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Deanna Walker
Operator's Signature

10/22/03
Date

2003 SENATE APPROPRIATIONS

SB 2334

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Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2334

Senate Appropriations Committee

Conference Committee

Hearing Date February 6, 2003

Tape Number	Side A	Side B	Meter #
# 1	X		169-end
Committee Clerk Signature <i>Sandra Davison</i>			

Minutes:

Senator Holmberg, chair, called the meeting to order. All members present. (Mic problems/tape problems so roll call was not on tape.).

Senator Holmberg (#87) announced that SB 2444 & SB 2226 (depending on how the hearing goes this morning) may be moved out of committee this morning. Several other bills will be scheduled for later this week and next.

Hearing on SB 2334 was opened with Senator Bowman, sponsor, testifying in behalf of the bill. No written testimony. Senator Bowman stated that after spending 7 months in Kansas studying the beef industry after the states' calves leave the state and really what happens. After meeting with the NDSU group who had a similar plan, it was decided to put a program together on a smaller scale. He stated that it was a good idea to start a beef industry on a small scale model that can be learned from. He felt that the state could learn from their weakness and their strengths He also stated that he felt this bill was to fill in the "weakest link" in the cattle industry in ND. He

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Senate Appropriations Committee
Bill/Resolution Number SB 2334
Hearing Date February 6, 2003

also felt that after a few cycles through this program the state would learn more about the beef industry and how it affects North Dakota ranchers. The overall purpose is to provide an educational opportunity for young kids that would like to explore new fields, and to bring these kids back in as processing plants and marketing systems are developed to market more North Dakota beef not only here but around the world. He also felt this was another way to keep our kids in North Dakota when they graduate. An amendment was also presented by Senator Bowman (Exhibit #1)

Senator David O'Connell, District 6. (No written testimony, tape #360) This bill appropriates \$1 Million dollars in start up money for the Center of Excellence: Beef Systems at NDSU, and allows the University to accept donations, gifts and grants. The Center would provide research on management, nutrition, and beef production, food safety, new technology and processing and value added marketing. Gives his full support for this bill.

Ken Grafton (#425) Director of the ND AgrExperiment Station, (No written testimony) in full support of SB 2334. This bill will allow NDSU to evaluate a system that will give North Dakota producers an opportunity to be involved in a feed finishing program so that they can bring more value to the state by having finished products. This would be an critical component to the overall beef program at NDSU. This center along with the feed lot will give North Dakota producers the information necessary to be competitive in the 21st century.

Questions: (#546)

Senator Mathern: Wandered if this hadn't already been done by NDSU over the years? Was there a point when then was stopped and now being started up again? Ken Grafton responded: There has always been a small meat program at NDSU, but not sufficient to allow them to elevate the

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end product. Senator Krauter (#691) Wandered if this has been thought of being included in the Governor's budget? Ken Grafton responded: This was not done until after the Governor's budget was done. Senator Krauter (#790) wondered where this would be located? Ken responded that it would be the slaughter facility would be off campus, but the processing facility and the research components would hopefully be on campus (#820). Senator Krauter continued. He wanted to know what kind of relationship there was with the private sector in terms of contributions. Ken responded that someone else would have to answer that later.

Pat Jensen, Vice President & Dean of Agriculture at NDSU. (No written testimony submitted). (#880). She wanted the committee to know that they had been working with groups on this bill for sometime. The Farm Bill did have a million dollar component in it on a livestock proposal that would could submit a grant for, and that was what they were working toward, however the certainty of that million dollars is in doubt now and since the idea was something that NDSU believed in so strongly, it was decided to come before the Legislature and support Senator Bowman's bill. They are working with corporate people to help with the funding.

Questions: (#1073)

Senator Andrist: He stated that with the \$50 million to \$100 million that needs to be cut from the budget, he wondered if this project for the \$1 million was more or less important than some of the other animal research projects or would this center of excellence be prioritized over the animal research budget? Pat answered that this should not be confused with the regular NDSU budget. This bill (SB 2334) is an opportunity for economic development for moving the industry forward. Senator Andrist continued: Is this money for startup? Is the Legislature going to have to plan for a million dollars every 2 years to sustain this? Pat replied that if the program grows

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Senate Appropriations Committee
Bill/Resolution Number SB 2334
Hearing Date February 6, 2003

like she thinks it will, the amount would not stay at a million dollars. She also felt that there would be chances for grants, fundraising and corporate and producer partnerships.

Senator Thane: (#1392) There were small feed lots and a packing plant in West Fargo in the late 50's, 60's and early 70's, and they all closed. Where are these new ones going to be located, western ND, closer to the supply? What does NDSU envision, a lot of small feed lots, or just larger ones--commercial ones? Pat responded that Dr. Berg envision something for the producers of this state so that it isn't a big company that is taking the producers money, it is the producers participating in the economic plan and NDSU thinks that going into partnership with them, they can put together something unique, research that goes on at the university, a plant that incorporates some very new ideas, makes a high quality name for its self. They hope to involve producers from the western part of the state and all over. Having several small facilities across the state could be very helpful, than having one large that could get infected and shut the whole operation down. Senator Thane continued that he would hate to see only a few large feed lots across the state, but he would like to see more smaller ones across the state. Why did everyone quite back in the 50's, 60's and 70's. He had his own ideas on why--No money in it. Pat stated that she would like to see smaller feed lots across the state also..

Senator Tony Grindberg, Fargo, District 41. (no written testimony) (#1784). He wanted to address the questions regarding the funding. He had visited with Governor Hoeven regarding money both state and matching local and federal money that would set up "centers of excellence". Actually the term was suggested by Governor Hoeven. He came up with \$5 million dollars for centers of excellence. This was part of his budget. Senator Grindberg continued that he had an idea of taxing used farm equipment that would net about \$9 million dollars. He had

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Senate Appropriations Committee
Bill/Resolution Number SB 2334
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suggested in a news release that those centers be enhanced to \$7 million. That line item in the higher education bill is in the House now, no idea on how that is going. He felt that if the committee could come up with more money for this center, it would be worthy of debate. It would have an economic development impact on the state. Questions: (#1977) Senator Andrist: If this \$5 million dollars survives the house and is in the Governor's budget, is that a potential source of funding for this? Senator Grindberg replied that he felt it certainly was. He felt that it should be in the Commerce Dept as an economic development project.

