

2013 SENATE AGRICULTURE

SB 2146

2013 SENATE STANDING COMMITTEE MINUTES

Senate Agriculture Committee
Roosevelt Park Room, State Capitol

SB 2146
January 24, 2013
17702

☐ Conference Committee

SB 2146 will establish an assessment on grapes, create an advisory committee, and provide an appropriation.

Minutes:

Written testimony

Chairman Miller opened the hearing on SB 2146.

All committee members were present.

Paul Anderson, President North Dakota Grape and Wine Association (NDGWA) testified in support of SB 2146. He highlighted the need for continuing funding for grape and wine research for the state. He said that they have an ongoing research and development program at NDSU that was funded by the 61st legislative session. They need additional funds to continue this research. In addition to research they need funding for Education and Marketing. The appropriation is for \$300,000 for research and development and \$50,000 for education and marketing. **Written testimony #1**

Senator Miller asked him to talk about how the assessment was going to work.

Paul Anderson said that the assessment is for one cent per pound on North Dakota grown grapes used by North Dakota wineries. The grapes would come into the winery and they would keep track of the pounds of grapes that they received and pay the one cent per pound.

Senator Klein commented that in the fiscal note it shows that the assessment raises an estimate of \$3700. He stated that what they like to see is some skin in the game (financial commitment). He asked if there would be an effort by the producers to get this little bit of skin and get it to the state.

Paul Anderson replied that the grape wine business is relatively small, less than one percent of the wine sold in the state. He said if they could get that up to 5% or 10% that number would get bigger. He talked about the large investment of becoming a commercial grape grower.

Senator Klein asked how many commercial wine growers in North Dakota.

Paul Anderson said that there were about fifteen producers that are actually selling grapes. He said there are forty grower sites that show up for the aerial sprayers. He said that if you have a half acre to an acre you have enough acres to sell grapes.

Senator Miller asked for clarification on who collects the fee.

Paul Anderson said that it was the responsibility of the wine maker.

Senator Klein asked how much the 61st Legislature gave them and if they had requests in any other budgets (11:55 - 13:04).

Discussion followed on varieties and the difficulty finding varieties that can survive (13:05 - 15:53).

Senator Krebsbach, Senator from district 40, testified in support of SB 2146.

Rod Ballinger, Chairman of the Grape and Wine Program Committee testified in support of SB 2146. **Written testimony #2**

Senator Miller asked what a pound of grapes sold for.

Rod Ballinger said that it depends on quality but this year about sixty to seventy five cents a pound.

Senator Larson asked how many pounds per mature plant, and how long does it take to get to maturity.

Rod Ballinger answered about sixteen pound of grapes per plant and twenty pounds will make a gallon of wine.

Senator Klein commented on the Ag committee and SBARE, and priority needs and the difficult decisions on how to prioritize for the state of ND (27:15 - 29:35).

Rod Ballinger talked about their needs and goals and handed out a copy of the short term Executive Summary of their vision and direction plan.

Jeff Peterson, owner of Point of View winery and Souris Valley Vineyard in Burlington, ND, testified in support of the bill and the continuation of the research with the industry. He said that he uses about 3000 - 5000 pounds of grapes a year. He said that the variety he uses is not a true wine grape but the only one that will grow in his area. He stated that he was excited about the prospect of actually having cold hardy varieties for the future that will come out of NDSU. He also uses fruits for his wine making.

Senator Klein asked if this was his living.

Jeff Peterson said it was now. He said that in 2011-2012 he processed just about 14,000 pounds of North Dakota grown grapes. In 2012 he used 1000 pounds of ND grapes. He said that he bought fruit from across the state and supplements with agri-tourism.

Senator Klein commented on the difficulty to sort out the facts that some people are making a living on this and others are enjoying a hobby.

Jeff Peterson said that many of the growers have aspirations of turning their two or three acres of grapes into a small retirement business or new business. He said that his one acre of grapes equates to about \$20,000 in value. He said he had tried varieties from University of MN and NDSU and he hasn't found anything hardy enough.

Senator Heckaman asked if when saying Grape and Wine fund, that included funds for other types of produce that they use for wine.

Jeff Peterson answered that the research is basically grapes and the marketing and promotion is all of the fruits that they are using.

Senator Larsen asked if he was able to move most of his product or if he had carryover.

Jeff Peterson answered that he tries to gage production based on the previous year with additional production plus he likes to have some reserved in the bulk tanks for aging. This year the demand was very good.

Dane Braun, Policy Analyst for the North Dakota Department of Agriculture testified in support of SB 2146. **Written testimony #3**

Senator Miller asked for a breakdown of how the money will be spent.

