producing food containers which uses 70% less water and 60% less chemical than competing processes, and produces a usable carbon in either liquid, syrup, or pelletized form that can be returned to the farmland to preserve soil carbon content. At full production, this facility will use 20,000 metric tons of wheat straw, providing \$1.2 million in additional annual revenue to farmers.

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*Close up of two-row barley growing on Stober Farms near Goodrich, ND*

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Jared Stober, Bismarck

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Total Committed	<u>\$2,681,704.45</u>
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23.0538.03004  
Title.

Fiscal No. 1

Prepared by the Legislative Council staff for  
the Senate Appropriations - Government  
Operations Division Committee  
April 6, 2023

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1276

In lieu of the amendments adopted by the Senate as printed on pages 1042-1044 of the Senate Journal, Engrossed House Bill No. 1276 is amended as follows:

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 4.1-01 of the North Dakota Century Code, relating to the agriculture infrastructure grant program;"

Page 1, after line 4, insert:

"**SECTION 1.** A new section to chapter 4.1-01 of the North Dakota Century Code is created and enacted as follows:

**Agriculture infrastructure grant program.**

1. The agriculture commission, in consultation with the director of the department of transportation, shall develop policies to administer the agriculture infrastructure grant program to include a grant application process and eligibility criteria.
2. The agriculture commissioner, in consultation with the director of the department of transportation, shall award grants to political subdivisions for road and bridge improvements necessary to accommodate value-added agriculture businesses. Grant funding under this subsection may be used for:
  - a. Corridor improvements on county and township roadways; and
  - b. Improvements to roads or bridges that provided access to value-added agriculture businesses.
3. The agriculture commissioner shall award grants to entities for water and sewer line improvements and electrical and gas supply improvements necessary to accommodate value-added agriculture businesses.
4. Grants awarded under this section may not exceed:
  - a. The lesser of one million two hundred fifty thousand dollars per project or eighty percent of the infrastructure project cost for grants awarded under subsection 2.
  - b. The lesser of three hundred fifty thousand dollars per project or eighty percent of the capital improvement project costs for grants awarded under subsection 3.
5. For purposes of grant eligibility under this section, value-added agriculture businesses include the same businesses as provided under section 4.1-01.1-07.
6. Grant funding under this section may not be used for routine maintenance or operating costs."

Page 1, line 16, after "section" insert "and section 1 of this Act"

Page 1, line 18, after "loans" insert ", interest rate buydowns."

Page 1, line 22, replace "subsection 5" with "section 1 of this Act"

Page 2, line 6, after "loans" insert "and interest rate buydowns"

Page 2, remove lines 22 through 31

Page 3, remove lines 1 through 3

Page 3, line 6, replace "\$30,000,000" with "\$25,000,000"

Page 3, line 8, replace "\$30,000,000" with "\$25,000,000"

Page 3, line 9, after "for" insert "agriculture infrastructure"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1276 - Department of Agriculture - Senate Action**

	Base Budget	House Version	Senate Changes	Senate Version
Agriculture diversification		\$30,000,000	(\$5,000,000)	\$25,000,000
Total all funds	\$0	\$30,000,000	(\$5,000,000)	\$25,000,000
Less estimated income	0	0	0	0
General fund	\$0	\$30,000,000	(\$5,000,000)	\$25,000,000
FTE	0.00	0.00	0.00	0.00

**Department 602 - Department of Agriculture - Detail of Senate Changes**

	Reduces Funding for Grants <sup>1</sup>	Total Senate Changes
Agriculture diversification	(\$5,000,000)	(\$5,000,000)
Total all funds	(\$5,000,000)	(\$5,000,000)
Less estimated income	0	0
General fund	(\$5,000,000)	(\$5,000,000)
FTE	0.00	0.00

<sup>1</sup> Funding for agriculture diversification and infrastructure grants is reduced from \$30 million to \$25 million.

This amendment also creates a statutory section and provides guidelines for the agriculture infrastructure grant program.