Ken Odde, NDSU (#2050) He stated that most economic growth has been close to cities that the universities are in. He felt that investing in those opportunities that allow for economic growth in the rural areas is very important. He stated that North Dakota has a little over a million beef cows in the state, we only feed about 60,000 to 70,000 in the state, and we process almost none of those. There are three objectives in the center of excellence--1. Create a model for development. 2. Enhance NDSU's ability to provide cutting edge research and 3. Provide training, educational and outreach opportunities.

Paul Berg, NDSU. He gave a power point presentation (Exhibit #2). which is attached. He talked about the history and the objectives. The concept of this to be in cooperation with a business partner, construct a facility which will assist producers to develop an integrated livestock industry and to provide NDSU with a futuristic teaching/research center. Short term goals: Stockmen's needs: 1. Develop data for commercial plant feasibility (minimum plant size, livestock payment formula; brand name identification) 2. Establish value of market components (source verified, certified tender, "natural", "organic", muscle-profile processed, etc.) 3. Begin

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developing innovative carcass EPD's. He also talked about the expansion potential for the state.

Sites on economic feasibility/ access and work force were also discussed.

Questions: (#3274)

Senator Thane: He wondered about the by-products, would there be some way to do something with the by-products in the state instead of having to ship them out of the state? Have there been any research on the advantages of doing something with the by-products vs shipping them out of state? Answer: Dr. Berg stated that several people have been looking at this topic, and a young man in Richland county has told Dr. Berg that if this project gets going he will build a feed lot to enhance his operation and to take care of the by-products. Ken Odde (#3553) added a few comments. He wanted the committee to know that the Center for Excellence and Beef Systems was not just a processing facility. NDSU is very strong on the production section of the industry.

Senator Bowman (#3686) felt that there was potential to bring some of that money back to the ranchers. Senator Lindaas (#3805) He was hoping that as part of the studies, it would include what happened before which was that as small packing plants got started, larger ones came in and took over which then closed the smaller ones. He would hope that it would not happen again.

Ken responded that 1. Dr. Berg talked about a business partner, which is very critical to this whole process. Ken felt that they need a retail partner, a food service partner, and a business partner were needed for this whole process. Those are the people that should be telling NDSU what kind of product is want, and how to build the system to serve that particular need. As Ken envisions this system, it will be started with the retailer-food service kind of customer and then we will build back from that, he felt that was a very important concept .When we talk about model system and research, we are talking about business analysis, business outcomes and

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Senate Appropriations Committee
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Hearing Date February 6, 2003

economic outcomes and not just production outcomes or tenderness, etc. Senator Andrist (#4106)

He stated that when the feed lots were dying, it was because you just could not put weight on animals on -20 degree weather for the same efficiency that you could with an animal in 20 degree above weather. Is there any new data on this? Ken responded that North Dakota can compete in cattle feeding from a pure economic standpoint, even though the cost of gain and feed efficiency is a bit poor in colder climates, we have feed advantages in the Northern Plains, and so the feed here is cheaper. He believes that the thing that limits the growth of the feed lot opportunities here is the end product market, we are too far away from the major processors, rather than it is too cold to feed cattle. Senator Mathern: (#4307) He wondered about the government going into private industry. He wondered why the private industry did not have one of these Centers? Ken responded that he felt that leadership was needed to drive these things and that NDSU could do that. He also stated that the private sector has tried to make this happen before and have failed, maybe because the ideas were not sound enough, maybe the capital was not raised, probably a variety of reasons. He felt that one of the things that NDSU could bring, is not only the research and education, but it is the leadership for the process. A number of conversations have been held with people who are in the private sector, who know the retail beef arena, that is the kind of expertise we need to bring into the process. We have lots of people who are great at producing cattle, but most would not know much about marketing beef. Those are the elements that are needed. Senator Tallackson (#4769) He felt that one of the obstacles that will have to be overcome will be political part of it. The people who are delivering meat products from other countries to ours. He felt that that was one of the reasons the feed lots failed before was because the borders are opened up. Ken responded that country of origin labeling will have effects that

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Hearing Date February 6, 2003

will address that. He didn't feel that anyone was particularly confident that the American consumer will always want to buy American. The new farm bill requires that September 30, 2004 that a retail has a product labeled as to country of origin. He believes that, the imported product a bit costly to bring into the system.

Wade Moser, North Dakota Stockmen's Association (#5038) No written testimony. He stated that the Association decided they needed a vision and where they should be going. Their vision was to promote what Dr. Berg has brought to the committee today. He also stated that they felt this was not the final step, they wanted to take it another step which will tie in the Ag Research Service at Grand Forks with the Human Nutrition Lab. They are still hoping that some of the grants they have applied for will still come through. There are several private companies that want to get involved in this also. One of the problems has always been that someone else tells us what are product is, what's good, how we should price it. We need the information so that we can price the product and make the people come to us, based on the product that we have. In full support of SB 2334.

Jody Hauge, (#5384), Farmer & rancher in partnership with her husband and son, also run a back grounding feedlot where they background their own calves and do custom back grounding. She is also a member of the State Board of Ag Research and Education. Written testimony attached Exhibit #3. In full support of SB 2334.

Wayne R. Carlson (#5691) Written testimony attached , Exhibit #4. He is the Livestock Service Coordinator for the Department of Agriculture. In full support of SB 2334.

Sandy Clark (#5672) No written testimony. She represented the North Dakota Farm Bureau. In complete support of SB 2334.

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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2334

Senate Appropriations Committee

Conference Committee

Hearing Date 2-14-03

Tape Number	Side A	Side B	Meter #
2	X		2230-3200

Committee Clerk Signature *Mary Kay G. Hildreth*

Minutes:

Senator Holmberg opened the discussion on SB2334. Thirteen members present, Senator Grindberg absent. This bill relates to an appropriation for creation of a beef systems center of excellence. Governors budget provided funds for a center of excellence. An amendment has been proposed for this bill.

Senator Bowman (mtr #2290) - If dollars will kill the bill, would rather take the money out and keep the bill alive to go to the House. If a very important issue for the livestock producers in the state.

Senator Krauter (mtr #2376) - Suggested a further amendment to keep alive and show potential funding source.

Senator Holmberg (mtr #2434) - May be difficult, instead of always reducing budgets, there may need to be investments made.

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Senate Appropriations Committee
Bill/Resolution Number SB2334
Hearing Date February 14, 2003

Senator Bowman (mtr #2507) - Other minor amendments have also been proposed. Reviewed the reason for further minor amendments and the effect on the bill.

Motion from a Senator to add amendments and a second. Voice vote to amend. 13 yea, 0 nay.