Dane Braun replied that the breakdown, based on the consultation of the advisory committee, would be \$300,000 for research and \$50,000 for marketing.

Discussion followed on the industry's growth and if the industry can become self-sufficient.

Senator Krebsbach commented that we need to have research to find varieties of grapes that will survive in North Dakota. Their goal is to have 25 wineries by the year 2026. She said that to be recognized nationally they need to be grape wine producers.

Bruce Gussias, Dakota Sun Garden Winery, stated that he was not in opposition to the bill, but felt it should be expanded to include the fruit program in Carrington. He believes that every winery in the state is using fruit in their wine production and not every winery in the state is using grapes in their production. He also said he had a problem with the collecting of the fees. He thinks that in order to collect 100% assessments, the grape growers should be collecting that assessment. He also believes North Dakota could be recognized nationally for fruit wines.

Greg Kempel, Maple River Winery, spoke in opposition to SB 2146.
Written testimony #4

Senator Klein asked him to explain how the tourism department helped them.

Greg Kempel replied that the State looks at what is going to be beneficial to everybody. The tourism department does a great job in recognizing what is going to be vital and they look at competitive entities to compete for marketing dollars. He said Maple River Winery is competing successfully with entities like Medora and Jamestown for matching grants. There are programs already available like Pride of ND; tourism with cooperative marketing, where you have to invest 50% or more; APUC, and self-help through self-advertising.

Discussion followed on excise tax, amount of grapes used and grown in North Dakota, variables that dictate what type of grapes and fruit are grown in ND. The need for research and whether it is importance and how long does the state continue to fund grape research and wine growers (1:06 - 1:17).

Greg Kempel said that he would e-mail a copy to committee members of the ND Grape Growers 2010 Executive summary conducted by NDSU.

Chairman Miller closed the hearing on SB 2146.

2013 SENATE STANDING COMMITTEE MINUTES

Senate Agriculture Committee
Roosevelt Park Room, State Capitol

SB 2146
January 24, 2013
17709

☐ Conference Committee

Hauge

SB 2146 will establish an assessment on grapes, create an advisory committee, and provide an appropriation.

Minutes:

Discussion

Chairman Miller, opened discussion on SB 2146 at 2:00 PM.

Senator Heckaman expressed stakeholder's concerns with research that is not available for other types of wines in North Dakota. Grapes are such a small part of the total wine production in ND. The idea of splitting out some of these dollars has some appeal to her. She cited Carrington's research with fruit wines as an example. She referenced testimony that said, we aren't going to take over the Napa Valley wine industry but we may become a leading producer in other areas.

Senator Miller had some concerns with their assessment and the grape grower's financial commitment.

Senator Heckaman agreed with Chairman Miller on the commitment but she didn't agree with the testimony implying that collecting and submitting the assessment would be a nightmare.

Discussion followed on the problems with the assessment, the amount of money that would be collected, and the penalties that could be enforced.

The committee decided that it needed more time to get more information.

Chairman Miller adjourned.

2013 SENATE STANDING COMMITTEE MINUTES

Senate Agriculture Committee
Roosevelt Park Room, State Capitol

SB 2146
January 25, 2013
17756

☐ Conference Committee

Change

SB 2146 will establish an assessment on grapes, create an advisory committee, and provide an appropriation.

Minutes:

Discussion

Chairman Miller opened discussion on SB 2146.

Senator Heckaman said that she was working on a possible amendment and asked that she be given more time to work on this.

Chairman Miller said that he and other committee member have concerns and may offer amendments.

Senator Klein commented that he also had concerns.

Chairman Miller adjourned.

2013 SENATE STANDING COMMITTEE MINUTES

Senate Agriculture Committee
Roosevelt Park Room, State Capitol

SB 2146
February 1, 2013
18151

☐ Conference Committee

Change

Minutes:

Discussion

Chairman Miller opened discussion on SB 2146 relating to a grape assessment, create an advisory committee, and provide an appropriation.

Senator Heckaman handed out a proposed amendment from the Ag Department that adds one individual on the board who is a fruit producer. Attached amendment #1

Senator Heckaman moved to adopt the Heckaman amendment to SB 2146.

Senator Klein seconded the amendment.

Amendment adopted 4-0-0

Senator Klein presented hog house amendment 13.0411.01002. It does possibly take out the amendment we just passed. It would eliminate the checkoff issue and it changes the entire bill to an appropriation. The appropriation is \$100,000, with a \$50,000 grant that must be awarded to a person providing research in support of the grape and wine industry in the state and \$50,000 grant must be awarded to a person engaged in efforts to promote the grape and wine industry in the state. Senator Klein said the amendment was not quite what he expected so asked for time to visit further with the council. His other idea was to return the amount of revenue that our wineries generate for the general fund. Currently, in the year 2012, \$4321 was generated in the tax that we assess the wineries.

