

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

AGRICULTURE COMMITTEE

Tuesday, December 19, 2017
Roughrider Room, State Capitol
Bismarck, North Dakota

Representative Dennis Johnson, Chairman, called the meeting to order at 10:00 a.m.

Members present: Representatives Dennis Johnson, Kathy Hogan, Michael Howe, Craig A. Johnson, Dwight Kiefert, Kathy Skroch; Senators Jim Dotzenrod, Joan Heckaman, Larry Luick, Janne Myrdal

Member absent: Senator Bill L. Bowman

Others present: Representative Corey Mock, Grand Forks, member of the Legislative Management
See [Appendix A](#) for additional persons present.

It was moved by Senator Heckaman, seconded by Senator Myrdal, and carried on a voice vote that the minutes of the September 18, 2017, meeting be approved as distributed.

NORTH DAKOTA STATE SOIL CONSERVATION COMMITTEE STUDY

At the request of Chairman Johnson, the Legislative Council staff presented a background memorandum entitled [Agriculture Committee - State Soil Conservation Committee Background Memorandum](#).

The Legislative Council staff said the office has received a number of letters ([Appendix B](#)) in support of the North Dakota State Soil Conservation Committee (NDSSCC).

Chairman Johnson said he obtained a copy ([Appendix C](#)) of the criteria used by NDSSCC when scoring applications for the Soil Conservation District Assistance Program.

North Dakota State Soil Conservation Committee

Chairman Johnson called on Mr. Dennis Renner, Chair, North Dakota State Soil Conservation Committee, for a presentation ([Appendix D](#)) regarding the duties, responsibilities, costs, efficiencies, and needs of the committee.

In response to questions from Representative Skroch, Mr. Renner said trees were planted in the 1930s to help prevent wind erosion of the topsoil. He said some shelter belts are getting to the point at which the trees need to be replaced. He said there is a need to maintain shelter belts, replace shelter belts, and increase the beautification of the state through the planting of trees. He said the need for NDSSCC is steady and has not been declining.

In response to a question from Senator Luick, Mr. Renner said almost every district applies for a grant each biennium. He said three to four districts do not apply for grants because the districts have enough funding and do not score high enough to receive grants through the assistance program. He said funds are distributed through the assistance program on the basis of need.

In response to questions from Senator Heckaman, Mr. Renner said the committee has not dispersed all the allocated funds for this biennium. He said the money is dispersed periodically to districts throughout the biennium. He said approximately \$40,000 is held in reserve for the conservation committee's operating budget. He said money also is used for the salary and benefits of the administrator of the program. He said the salary and benefits total about \$100,000. He said the committee holds one or two meetings per year.

In response to a question from Representative Howe, Mr. Renner said he is not sure if the committee is allowed to access the North Dakota outdoor heritage fund.

In response to a question from Representative C. Johnson, Mr. Renner said as part of the assistance application process, a district is required to include a balance sheet of the district.

In response to a question from Representative Hogan, Mr. Renner said the scoring system for the assistance program is vague. He said he is not aware of how similar programs are structured in other states.

In response to a question from Representative Howe, Mr. Renner said the allocated money the committee disperses to local conservation districts goes toward paying salaries of district employees carrying out local conservation projects. He said the money does not go toward funding the projects.

In response to a question from Senator Heckaman, Mr. Renner said he will send a list of the applications, the amount of money, and the projects to the Legislative Council staff to distribute to the committee.

Chairman Johnson said he received one letter ([Appendix E](#)) from the North Dakota Nursery, Greenhouse, and Landscape Association in opposition to practices of some local conservation districts.

In response to questions from Senator Luick, Mr. Renner said only local conservation districts may apply for grant funding through the assistance program, and private individuals cannot apply through the program. He said private individuals may work with their local district on conservation projects.

In response to a question from Representative Skroch, Mr. Renner said if state appropriated funds are less than the requested amounts from local conservation districts, the districts have to scale back or make up the difference from their own resources.

In response to a question from Senator Myrdal, Mr. Renner said there is no mechanism to review funded projects after completion.