Bill has been amended. Senators discussed the bill and clarified the intent as amended, also discussed the importance of keeping the bill alive for further review by the House.

Motion on the floor to further amend to take funds out of bill. Voice vote 13 yea, 0 nay.

Bill is further amended.

Senator Schobinger (mtr #3130) Motioned for a Do Pass as Amended. Second by Senator Krauter. Roll call vote 13 yea, 0 nay, 1 absent. Carrier is Senator Bowman.

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FISCAL NOTE
 Requested by Legislative Council
 03/24/2003

Amendment to: SB 2334

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

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$0		\$0
Expenditures			\$0	\$0		\$0
Appropriations			\$0			

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

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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

If NDSU proceeds with implementation of the center, funding would be required for staff, operating and equipment expenses for the operation of the center. In addition, an estimated \$2.0 million would be required for construction of a beef center facility.

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

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

Estimated collections of \$2.0 million from federal and private sources including \$1.0 million from the USDA, the farm bill, and other federal programs such as CSREES, SBA and NIH, may be available to assist with funding the center should NDSU proceed with the project.

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

Expenditures of \$3.0 million in the 03-05 biennium is estimated for salaries (3.0 FTE positions), operating and equipment expenses. This includes \$2.0 million for the construction of a beef center facility.

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

NDSU would have to internally reallocate approximately \$1.0 million in state general funds in 03-05 should they decide to proceed with the creation of the center.

Name:	Laura Glatt	Agency:	NDUS
Phone Number:	328-4116	Date Prepared:	03/26/2003

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FISCAL NOTE
 Requested by Legislative Council
 02/18/2003

Amendment to: SB 2334

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

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$2,000,000		\$1,000,000
Expenditures			\$1,000,000	\$2,000,000		\$1,000,000
Appropriations			\$1,000,000			

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

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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

Funding would be required for staff, operating and equipment expenses for the operation of the center. In addition, \$2.0 million is required for construction of a beef center facility.

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

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

Includes estimated collections from federal and private sources including \$1.0 million from the USDA, the farm bill, and other federal programs such as CSREES, SBA and NIH.

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

Includes \$1.0 million a biennium for salaries (3.0 FTE positions), operating and equipment expenses. Expenditures in 03-05 also include \$2.0 million for the construction of a beef center facility.

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

An initial \$1.0 million state general fund appropriation is required to implement the program in 03-05.

Name:	Laura Glatt	Agency:	NDUS
Phone Number:	328-4116	Date Prepared:	02/26/2003

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Deanna Waller 10/22/03
 Operator's Signature Date

30777.0101
Title.

Prepared by the Legislative Council staff for
Senator Bowman
February 3, 2003

2/3/03

PROPOSED AMENDMENTS TO SENATE BILL NO. 2334

Page 1, line 19, replace the period with "; and

- c. Provide training, education, and outreach opportunities to students, businesses, and beef cattle producers."

Renumber accordingly

Page No. 1

30777.0101

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Date

30777.0102
Title.

Prepared by the Legislative Council staff for
Senator Bowman
February 10, 2003

PROPOSED AMENDMENTS TO SENATE BILL NO. 2334

Page 1, line 8, after "excellence" insert "in the department of animal and range science"

Renumber accordingly

Page No. 1

30777.0102

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10/22/03
Date

30777.0104
Title.0200

Prepared by the Legislative Council staff for
Senate Appropriations
February 14, 2003

[Handwritten Signature]
2-14-03

PROPOSED AMENDMENTS TO SENATE BILL NO. 2334

Page 1, line 1, remove "an appropriation" and remove "creation of"

Page 1, line 4, replace "APPROPRIATION" with "BEEF SYSTEMS CENTER OF EXCELLENCE"

Page 1, remove lines 5 through 9

Page 1, line 10, replace "2." with "1. North Dakota state university shall establish a beef systems center of excellence in the department of animal and range science."

Page 1, line 19, after "marketing" insert "; and

- c. Provide training, education, and outreach opportunities to students, businesses, and beef cattle producers"

Page 1, line 20, replace "3." with "2."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

SENATE - This amendment removes the appropriation for the creation of a beef systems center of excellence in the Department of Animal and Range Science of North Dakota State University, and adds that the center shall provide training, education, and outreach opportunities to students, businesses, and beef cattle producers.

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Operator's Signature

10/22/03
Date

Bowman 2334 Amendments 3077 0102

Date:
Roll Call Vote #:

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.**

Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do PASS AS Amended

Motion Made By Schobinger Seconded By Krauter

Senators	Yes	No	Senators	Yes	No
Senator Holmberg, Chairman	✓				
Senator Bowman, Vice Chair	✓				
Senator Grindberg, Vice Chair					
Senator Andrist	✓				
Senator Christmann	✓				
Senator Kilzer	✓				
Senator Krauter	✓				
Senator Kringstad	✓				
Senator Lindaas	✓				
Senator Mathern	✓				
Senator Robinson	✓				
Senator Schobinger	✓				
Senator Tallackson	✓				
Senator Thane	✓				

Total (Yes) 40 13 No -

Absent 0 1

Floor Assignment Bowman

If the vote is on an amendment, briefly indicate intent:

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Deanna Tallackson 10/22/03
Operator's signature Date

REPORT OF STANDING COMMITTEE (410)
February 17, 2003 9:20 a.m.

Module No: SR-17-2871
Carrier: Bowman
Insert LC: 30777.0104 Title: .0200

REPORT OF STANDING COMMITTEE

SB 2334: Appropriations Committee (Sen. Holmberg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2334 was placed on the Sixth order on the calendar.

Page 1, line 1, remove "an appropriation" and remove "creation of"

Page 1, line 4, replace "APPROPRIATION" with "BEEF SYSTEMS CENTER OF EXCELLENCE"

Page 1, remove lines 5 through 9

Page 1, line 10, replace "2." with "1. North Dakota state university shall establish a beef systems center of excellence in the department of animal and range science."

Page 1, line 19, after "marketing" insert "; and

- c. Provide training, education, and outreach opportunities to students, businesses, and beef cattle producers"

Page 1, line 20, replace "3." with "2."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

SENATE - This amendment removes the appropriation for the creation of a beef systems center of excellence in the Department of Animal and Range Science of North Dakota State University, and adds that the center shall provide training, education, and outreach opportunities to students, businesses, and beef cattle producers.