Senator Miller asked for some clarification from the wine industry. He asked how much of the appropriation from 2009 remains in the fund.

Rod Ballinger said that of the original appropriation of \$250,000 nothing is left. The grape wine fund is down to zero.

Senator Miller asked for a breakdown of the priorities of how the new appropriation would be spent.

Rod Ballinger answered that Dr. Harling has proposed that we need \$50,000 per person for research staff, one in Fargo and one outside the main station in a different weather

pattern area. For two years, that will come to \$200,000. The remainder of the \$100,000 would be to support that type of research, for example the equipment, posts, rent from the greenhouse.

Senator Miller asked about the 6000 plants in the greenhouse.

Rod Ballinger replied that they have 6000 seedlings and they will all be ready to go by April.

Senator Miller asked how they were paid for.

Rod Ballinger said they were paid for from their original appropriation of \$250,000. They hired a consultant and a breeder and developed the seedling by doing all their crosses in the greenhouse for the past two years. The additional money is to continue that evaluation program of the plants already on the Extension Research centers across the state and the extra \$50,000 was to help out with the extra seedlings going into the ground.

Senator Heckaman asked where the new seedlings were going.

Rod Ballinger said that they all go into research plots with extension and the 9 R.E.C.s. There are a few private ones that they use for just temporary.

Senator Larson asked about the research.

Rod Ballinger replied that they are doing research on heat growing days. They are trying to reduce the days so they can get grapes that ripen, similar to the corn research being done.

Discussion followed on Senator Klein's amendment and the need to add the fruit producer to the board. There were other concerns about the continuation of the board.

Senator Klein and Senator Heckaman would like more time to work on this.

Senator Miller adjourned.

Additional e-mail on SB 2146 attached.

2013 SENATE STANDING COMMITTEE MINUTES

Senate Agriculture Committee
Roosevelt Park Room, State Capitol

SB 2146
February 7, 2013
18518

☐ Conference Committee



Minutes:

Do pass as amended

Chairman Miller opened discussion on SB 2146 relating to the grape and wine industry. All members were present.

Senator Klein moved for the adoption of amendments 13.0411.01003. This is a hog house amendment that provides an individual who is the producer of a fruit, other than grapes, used in vinification to be on the grape and wine advisory committee. There is an appropriation of \$100,000 to the agriculture commissioner for the purpose of awarding grape and wine industry grants. Grants awarded must be used to provide research in support of or to promote the grape and wine industry in North Dakota.

Senator Heckaman seconded the amendment.

Senator Miller said he had asked Dr. Grafton for some information on the appropriation. He responded with an amount larger than what the amendment asked for but less than the original bill appropriates. **Attachment #1: Dr. Ken Grafton's e-mail.**

Discussion followed on Dr. Ken Grafton's comments, the possibility of adding a friendly amendment to move the appropriations up to \$150,000. Committee members were in agreement with the \$100,000 and if there are changes to be made it can be addressed at the appropriation hearing.

Roll call vote on amendment 13.0411-01003: 5-0-0

Senator Klein moved a do pass as amended and rerefer to Appropriation.

Senator Heckaman seconded.

Senator Miller stated that this is a hog house amendment and we don't have to consider the previous passed amendment to this bill.

Senator Larsen commented that next session they need to follow up on the number of wineries in the state that the group has added.

Senator Heckaman also commented on the need for a follow up on how the money is spent.

Do pass as amended and rerefer to appropriations: 5-0-0

Senator Klein will be the carrier.

Senator Klein said that he will reserve the right, if this comes back from appropriations with a major change, that he may change his mind.

2013 SENATE STANDING COMMITTEE MINUTES

Senate Agriculture Committee
Roosevelt Park Room, State Capitol

SB 2146 & 2324
February 8, 2013
18575

☐ Conference Committee

Hauge

Minutes:

Chairman Miller explained to the grape and wine producers that we passed SB 2146 with amendments.

Senator Klein explained to the grape and wine producers that they amended it to add a fruit producer to the board and change the appropriation to \$100,000. For the record, people have come to him and said that this is all about SBARE, he is offended. He does not think that SBARE should get a black eye over this. They were not here and testified against this. We heard from the grape growers, we heard from the gentleman from Casselton. For the record he wanted to say it is disturbing to him that SBARE is being attacked. SBARE is an organization that is trying to do the best for agriculture and he did not see them involved. For the record, he wants his comments to be out there.

Comments followed on why decisions were made. Overall the ag committee is pleased with the outcome of their passage of SB 2146 as amended and rerefer to the Appropriation Committee.

Senator Klein said that there is talk of killing the amendment on the Senate floor. He said that if this happens, he will not support SB 2146 at \$350,000.