In response to a question from Senator Heckaman, Mr. Renner said the maximum amount counties may levy is 2.5 mills for conservation projects in the districts.

Mr. Bruce Schmidt, Program Coordinator, Watershed and Soil Conservation Leadership Development, North Dakota State University Extension Service, said he is the extension staff program leader who assists NDSSCC in carrying out the statutory duties of the committee. He said the funding allocated through the assistance program is used for wages to hire employees to carry out the mission and projects of local conservation districts. He said the funding does not go to the cost of the trees or other materials of the conservation projects.

North Dakota State University Extension Service

Chairman Johnson called on Mr. Jim Gray, Southwest District Director, North Dakota State University Extension Service, for a presentation ([Appendix F](#)) regarding the role of the Extension Service in relation to NDSSCC, the duties and responsibilities of the Extension Service, and the costs and efficiencies of the Extension Service relating to soil conservation.

In response to questions from Senator Luick, Mr. Gray said mining activities as they relate to required surface mining reports to NDSSCC are defined in North Dakota Century Code Section 38-16-01. He said the Extension Service's role is to gather that data on behalf of NDSSCC to be distributed to the local conservation districts.

In response to questions from Representative Hogan, Mr. Gray said there is no formal agreement of the working relationship between NDSSCC and the Extension Service outside of the duties as defined in statute. He said the working relationship has evolved over time. He said review of NDSSCC spending would occur through an audit of the Extension Service because the spending of the committee is included in the budget of the Extension Service.

In response to questions from Senator Dotzenrod, Mr. Gray said the table relating to operating expenses is independent from salary expenses. He said if Extension Service staff assists NDSSCC in tasks, the amount is billed to the internal NDSSCC line item budget cost identifier in the Extension Service budget. He said it is a way for the Extension Service to track where activity is taking place.

In response to a question from Representative Hogan, Mr. Gray said he does not know if this type of relationship between state soil conservation committees and extension services is typical in other states.

In response to questions from Senator Luick, Mr. Gray said he thinks the relationship and structure between the committee and the Extension Service works. He said the Extension Service has expertise in certain areas beneficial to the committee. He said budget reductions make the relationship more difficult because there are not as many resources available in the Extension Service budget to assist the conservation committee in its duties.

In response to a question from Senator Dotzenrod, Mr. Gray said saying the \$250,000 is used to administer the grant money to the assistance program is a mislabeling of what is occurring. He said the money is used to do many different things, including salary and hiring staff to carry out projects, training and support for staff, and operating budget. He said the money at its base form is operating overhead expenses for the program. He said he believes the amount spent would be the same regardless of whether there was \$1 million in grant money to administered or \$5 million. He said a certain level of resources are required to track financial data, process payments, and offer local support regardless of what agency is doing the work. He said the operation is pretty bare bones and he is unsure how they could reduce it further while still providing the assistance required by the committee and the local conservation districts.

Department of Agriculture

Chairman Johnson called on Mr. Doug Goehring, Agriculture Commissioner, for a presentation ([Appendix G](#)) regarding the history of NDSSCC and concerns associated with the committee.

In response to a question from Representative Howe, Mr. Goehring said he has heard there is an opportunity for various entities to go to the North Dakota outdoor heritage fund for grant resources. However, he said, he is not aware of anything specific pertaining to soil conservation districts. Because outdoor heritage fund grants are awarded based on the type of work being performed and the merit of the project, he said, he does not believe anything prevents entities from going to the outdoor heritage fund for resources.

North Dakota Association of Soil Conservation Districts

Chairman Johnson called on Mr. Keith Bartholomay, Vice President, North Dakota Association of Soil Conservation Districts, for a presentation ([Appendix H](#)) regarding the structure of the association, duties and responsibilities, relationships with local districts, and programs and services offered.

In response to questions from Senator Dotzenrod, Mr. Bartholomay said local districts rely on mill levy funds to support conservation efforts, but the amount from mill levies is not enough. He said local districts are very dependent on the assistance program to make up the difference and allow for retention of employees in the conservation effort. He said without a staff of at least one person to supervise conservation efforts, many local conservation districts would not be able to function.