2003 HOUSE AGRICULTURE

SB 2334

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Deanna Hallmark
Operator's Signature

10/22/03

Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2334

House Agriculture Committee

Conference Committee

Hearing Date 3--20--03

Tape Number	Side A	Side B	Meter #
ONE	A		00 TO END
ONE		B	00 TO 18.9
Committee Clerk Signature <i>Edward D. Clayton</i>			

Minutes:

CHAIRMAN NICHOLAS: Committee members, we will open on SB 2334. Senator Bowman is here. We will let Senator Bowman start this out.

SENATOR BOWMAN: Chairman and Agriculture Committee. It is indeed a privilege to be able to be here today and talk about a bill that has tremendous opportunities for rural North Dakota. The Beef line initiative is a result of a lot of hard work. Working with those at NDSU Working with the cattle stockman's association and putting together a package that dose provide opportunities. Most of you know I studied the beef industry in Kansas for seven months a couple of years ago to learn what they do that we don't do in ND. We try to bring back those ideas to see if we can explore advancing our cattle industry. Feeding more cattle. But until we get qualified people once we start a packing industry we have to have qualified people to run that. We have to have people that understand the meat end of it, the packing of the meat.

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10/22/03

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When you kill those animals, how do you get the most out of every animal that goes through a packing facility. Then the key to all of this is the marketing aspect of it. If you don't have the marketing set up before we start the project where do we go. We have to be able to market the product. We have to have a center of excellence to where we can set up a mini packing plant. We can set up a research department. Look at the new technologies that come down the line. We can set up people in marketing that can take that product and distribute that product for a profit. Once we do that, we can take this one step further and put this out in the areas of ND that want to see cattle. Now can we feed cattle in ND. We just got the data back as to the feed lot in Scranton ND. This was interesting data, we were number one in three categories. Number one in gain of weight gain. Number one as to cheapest feed. No one in less death. What more do you want if you can get more weight and have less death loss. That tell us one thing we can feed cattle in ND. This bill takes that opportunity and advances it one step further. It is going to open up a new whole gambit of thinking through UDSU that we have never seen before. We have some really qualified people to speak on this that came up from Colorado State University. I think you will be impressed with his presentation because he has worked with these issues before. The last comment that I would like to make is the money issue. There will be a million dollars put in a bill. I have the research budget myself. That is where we are going to put the money. This will be the best money that we will spend this session. Provides hope and opportunity for every farmer and rancher in the State. Remember every time you put one animal in a feed lot they take about thirty pounds of feed on an average from the time you take them in until there shot. Give or take what there efficiencies are. That is a lot of see folks. Takes a lot of grain. Takes a lot of farm acres. Remember to sell your feed to a feed

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lot you have to be able to sell if for more money then you can sell it at an elevator. So you have comparison there. If you can make money by selling it to a feed lot you will surely do that. That is what is neat about this. It helps not just the cow calf producer, it helps the farmer that wants to produce feed. Some will say, how in the world are you going to market this beef. That is the three hundred thousand dollar question. Senator Bowman showed a packing box from a plant in Nebraska that had a design etc. On it. What type beef was in it. He had purchased the box of beef in a mini mart type store. That was one of the outlets where they marketed there Beef. All of the health issues were on the box and tells consumer what is in box. It was choice meet. There is a big difference in meat. Consumers buy from convenience stores. The farmer and rancher sees the profit. The net profit comes back to our state. In the data we collected in five hundred thousand head of cattle we bring about four hundred million new dollars to rural ND Lot of money. Lot of new taxes to be generated. There are a lot of excellent speakers that are going to speak on this topic. I hope we can pass this bill.

KENNETH ODDE: NDSU. I am head of the department of animalat NDSU. I am pleased to have the opportunity to discuss this bill. I would just like to take a minute. If I could and tell you first of all I would like to express my thanks to Sen. Bowman for the leadership he has provided on 2334 and the center of excellence at NDSU. He has brought this idea to the forefront. As most of you know our beef industry in ND. Is mostly a cow calf industry. We have just over a million beef cows in the state. But we feed a very small portion of those calves in the state. We feed only about seventy thousand calves in state. There has been interest in this state for a long time as to feeding more cattle in ND.

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House Agriculture Committee
Bill/Resolution Number SB 2334
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There has also been efforts to grow the processing side. Those opportunities provide tremendous economic value to ND. You might wonder why is North Dakota State involved in this. Not just private industry. I believe we have an important roll. There are three objectives. One is an economic development objective. That is creating a model system that we can tone within private, public partnership within NDSU. The second one is a research objective. Helping us understand. Last there is an education objective. We have to provide better information, knowledge to both our students on campus but also the people we serve out in the state. If you look at our infrastructure our facility largely reflects our production system. To grow an industry we need that additional expertise. What I would like to do now is introduce Dr. Paul Berg. Paul is the scientist facility of NDSU and has really brought this idea to the forefront. He will present a bit more detail then what we are talking about here.

PAUL BERG: Mr. Chairman and members of the committee. I am very happy to be here. The idea that we are talking about probably began in 1991 with the stockman's association requesting information relative to a slaughter plant. ND STOCKMAN'S ASSOCIATION formed a committee which evolved into what is Northern Plains Premium Beef. About a year ago I went back to some of the Northern Plains and asked if they would be interested in pursuing this idea. In ND we have the calves, the grain and the people. We ship the calves to Nebraska. And the grain goes down the road. People disappear and what we end up with is a cow calf industry. Northern Plains is trying to get the cow calf producers further into the food chain. That is the only way we are going to survive. Equity drives have been unsuccessful. Paul talked about objectives which were to create a model for development. Enhance NDSU'S ability to provide cutting edge. Research and provide meat products marketing. The effects of

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genetics and nutrition. Providing training, education and out reach opportunities for student in businesses and beef cattle producers in slaughter and meat processing. The concept is to construct a small business. We want it to be the incubator. Build so new technologies can come in. We don't need a hundred year building. We need a whole meat development center. A retail training center. We can put a small plant where the cattle are. {please see hand out as to the remainder of PAUL BERGS PRESENTATION ON THIS SUBJECT}

REPRESENTATIVE BELTER: Is there any place in the country where this is going on in US?

Large processing plants control. Can small plants compete?

PAUL BERG: We feel a branded product will compete. We can't slaughter as cheap as a big plant. In New Zeland the smaller plants are more efficient.

REPRESENTATIVE BOE: With this model can you branch out?

KEN ODDE: At first it should be focus, find a market and go after it. Beef initially would be focus. We think the future of the industry is to further process meat. We are going to need some centers for cooking. We can product that are ready for the plate. We would like to have a retail training center. We need to convince people. We can have plants in different part of the state. There is no reason to have a hundred thousand dollar plant manager in each plant. Everybody ought to be working, Knife in his hand. We would have rendering components. Senator has talked to the three tribes. There is a possibility that would be a market for the hides. The best way is to find a market then go after it.