Chairman Miller adjourned.

FISCAL NOTE
Requested by Legislative Council
01/10/2013

Revised
 Bill/Resolution No.: SB 2146

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$3,778	\$0	\$3,778
Expenditures	\$0	\$0	\$350,000	\$3,778	\$0	\$3,778
Appropriations	\$0	\$0	\$350,000	\$0	\$0	\$0

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill creates a fund to collect an assessment of one cent per pound of grapes sold or provided to a winery in the state. The grape and wine fund has continuing appropriation authority. This bill creates a five-member grape and wine advisory committee and includes an appropriation.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 3 creates an assessment of one cent per pound of grapes sold or provided to a winery in the state. NDDA estimates 377,806 pounds of grapes will be sold or provided to wineries in a biennium, based on the assumptions all domestic wine originates from grapes and 20 pounds of grapes produce one gallon of wine. A portion of domestic wine originates from fruit; however, no data exists to determine this breakdown. Section 4 appropriates \$350,000 to the agriculture commissioner for research, education programs, and market development efforts.

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.*

The revenue is based on 377,806 pounds of grapes sold or provided to wineries in a biennium at \$.01 per pound. All assessment fees are deposited in the wine and grape fund. The assessment fee was not included in the executive budget.

- 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.*

Section 3 of the bill authorizes up to 100 percent of the non-refunded collected assessments deposited in the grape and wine fund. Section 4 authorizes the agriculture commissioner to make expenditures for the purpose of funding research, education programs, and market development efforts, as well as participation in and support of programs and efforts to promote the grape and wine industry.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Section 4 appropriates \$350,000 to the agriculture commissioner for the purpose of funding research, education programs, and market development efforts. The wine and grape fund has continuing appropriation authority. The appropriation to the agriculture commissioner was not included in the executive budget.

Name: Dane Braun

Agency: Department of Agriculture

Telephone: 328-4764

Date Prepared: 01/15/2013

February 6, 2013

2/7/13
70

PROPOSED AMENDMENTS TO SENATE BILL NO. 2146

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 4-01 of the North Dakota Century Code, relating to the grape and wine advisory committee; and to provide an appropriation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 4-01 of the North Dakota Century Code is created and enacted as follows:

Grape and wine advisory committee - Membership.

The agriculture commissioner shall appoint a grape and wine advisory committee. The committee must include:

1. Two individuals who are grape producers;
2. One individual who is the producer of a fruit, other than grapes, used in vinification;
3. Two individuals who own wineries located in this state; and
4. One representative of the North Dakota grape and wine association.

SECTION 2. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$100,000, or so much of the sum as may be necessary, to the agriculture commissioner for the purpose of awarding grape and wine industry grants, for the biennium beginning July 1, 2013, and ending June 30, 2015. Grants awarded under this section must be used to provide research in support of or to promote the grape and wine industry in this state. The commissioner shall consult with the grape and wine advisory committee before selecting the grant recipients."

Renumber accordingly

Date: 2-1-13
Roll Call Vote #: 1

2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1

Senate Agriculture Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number Heckaman amendment

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Senator Heckaman Seconded By Senator Klein

Senators	Yes	No	Senator	Yes	No
Chairman Joe Miller	✓				
Vice Chairman Larry Luick					
Senator Jerry Klein	✓				
Senator Oley Larsen	✓				
Senator Joan Heckaman	✓				

Total (Yes) 4 No 0

Absent 0

Floor Assignment _____

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

Date: 2-7-13
Roll Call Vote #: 1

2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2146

Senate Agriculture Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 13.0411.01003

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Senator Klein Seconded By Senator Heckaman

Senators	Yes	No	Senator	Yes	No
Chairman Joe Miller	✓				
Vice Chairman Larry Luick	✓				
Senator Jerry Klein	✓				
Senator Oley Larsen	✓				
Senator Joan Heckaman	✓				

Total (Yes) 5 No 0

Absent 0

Floor Assignment _____

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

Date: 2-27-13
Roll Call Vote #: 2

2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2146

Senate Agriculture Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: ☒ Do Pass ☐ Do Not Pass ☒ Amended ☐ Adopt Amendment

☒ Rerefer to Appropriations ☐ Reconsider

Motion Made By Senator Klein Seconded By Senator Heckaman

Senators	Yes	No	Senator	Yes	No
Chairman Joe Miller	✓				
Vice Chairman Larry Luick	✓				
Senator Jerry Klein	✓				
Senator Oley Larsen	✓				
Senator Joan Heckaman	✓				

Total (Yes) 5 No 0

Absent 0

Floor Assignment Senator Klein

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

REPORT OF STANDING COMMITTEE

SB 2146: Agriculture Committee (Sen. Miller, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS and BE REREFERRED to the Appropriations Committee (5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2146 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 4-01 of the North Dakota Century Code, relating to the grape and wine advisory committee; and to provide an appropriation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 4-01 of the North Dakota Century Code is created and enacted as follows:

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1. Two individuals who are grape producers;
2. One individual who is the producer of a fruit, other than grapes, used in vinification;
3. Two individuals who own wineries located in this state; and
4. One representative of the North Dakota grape and wine association.