In response to a question from Representative Hogan, Mr. Bartholomay said he is not sure how many full-time equivalent staff are employed at the local level. He said the association could survey local district members to find out. He said there likely are over 60 employees at the local level.

Game and Fish Department

Chairman Johnson called on Mr. Kevin Kading, Private Lands Program Section Leader, Game and Fish Department, for a presentation ([Appendix I](#)) regarding the role of the Game and Fish Department in soil conservation efforts and the department's relationship with NDSSCC. He said the North Dakota outdoor heritage fund grants usually are awarded on a project-by-project basis. He said conservation districts have applied for and received funding for projects from that fund. However, he said, the assistance program grant funds through NDSSCC are used for employment- and staff-related funds for local conservation districts. He said the Outdoor Heritage Fund Advisory Board has not been receptive to approving grants for staffing needs. He said the Outdoor Heritage Fund Advisory Board is not looking to fund long-term staffing needs. He said some states have soil conservation committees in agriculture departments.

In response to a question from Representative Skroch, Mr. Kading said a representative the Game and Fish Department is an advisory member to NDSSCC. He said in a time of budget reductions, hearing suggestions from advisory members regarding potential efficiencies and how best to prioritize certain projects is beneficial to all parties involved.

Comments by Interested Persons

Mr. Brian Johnston, Chief Executive Officer, North Dakota Association of Soil Conservation Districts, said access to the North Dakota outdoor heritage fund for staffing needs would require a change in law. Regarding the letter from the North Dakota Nursery, Greenhouse, and Landscape Association in opposition to some of the practices of conservation districts, he said, several years ago some of the nurseries around the state were unhappy with several of the conservation districts for selling fruit trees and other items. He said the North Dakota Association of Soil Conservation Districts went through arbitration with the North Dakota Nursery, Greenhouse, and Landscape Association to resolve the issues. He said the parties came to an agreement and made it a policy that local conservation districts follow the agreement. He said there is one district that is not following the agreement, but the North Dakota Association of Soil Conservation Districts is working to resolve that final issue. He said the districts are planting and selling over 1 million trees per year in the state, so there is still a need for the work being done by conservationists.

In response to a question from, Representative Skroch, Mr. Johnston said there are no local districts selling Christmas trees in direct competition with the greenhouses and nurseries.

In response to a question from Senator Myrdal, Mr. Johnston said because he is a part of the association, he is not sure if there are feedback mechanisms in place for reporting on the status and completion of projects from the districts to the state committee to the Legislative Assembly. He said he understands the desire for accountability regarding the use of appropriated funds for staff related to conservation projects, but he is unsure how best to accomplish that task.

Ms. Mary Podoll, State Conservationist, Natural Resources Conservation Service, United States Department of Agriculture, presented materials (Appendices [J](#) and [K](#)). She said she has over 30 years of experience working on conservation efforts. She said she has spent the last 6 years as the state conservationist. She said [Appendix J](#) is a memorandum of understanding between the five core partnerships. She said the memorandum of understanding is modeled in all 50 states. She said every state has five distinct components, but the components are state specific. She said [Appendix K](#) gives a good overview of how conservation efforts are organized in each state. She said soil conservation districts would not be able to exist without the state conservation committee providing the local and statewide view of what the conservation priorities should be. She said the state conservation committee is the link to other state and federal agencies. She said the state conservation committee gives guidance on how best to utilize state and federal dollars for conservation efforts. She said the grant money administered by NDSSCC is operational seed money used to get the correct staff in place to start conservation projects in local conservation districts, train that staff, get operational materials in place, and find office space if necessary.

In response to a question from Senator Heckaman, Ms. Podoll said there are no tribal soil conservation districts in the state. She said tribal lands are included in the soil conservation district in the county in which the property is located. She said she works directly with the tribes on soil conservation activities.

Ms. Kelli Schumacher, President, North Dakota Conservation District Employees Association, provided testimony ([Appendix L](#)). She said there are approximately 116 district employees. She said at least 54 of those employees are full-time, one for each conservation district in the state.