CHAIRMAN NICHOLAS: Would you refresh my memory. What is the cost of one of these Plants? What are you looking at for equity? What kind of dollars.

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KEN ODD: Rough numbers. The total proposal is three million dollars. We are seeking one million here. We think there are two essential components to a center. One is the facility. Processing facility. The people and there expertise. I would say roughly about two million dollars. We are also pursuing Federal funding for this center as well and we are also pursuing some additional dollars. We already have a commitment for some donated land in the Fargo area.

SENATOR BOWMAN: Factor of risk. The price of meat for ten years goes up, cattle go down and meat goes up. We in ND need to become the recipients of those dollars in meat sales.

JERRY DOAN: We support this bill. We surveyed the producers. They say do something in ND as to value added. We need a partnership as to NDSU. Resource Station. In Hettinger we have a feeders project. It is a demonstration lot. We hope it will help. Are there niches that we can develop. Maybe it is something we are not even thinking of yet. I happened to be at a focused hearing at the ARS STATION in Mandan the other day. I had good conversations with the director there. They are another key player in this whole thing. They have changed there focus into what can they do in value added production. They have a proposal in Washington right now. Human nutrition. The whole health aspect. I think we should pull everybody together and really add some economic development in ND.

That is all I have at this moment.

REP. FROELICH: Why can't this plant be somewhere other then the eastern part of this state. In theory you can put it anywhere you want. NDSE is closer to the expertise. There has been an offer of land out by the West Fargo Stockyards. It is my understanding that a lot of the EPA

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requirements are already there because of an old plant in that vicinity. There is nothing that is in cement. . A different location could be discussed further.

PAUL BERG: Representative Froelich. My response to that would be, one could have a processing facility anywhere. If you look at the three objectives. One create the model system. Second is the research objective and the third is the education facility. I think the research objective requires the scientist, the experts to be in close proximity to where the cattle are being processed. In my view it makes a lot of sense to have it in the Fargo area. The need for training of the students.

REP. FROELICH: I understand what you are saying. The Dickinson State University is starting an Agriculture Department..

KEN ODDE: I share your concern. My home area is about as rural an area as to where you are from. I believe that our Universities have been great engines of economic growth. It is largely within the communities in which those institutions are. We need to do more in rural areas. Small scale processing facilities, I think those can very well end up as business's in our more rural areas. We are looking at rather modest employees. I think this particular processing plant should be in the Fargo area.

REP. BELTER : You look at the history of the livestock industry and packing plants.

KEN ODDE: My comment would be if you look at the history of cattle feeding what we saw is the growth on the high plains was actually the simultaneously growth of the packing companies and the feeders etc. They grow together. The idea is that this will be a model. Then we can replicate in other areas. I think we have to continue to work on growing cattle feeding in this state. Another driver that will come in to play. Labeling, we expect to be out in about a year.

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If labeling is implemented as currently proposed, it is going to provide some competitive advantages for small systems. The cost of tracking in the current proposal is the product will have to be tracked from the retail level to the farmer. What happens is that kind of tracking is much easier in these small systems. This should create some competitive advantages for ND. Because the cost of tracking is less.

CHAIRMAN NICHOLAS: What will your kill capacity be.

KEN ODDE: About a load a day. Approx. 40 head a day.

The staffing of a plant for 40 kill per day is about 24 employees. That would include processing whole saleing not retailing.

CHAIRMAN NICHOLAS: That is going to need a pretty good subsidy.

PAUL BERG: The Caracas value is about two and a half million. That will help pay for the employees. If I did my arithmetic correctly 24 people with a \$40,000.00 dollar a year package is just under a million dollars a year. That leaves you some money for debt retirement.

WADE MOSER. NORTH DAKOTA STOCKMAN'S ASSOCIATION. We are looking at more cattle feeding. We need to get away from the "Big Four Processing Plants in the US" Smaller plants are important. We are not looking at employment problems. The employee absentee is a problem for the Big Four. We try to sell finished cattle. We should set price for our cattle not the buyers. We need NDSU and projects like this to go out and do the work and possibly make some mistakes that we can't afford anymore. I am excited about this project. There will be partners, Tribes as to leather. Rendering people that need to find a different Way to handle there products. They are all brought into this system.

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LOWELL BERNTSON: AGRICULTURE COALITION. One of our priorities this year was to support research and education. This really dose fit the bill. We are in favor of SB 2334.

CASSIE BENZ: NORTH DAKOTA JR. LIVESTOCK ASSOCIATION. {(PLEASE READ CASSIE BENZ'S WRITTEN TESTIMONY WHICH IS ATTACHED)}

D.J. MOEST: BEULAH FFA: I am a student at the Beulah High School. I feel that the Beef Center of Excellence will have a major impact on meat processing industry as well as the beef industry. This will give producers information that will make ND a leader. The students at NDSU will benefit. It will help educate the people. This would improve the nations food supply. I urge you to vote yes on this bill.

CHAIRMAN NICHOLAS: Any other testimony in support of this bill.

DENNIS HILL: NDAREC We stand in support of this bill. Federal Regulations will be ready soon.

REPRESENTATIVE FROELICH: Water to run this plant.

DR. BERG: This issue was discussed very early. Recycling water. Recoiling water is patented. You buy technology when you buy plant.

REPRESENTATIVE MERLE BOUCHER: DIST 9

I am here in support of SB 2334. I am a beef producer. The reality is we run a cow calf operation. This is an issue that is very close to me. We talk about potential. Value added. My situation up in northern ND we run a cow calf. At times we do finish cattle. Our markets are in South Dakota. I take a look at my packing slips when they come back and I find it cost me forth dollars per head for shipping. I have to believe if we could do that in a location in ND my shipping would be considerably less. I am here talking about the center of excellence.

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Creating and pointing out what the potential is in the meat processing industry in ND.

We have a great potential in ND. We have quality in ND. WE have the numbers in ND.

The very fact that we could have that added value to those animals, probably double the value of those animals. This is very significant to the ND economy. We should support the processing industry.

CHAIRMAN NICHOLAS: Any other testimony. Anyone in opposition to this bill?

The only question I have is the Appropriations Committee took the money out of this bill.

The Bill says NDSE shall establish, I am wondering if we should change that to may unless the money is put back into the bill. The way it is now the Board of Higher Education is to put money from there budget from some place, I am wondering if we should make that correction.