SECTION 2. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$100,000, or so much of the sum as may be necessary, to the agriculture commissioner for the purpose of awarding grape and wine industry grants, for the biennium beginning July 1, 2013, and ending June 30, 2015. Grants awarded under this section must be used to provide research in support of or to promote the grape and wine industry in this state. The commissioner shall consult with the grape and wine advisory committee before selecting the grant recipients."

Renumber accordingly

2013 SENATE APPROPRIATIONS

SB 2146

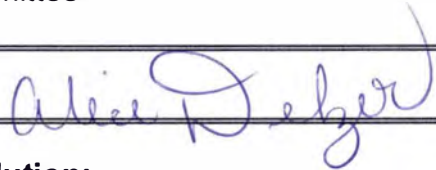
2013 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee Harvest Room, State Capitol

SB 2146
02-14-2013
Job # 18964 and 18965

☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL relating to the grape and wine advisory committee

Minutes:

See attached testimony

Chairman Holmberg called the committee to order on Thursday, February 14, 2013 at 8:30 AM. All committee members were present. Opened the hearing on SB 2146.

Adam Mathiak - Legislative Council

Sheila Peterson - OMB

Senator Krebsbach said that she was a sponsor of this bill. The bill has changed considerable from how it was introduced. She said there were people from the industry that are here to testify and explain why they introduced the original bill the way they did. She said that the bill definitely needs more dollars added back in.

Chairman Holmberg the bill was amended to take off the check off, and reduced the appropriation.

Senator Krebsbach said that they also added a fruit person to the advisory committee and that is agreeable to the wine people.

Paul Anderson, President of the North Dakota Grape and Wine Association testified in favor of SB 2146. He is a grape grower from Rutland, ND. **Written Testimony #1**

He stated that the bill changed dramatically. The Senate Agricultural committee took out the 2 FTE and changed the appropriation to \$100,000. He made reference to Dr. Grafton's e-mail to Chairman Miller. NDSU feels the research can be done at an acceptable level with \$150,000. Paul said that the education and marketing portion still requires \$50,000 which was the consideration in the original bill. Therefore \$200,000 is the minimum needed to meet the goal of the original bill. He continued on with his written testimony.

Chairman Holmberg thanked him for focusing on the fiscal note because that is what this committee is interested in.

Senator Gary Lee asked Paul if he could tell them what SBARE has given them in the past and what other grants or funds they have received. He said he had gotten an e-mail that

NDSU had received a grant for \$2.4 million for cold weather grape research to be shared with other states.

Paul Anderson replied that the northern grape research program is for the northern part of the country and part of Canada. NDSU did get a portion of that money.

Senator Gary Lee: So that is cold climate grape research and it will benefit ND.

Senator Kilzer: Do you have any idea of the taxes that come into North Dakota from the production of wine.

Paul Anderson said about \$4900 in excise tax.

Rod Ballinger, Chairman of the Grape and Wine Program Committee testifies in support of SB 2146. He read his **written testimony # 2**. He said that they went through the SBARE process but did not make the list of priorities. After that, they had to make a decision on how to keep the program going and SB 2146 came out of that. He also presented the Executive Summary, Strategic Vision and Direction Plan, **Attachment #3**. He said that they never received money from SBARE but NDSU received money from APUC for wine research. He wasn't sure how much money they received.

Dane Braun, Policy Analyst for the North Dakota Department of Agriculture testified on behalf of Ag Commissioner Doug Goehring in support of 2146. Read his **Written Testimony #4**

Senator Gary Lee: Did the North Dakota Department of Agriculture consider putting money into their budget for grape research?

Dane Braun: Yes, at one time the commissioner considered putting \$110,000 into their budget; \$60,000 for research and \$50,000 for marketing.

Senator Gary Lee: Why didn't they put it in?

Dane Braun: It wasn't included in the Governor's budget.

Vice Chairman Grindberg asked Mr. Schneider for an update on APUC history with this industry. He asked Sheila Petersen, OMB if she could pull up the balance of the funding that is available in APUC.