In response to a question from Representative C. Johnson, Ms. Schumacher said there are several districts in the state which do not request funding through the assistance program because the districts receive enough funding through mill levies and do not require the additional assistance.

In response to a question from Representative Hogan, Ms. Schumacher said every district has to periodically conduct an audit through the state. She said from time to time districts will consolidate positions and share staff resources.

Mr. Rocky Bateman, District Supervisor, Morton County Soil Conservation District, said NDSSCC was moved into the Extension Service budget during the 1997 legislative session because the Extension Service was considered neutral territory from a political standpoint. He said it would be useful, regardless of where NDSSCC ends up in the future, if there were a specific line item budget for the expenses of that entity rather than just a lump sum appropriation to the entity in which the committee is located. He said making that change would help alleviate some of the financing concerns. He said all the local soil conservation committees and districts believe the authority to exist and operate is located in Chapter 4.1-20. He said repealing the chapter related to NDSSCC would also likely eliminate all the local entities, which he does not believe is the goal of the study.

Committee Discussion and Staff Directives

Representative Hogan said a visual aid or flowchart of the relationships between all of the various conservation entities in the state and funding methods would be useful.

Mr. Schmidt said he has a visual aid ([Appendix M](#)) that he will provide to the Legislative Council staff to distribute to the committee.

Representative Hogan said it might be beneficial if the Legislative Council staff could do some research on the structure, service, and funding of conservation entities and efforts in other similarly sized states.

Senator Dotzenrod said there are nine duties listed in statute for NDSSCC. He said testimony today did not really touch on whether there is a sentiment that the duties need some amending or revision or if people generally are happy with the duties placed on the committee. He said it would be useful to gauge public perception of that aspect of the study as well.

Mr. Schmidt said it may be useful to further define the Extension Service's role in assisting NDSSCC and list priorities. He said it is pretty vague in statute and it leaves room for gaps.

In response to a question from Senator Heckaman, Mr. Schmidt said there is not a lot of value that comes out of the surface mining reports to NDSSCC which is disseminated to the local districts. He said the mining amounts in the reports are very small.

Representative Hogan said there may need to be something placed into statute to allow for the consolidation and streamlining of conservation districts and staff. She said similar amendments have been utilized regarding schools, and it may be beneficial in this scenario as well.

STATE BOARD OF AGRICULTURAL RESEARCH AND EDUCATION REPORT

Chairman Johnson called on Mr. Keith Peltier, Chair, State Board of Agricultural Research and Education, for a presentation ([Appendix N](#)) regarding a report to the Legislative Management on the annual evaluation of research activities and expenditures pursuant to Section 15-12.1-17(8).

In response to a question from Representative Hogan, Dr. Kenneth F. Grafton, Dean, College of Agriculture, Food Systems, and Natural Resources, and Vice President for Agricultural Affairs, North Dakota State University, said the Agricultural Experiment Station reduced its workforce by approximately 15 percent as a result of the budget reductions. He said the Extension Service lost another 10 percent. He said the main research station is the administrative site of the Agricultural Experiment Station. He said the main station is one of seven stations under the umbrella of the Agricultural Experiment Station. He said there are approximately 250 employment positions at the main station.

In response to a question from Senator Luick, Dr. Grafton said with position cuts as a result of budget reductions, the main station is down to the workforce level of 2003.

COMMITTEE DISCUSSION AND STAFF DIRECTIVES REGARDING VOMITOXIN STUDY

Chairman Johnson said he has received more questions and concerns from constituents since the previous meeting regarding vomitoxin, protein, falling numbers, and grain grading. He said the committee received good information at the last meeting, but did not really resolve the issue.

Senator Myrdal said it would be good to continue the discussions on those issues, but based on the testimony from the federal grain inspectors, she questions what can be done from a technology standpoint to solve the grain testing issues. She said it may be useful to conduct further studying on protein testing and falling numbers to see if there is a way to address the inconsistency issues that exist in those areas.

Chairman Johnson said the next meeting likely will not occur until sometime in March 2018.

No further business appearing, Chairman Johnson adjourned the meeting at 2:45 p.m.

Dustin Assel
Counsel

ATTACH:14