REPRESENTATIVE BELTER MOVED FOR THE AMENDMENT.

On line one and line six the word was changed from shall to may. That way if the money is restored it still allows the process to move forward. I think we have to clean this bill up.

I believe Senator Bowman will take care of this. The bill was amended as stated above.

CHAIRMAN NICHOLAS ENTERTAINED A MOTION TO ADOPT THE AMENDMENTS.

REP. BELTER : MADE A MOTION TO ADOPT THE AMENDMENTS

REP. BOE SECONDED THE MOTION.

A VOICE VOTE WAS TAKEN AND THE AMENDMENTS WERE ADOPTED.

CHAIRMAN NICHOLAS: I WILL ENTERTAIN A MOTION ON THIS BILL WITH THE AMENDMENTS.

REP. BOE MADE A MOTION FOR A DO PASS

Deanna Hall
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10/22/03
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REP. KINGSBURY: SECONDED THE MOTION.

THE ROLL WAS TAKEN. THERE WERE 11 YES 0 NO AND 2 ABSENT

REP. FROELICH: CARRIED THE BILL

CHAIRMAN NICHOLAS CLOSED ON SB 2334.

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30777.0201
Title.0300

Adopted by the Agriculture Committee
March 20, 2003

House Amendments to Engrossed SB 2334 - Agriculture Committee 03/20/2003

Page 1, line 4, replace "shall" with "may"

Page 1, line 6, replace "shall" with "may"

Renumber accordingly

1 of 1

30777.0201

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SB 2334
20-03

Date:
Roll Call Vote #:

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House AGRICULTURE COMMITTEE

Check here for Conference Committee

Legislative Council Amendment Number As Amended

Action Taken TO PASS AS Amended

Motion Made By Belter Seconded By Boe

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN NICHOLAS					
VICE CHAIRMAN POLLERT					
REPRESENTATIVE BELTER					
REPRESENTATIVE BOEHNING			Vote		
REPRESENTATIVE KELSCH			Vote		
REPRESENTATIVE KINGSBURY					
REPRESENTATIVE KREIDT					
REPRESENTATIVE UGLEM					
REPRESENTATIVE WRANGHAM					
REPRESENTATIVE BOE					
REPRESENTATIVE FROELICH					
REPRESENTATIVE MELLER <u>MUELLER</u>					
REPRESENTATIVE ONSTAD					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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Operator's signature Date 10/22/03

SB 2334
2-20-03

Date:
Roll Call Vote #:

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House AGRICULTURE COMMITTEE

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS WITH AMENDMENTS

Motion Made By BOE Seconded By KINGSBURY

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN NICHOLAS	✓				
VICE CHAIRMAN POLLERT	✓				
REPRESENTATIVE BELTER	✓				
REPRESENTATIVE BOEHNING	✓				
REPRESENTATIVE KELSCH					
REPRESENTATIVE KINGSBURY	✓				
REPRESENTATIVE KREIDT					
REPRESENTATIVE UGLEM	✓				
REPRESENTATIVE WRANGHAM	✓				
REPRESENTATIVE BOE	✓				
REPRESENTATIVE FROELICH	✓				
REPRESENTATIVE MEILER	✓				
REPRESENTATIVE ONSTAD	✓				

Total (Yes) 11 No 0

Absent 2

Floor Assignment FROELICH

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REPORT OF STANDING COMMITTEE (410)
March 20, 2003 4:10 p.m.

Module No: HR-50-5382
Carrier: Froelich
Insert LC: 30777.0201 Title: .0300

REPORT OF STANDING COMMITTEE

SB 2334, as engrossed: Agriculture Committee (Rep. Nicholas, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (11 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). Engrossed SB 2334 was placed on the Sixth order on the calendar.

Page 1, line 4, replace "shall" with "may"

Page 1, line 6, replace "shall" with "may"

Renumber accordingly

(2) DESK, (3) COMM

Page No. 1

HR-50-5382

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2003 TESTIMONY

SB 2334

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Date

Mr. Chairman and members of the committee, thank you for the opportunity to speak with you today. My name is Cassie Benz and I am a student at Beulah High School. Upon high school graduation I plan on attending North Dakota State University and majoring in Animal and Range Sciences and Biotechnology. While attending NDSU I hope to be a member of the meats evaluation team as well as take classes in meats science. My education in these areas will be benefited with the passage of Bill 2334. My older brother was on the 2002-03 meats judging team and I have had the opportunity to tour the meats lab at NDSU. Now, I must say that NDSU does an exceptional job educating its students with the resources that it has, but it is clear that these resources need updating. Currently, the meats judging team must travel as far as Nebraska or Iowa to see enough classes of railed animals to make a workout beneficial. With the miles, time, and additional expense of traveling to these destinations, many students choose not to participate in this rewarding activity. However, this bill would enable students and researchers to see quality North Dakota livestock of adequate numbers in their own backyard eliminating the need for this extra travel.

Additionally, with the establishment of a Beef Systems Center of Excellence, as a student in animal and range sciences as well as biotechnology, I would be able to witness first hand the effects of many variables on carcass characteristics. NDSU would become a leader in food safety and generate new ideas in slaughter and meat processing. As an alum of NDSU I would be more employable because of my experiences at the Beef Systems Center of Excellence.

Finally, the Beef Systems Center of Excellence would not only serve as a learning tool to college students, but also to current beef cattle producers. The research completed at this center would certainly be used by the progressive agriculturalists of North Dakota to better their herds and consequently the US food supply. The Beef Systems Center of Excellence would create a better product, whether you're talking about the research carried out or the students that will be produced through it. Please vote in favor of Bill 2334.

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Operator's Signature

10/22/03
Date

Roger Johnson
Agriculture Commissioner
www.agdepartment.com



Phone (701) 328-2231
Toll Free (800) 242-7535
Fax (701) 328-4567

Exhibit 4

600 E Boulevard Ave., Dept. 602
Bismarck, ND 58505-0020

Testimony of Wayne R. Carlson
Livestock Services Coordinator
North Dakota Department of Agriculture
Senate Bill 2334
Appropriation Committee
Harvest Room
February 6, 2003

Chairman Holmberg and Committee members, for the record, my name is Wayne Carlson. I am the Livestock Service Coordinator for the Department of Agriculture. I am here to testify in support of Senate Bill 2334.