Mr. Schneider said he was not prepared for testimony today and can't give exact numbers but APUC has been a long supporter of the Grape and Wine industry. The research dollars for NDSU was about \$150,000 and that goes back several years. They have also invested in wineries, vineyards and agri tourism activities throughout the state. At one time, the appropriation committee put \$200,000 into APUCs budget, and asked it be invested into the grape research project. The timeline for APUC money was a problem for them and the biennium ran out before they could access all of the money.

Mike Beltz, Vice Chairman of SBARE, commented on how SBARE's prioritizing goes. He said they take input from their stakeholders, they become line items, they rank the line items, and then it moves on from there. In the process the grape and wine research ranked in about the middle or bottom half of our ranking. They did not rise to a level where they could bring it as a priority to the legislature. He said that they take their responsibility very seriously and work on behalf of all of the stakeholders. He stated that SBARE was not out to kill this bill. (25.27)

Senator Krebsbach: said she was glad to hear that. She asked if he would be agreeable to see an increase of dollars for that organization's research.

Mike Beltz said that is their determination to make.

Chairman Holmberg closed the hearing.

Chairman Holmberg called the committee back to order.

Shelia Peterson, OMB gave her report on APUC. She said the executive recommendation for APUC, which is a line item in the Department of Commerce, is recommended at \$3,246,536.

Vice Chairman Grindberg: I just learned from the Commerce Department today that the Governor is purposing taking away the funding source for APUC of the percent on ethanol and moving it to SBARE. He said they would have to have a discussion on that. He thinks they should hold the bill.

Senator Krebsbach said that APUC has only given money to one winery. What we are looking for is for all the wineries for research.

The hearing on SB 2146 was closed.

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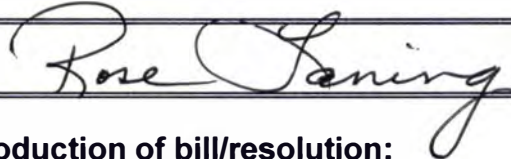
2013 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee Harvest Room, State Capitol

SB 2146
February 19, 2013
Job # 19196

☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A Bill relating to the grape and wine advisory committee

Minutes:

Amendment and Vote

Chairman Holmberg opened the hearing on SB 2146

Senator Krebsbach: She went over the amendment. See attachment 1. (1:45-2:15)

Senator Krebsbach moved amendment 13.0411.02001.

Senator O'Connell seconded the motion.

Chairman Holmberg: We will be taking one hundred thousand dollars out of the APUC money and that is a fund that has \$4.8 million in it.

Senator Warner: Asked if the money was for the purchasing of seedlings or is this for the continued maintenance.

Senator Krebsbach: Said correct, this is for planting of them and continuing maintenance. They have the seedlings. (3:32-3:58)

Senator Wanzek: Said I think we need to at least mention the concern of undermining SBARE and APUC. There is a process that we go through and they prioritize their agricultural needs. I think it's worth it.

The amendment carried by voice vote.

Senator Krebsbach move Do Pass as Amended on SB 2146.

Vice Chairman Grindberg seconded.

Senator Bowman: This bill has been around and one of the worst problems our state has is alcohol. At one end, we're trying to stop drinking and now we're trying to expand an industry. They get hooked on alcohol and end up in prisons.

Vice Chairman Grindberg: Said you can never predict the future but I believe the wholesale bill in the House that was so contentious last session, they found compromise with the distributors across the state and expect that bill to pass the House, it did pass. Which I think positions the industry even closer to where they want to be and if we can find a funding source for them to continue to do research, in a small nominal way, I would hope that everything we have done in the past session will keep them at home in 2015.

Senator Gary Lee: This seems to be a group that always comes in with a different proposal, than a good one that they have been offered. They were offered to be put in the AG commission budget but they seem to always be a little reluctant to try to work within the process and they find out this process works. It's disappointing that they can't figure it out each session before they come here with a collaborate effort that would be better for them in the long run.

A roll call vote was taken. Yea: 10 Nay: 3 Absent: 0

Senator Krebsbach will carry the bill on the floor.

FISCAL NOTE
Requested by Legislative Council
02/08/2013

Amendment to: SB 2146

- 1 A. **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.*

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Appropriations	\$0	\$0	\$100,000	\$0	\$0	\$0

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

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This bill creates a six-member grape and wine advisory committee and includes an appropriation.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 appropriates \$100,000 to the agriculture commissioner for awarding research and promotion grants.

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N/A

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Section 2 authorizes the agriculture commissioner to award promotion and research grants.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Section 2 authorizes the agriculture commissioner to award promotion and research grants.

Name: Dane Braun

Agency: Department of Agriculture

Telephone: 328-4764

Date Prepared: 02/11/2013

FISCAL NOTE
Requested by Legislative Council
01/10/2013

Revised
 Bill/Resolution No.: SB 2146

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This bill creates a fund to collect an assessment of one cent per pound of grapes sold or provided to a winery in the state. The grape and wine fund has continuing appropriation authority. This bill creates a five-member grape and wine advisory committee and includes an appropriation.

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Section 3 creates an assessment of one cent per pound of grapes sold or provided to a winery in the state. NDDA estimates 377,806 pounds of grapes will be sold or provided to wineries in a biennium, based on the assumptions all domestic wine originates from grapes and 20 pounds of grapes produce one gallon of wine. A portion of domestic wine originates from fruit; however, no data exists to determine this breakdown. Section 4 appropriates \$350,000 to the agriculture commissioner for research, education programs, and market development efforts.

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The revenue is based on 377,806 pounds of grapes sold or provided to wineries in a biennium at \$.01 per pound. All assessment fees are deposited in the wine and grape fund. The assessment fee was not included in the executive budget.

- 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.*

Section 3 of the bill authorizes up to 100 percent of the non-refunded collected assessments deposited in the grape and wine fund. Section 4 authorizes the agriculture commissioner to make expenditures for the purpose of funding research, education programs, and market development efforts, as well as participation in and support of programs and efforts to promote the grape and wine industry.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

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Name: Dane Braun

Agency: Department of Agriculture

Telephone: 328-4764

Date Prepared: 01/15/2013

13.0411.02001
Title.03000

Prepared by the Legislative Council staff for
Senator Krebsbach
February 18, 2013


2-19-13

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2146

Page 1, line 15, after the comma insert "and from the agricultural fuel tax fund, not otherwise appropriated, the sum of \$100,000, or so much of the sum as may be necessary,"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment adds \$100,000 from the agricultural fuel tax fund for grants to the grape and wine industry for a total of \$200,000 in total funding.

Date: 2-19-13

Roll Call Vote # 1

**2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. 2146

Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 13.0411.02001

Action Taken _____

Motion Made By Krebsbach Seconded By O'Connell

Senators	Yes	No	Senator	Yes	No
Chairman Ray Holmberg			Senator Tim Mathern		
Co-Vice Chairman Bill Bowman			Senator David O'Connell		
Co-Vice Chair Tony Grindberg			Senator Larry Robinson		
Senator Ralph Kilzer			Senator John Warner		
Senator Karen Krebsbach					
Senator Robert Erbele					
Senator Terry Wanzek					
Senator Ron Carlisle					
Senator Gary Lee					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Vote Canceled

Date: 2-19-13

Roll Call Vote # 2

**2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. 2146

Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken D P A.

Motion Made By Krebsbach Seconded By Grindberg

Senators	Yes	No	Senator	Yes	No
Chairman Ray Holmberg	✓		Senator Tim Mathern	✓	
Co-Vice Chairman Bill Bowman		✓	Senator David O'Connell	✓	
Co-Vice Chair Tony Grindberg	✓		Senator Larry Robinson	✓	
Senator Ralph Kilzer	✓		Senator John Warner	✓	
Senator Karen Krebsbach	✓				
Senator Robert Erbele	✓				
Senator Terry Wanzek	✓				
Senator Ron Carlisle		✓			
Senator Gary Lee		✓			

Total (Yes) 10 No 3

Absent 0

Floor Assignment Krebsbach

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

REPORT OF STANDING COMMITTEE

SB 2146, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (10 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2146 was placed on the Sixth order on the calendar.

Page 1, line 15, after the comma insert "and from the agricultural fuel tax fund, not otherwise appropriated, the sum of \$100,000, or so much of the sum as may be necessary,"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment adds \$100,000 from the agricultural fuel tax fund for grants to the grape and wine industry for a total of \$200,000 in total funding.

2013 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2146

2013 HOUSE STANDING COMMITTEE MINUTES

House Industry, Business and Labor Committee Peace Garden Room, State Capitol

SB 2146
March 12, 2013
Job 19806

☐ Conference Committee

Committee Clerk Signature

David Hanson

Explanation or reason for introduction of bill/resolution:

Relating to the grape and wine advisory committee; and to provide an appropriation.

Minutes:

Attachments 1-8

Committee reconvened.

Chairman Keiser opened the hearing on SB 2146.

Senator Krebsbach, District 40: Introduced bill. Provided background and benefits of vineyards and wineries in the state. To be recognized nationally, you need to be a grape wine producing state; right now, we are a fruit wine producing state.

Representative Ruby: Question on fiscal note.

Senator Krebsbach: Summarized history of the bill in the Senate agriculture committee and in the Senate appropriations committee.

Chairman Keiser: We will get clarification on the fiscal note.