Last year, cash receipts for the livestock industry amounted to 720 million dollars. Our livestock industry has a huge potential to bring additional economic development to the state with increased livestock development. This bill provides an avenue through which the state can increase livestock development through research and the development of an integrated processing industry.

The state took a major step in livestock development by passing a state meat inspection program in 1999. So far this program has allowed ten small processor/slaughter facilities to add value to our producers' livestock. The development of a beef center of excellence would further enhance

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Wayne R. Carlson
Operator's Signature

10/22/03
Date

this program by creating a model of a highly efficient integrated slaughter/processing plant which new state plants can duplicate.

North Dakota producers have some of the highest quality livestock in the world. This development center would create a facility where research, including genetic tracing, carcass quality information, and essential nutrient research, could ultimately be available to our producers enabling them to recapture value for their quality that is presently being lost.

Mr. Chairman and committee members, I urge a do pass on Senate Bill 2334. If you have any questions, I would be happy to answer them.

Thank you.

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Deanna Walcott
Operator's Signature

10/22/03
Date

cc. Development

Senator

Robinson

Uphel # 3

V-Chen
B-Hen

Thane

Grubbs

Andrew

Kadota

Schubert

Wichman

Lind

Mathen

Kilger

Hobbes

Chairman 1 Committee members

My name is Jody Hauge - I farm and ranch in partnership with my husband Jim and son, Jamie. We also run a backgrounding feedlot where we background our own calves and do custom backgrounding.

I am here to support SB2334 on behalf of myself and as a member of the State Board of Ag Research and Education.

As we look at an integrated system in the cattle industry we see the needs of the c/c producer, backgrounder, finisher and final stage (the meat). Harvest to Retail.

SBARE has addressed many of the Beef Research + Extension needs in Beefline and have laid out a long range plan for the future of the Beef Industry in ND.

Quality and Genetics are part of that long range plan. This Center of Excellence-Beef Systems takes us to that next level.

We have the Animal Research Center at NDSU that SBARE and others have worked so hard to get....we have excellent c/c research, background calves research and now with the feedmill at Carrington - we ALL hope to expand the Research and vision of the beef industry in ND. It will also open up an opportunity to partner with The Human Nutrition Lab in Grand Forks.

The Center Of Excellence program will take the Beef Industry to the next level.

As a Beef producer I see the need to expand in this direction and commend Senator Bowman, Dr. Berg and others who have put this vision into a plan.

Buy - Products -

66b - wheat milk
Low Gluten Pellets

66f - Tires

At - raw health research -
Fly out

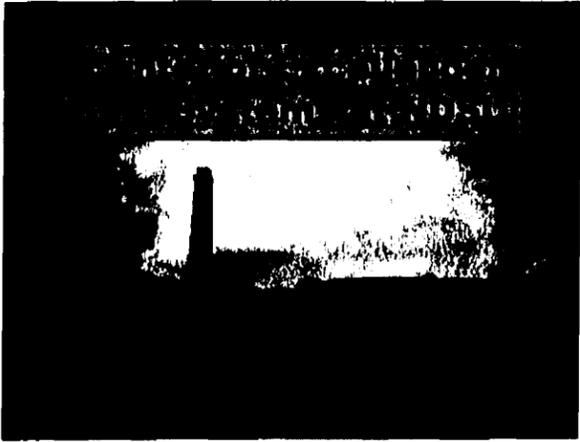
Liquidation -
Kilger

Senator Bowman
Senator Dave O'Connell

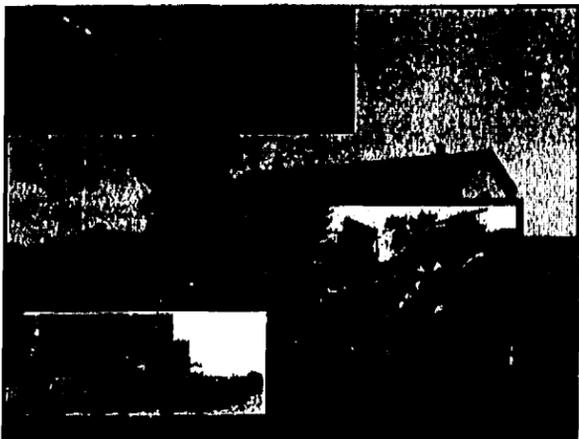
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Deanna Walbridge
Operator's Signature

10/22/03
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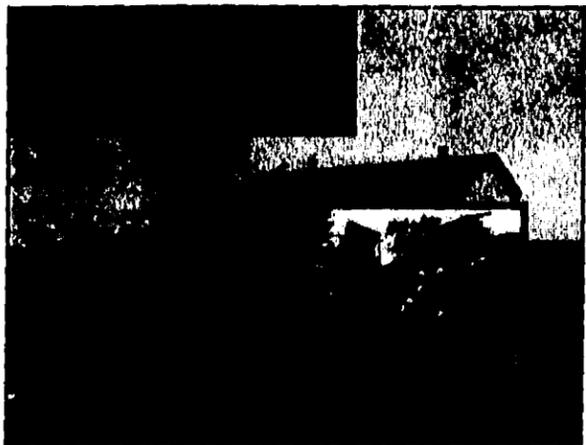




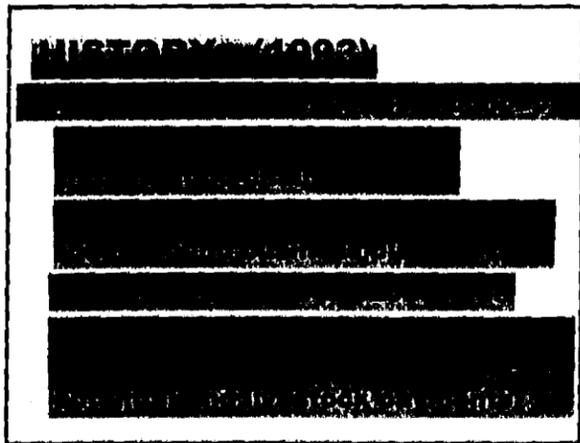
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Diana Walcott
Operator's Signature

10/22/03
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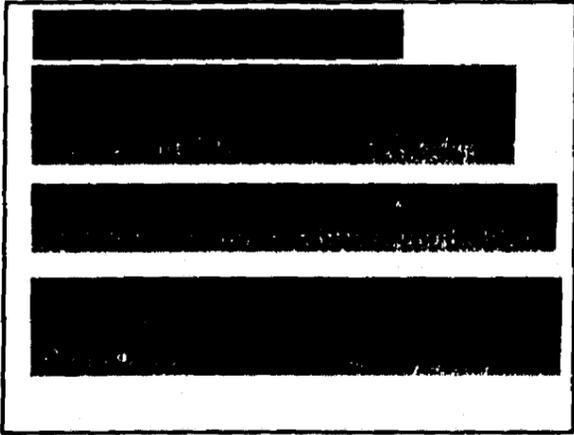




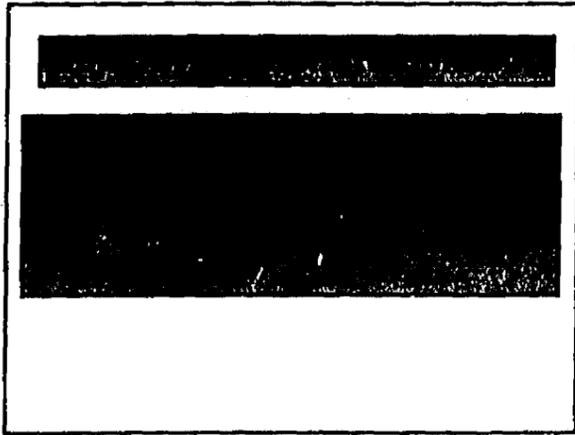
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Deanna Hallmark
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Eight horizontal lines for handwritten notes.



Eight horizontal lines for handwritten notes.

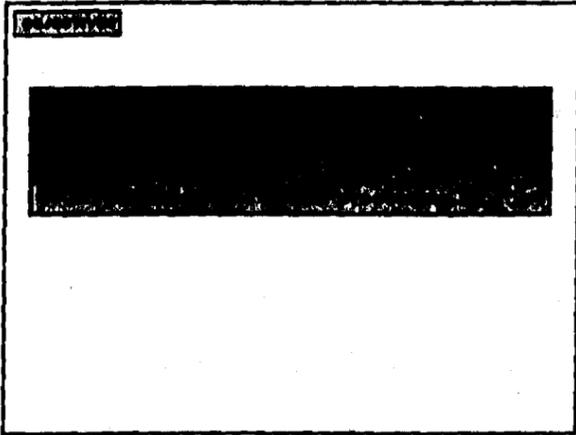


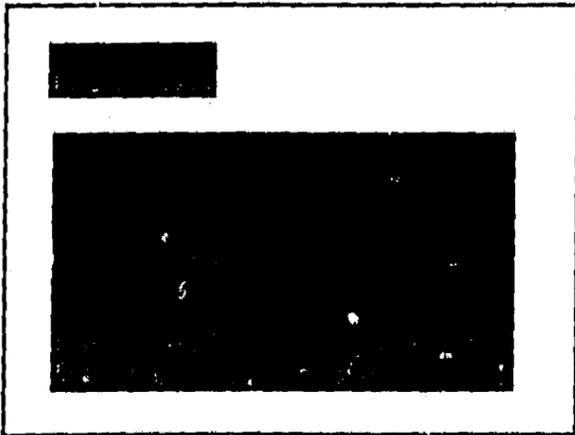
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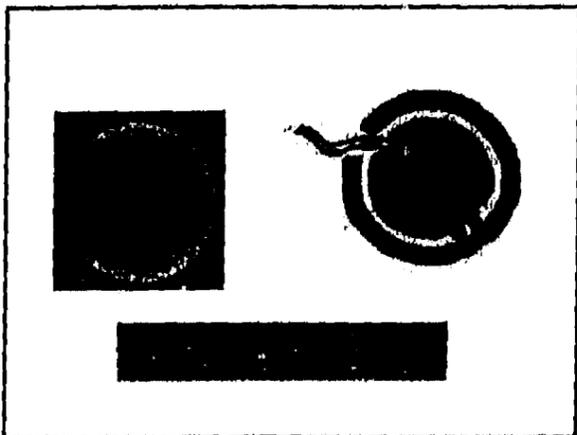
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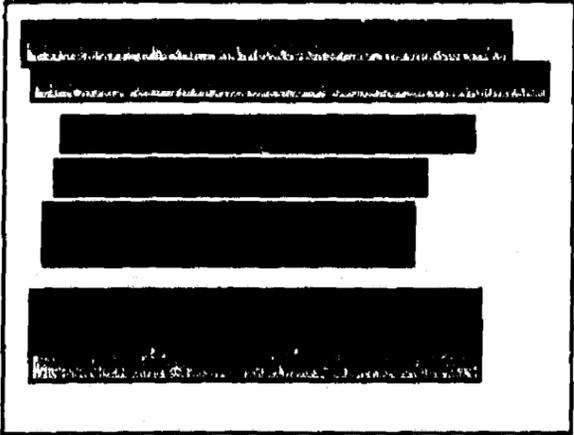


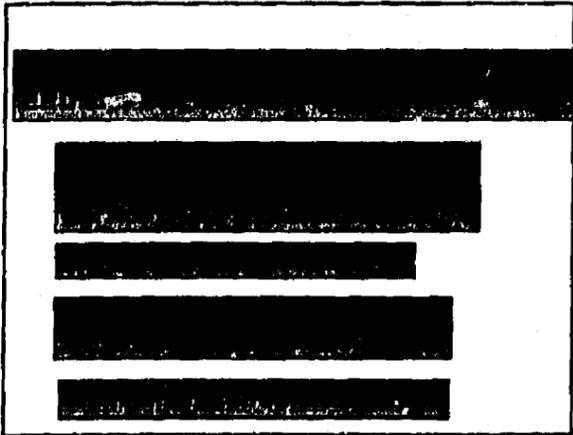
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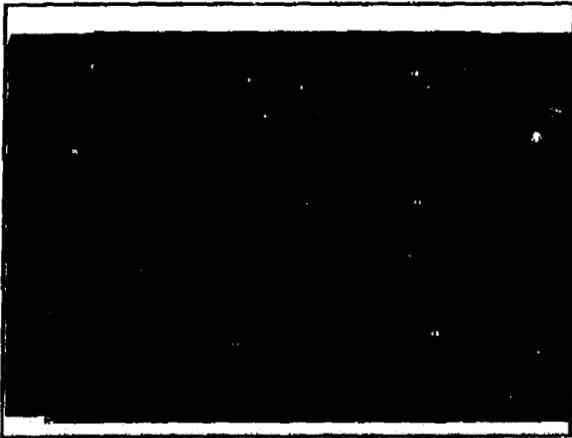
Deanna Stalder
Operator's Signature

10/22/03

Date







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Deanna Hall
Operator's Signature

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