Support:

Paul Anderson, grape grower and president of the North Dakota Grape and Wine Association: Provided written testimony, attachment 1. Elaborated on written testimony in terms of education and marketing. 11:00

Chairman Keiser: Why is this not in the budget of the Agriculture Commissioner?

Paul Anderson: There was some discussion about running this through his budget. The funding he looked at was lower than what we need.

Chairman Keiser: Do you know what the level of funding was recommended?

Paul Anderson: \$100,000.

Chairman Keiser: In terms of this advisory committee, is it your intent to have six people? One person could qualify for more than one category. Clarification needed in wording to indicate intent.

Representative M. Nelson: I assume your research needs were also presented to the SBRE Board. Where did you end up on priorities?

Paul Anderson: We did. We were low on their list of priorities.

Chairman Keiser: Asked what is the SBRE Board? 14:05

Paul Anderson: Explained what the board is and its functions.

Representative Beadle: Question about original version of the bill and reporting requirements for commodity group.

Paul Anderson: Currently the grape and wine committee makes a report to the Legislative Assembly. That would be taken out of this bill. We are fine to continue to report.

Representative Beadle: It was in the original bill and I was wondering why it was taken out?

Paul Anderson: That was not at our request.

Representative Amerman: If you do not get funding, what happens to the seedlings?

Paul Anderson: They have to go somewhere. 17:52

Rod Ballinger, Chairman of the Grape and Wine Program Committee: Spoke about legislative history of this issue and related issues. Spoke about the importance of research and direct to retail. Gave examples from Iowa. Spoke about budget for planting seedlings. Spoke about marketing, education, and promotion. The State Board of Research and Education is the priority committee that prioritizes the money that is funded through the appropriation. Spoke about funding which could have been available from the Agriculture Commissioner. Spoke about assessment on commodities. Spoke of issues which came to light and needed to be addressed. We needed to find a fiscal authority, and that is why the Department of Agriculture has agreed to do this. Spoke of importance of cooperation with others in the industry. Explained pictures of research at NDSU, attachment 2. This bill is a good compromise. Written testimony, attachment 3. 27:55

Mark Vining, member of board of directors of the North Dakota Grape and Wine Association: Provided written testimony, attachment 4. Distributed fact sheet, attachment 5. Distributed strategic vision and direction plan, attachment 6. Gave reasons why it is important to develop grapes specifically to North Dakota's number of growing degree days. Gave details about the wineries which would benefit should this bill pass. Drew attention to timeline within attachment 5.

Opposition:

Greg Kempel, co-owner of Maple River Winery in Casselton: Refer to written testimony, attachment 7. Distributed attachment 8, explained within written and oral testimony. 52:30

Representative Kasper: Are there no grapes that are grown in the northern hemisphere that are hardy enough to stand our environment?

Greg Kempel: There is a high degree of risk; there is no insurance available from crops like that.

Representative Kasper: Clarified question.

Greg Kempel: There are plenty of wild grapes. There may be some in the future. He gave examples.

Representative Kasper: Your entrepreneurial model is as you described it. Do you object to others who may have a different entrepreneurial model?

Greg Kempel: As long as it is a level playing field. Spoke of grants and state-supported research. If someone is growing a fruit other than grapes and doesn't have access to this funding, how is that fair? It's not fair to everybody in the industry; it's only fair to the people that have the interest at NDSU.

Representative Kasper: Are you implying that there is a limited market for wine and that your share of the market would decline should grape wines be developed?

Greg Kempel: No. I just want a fair playing field.

Representative Ruby: How does the grant for research help California? 57:54

Greg Kempel: Spoke that the funding was used to help market grapes.

Representative Ruby: I know a certain business that has a domestic winery, but another portion of their business, which has been going on a long time before the farm winery and the change to domestic winery; they have taken juice and allowed people to make wine from that. I'm assuming from that example that is from that part of the business. Correct?

Greg Kempel: No. It's where you can buy a bottle off the shelf. The problem is when the grant money goes out it can go to wineries and to vineyards. There are not grapes available. If you have a business where you want to sell wine and there are no grapes. What are your options? You'll either use North Dakota fruit or fruit from out of state. It's limited.

Representative Ruby: All wineries are only subject to a majority of product. Only a certain percentage of wine will potentially be out of state. What types of fruits do you use for your wine?

Greg Kempel: Anything that nature allows us and anything that will sell in the marketplace.

Representative Ruby: If there is a year juneberries don't grow you, are diversified enough to provide other types?

Greg Kempel: We have to, because we have employees that have to provide for their households. I have to manage my business to be able to fund them through our sales.

Representative Ruby: Don't you expect that if there is a bad year for grapes, those wineries would do the same thing? I know of a certain winery that ran out of their rhubarb last year. They are running out of some the wines they never ran out of before.

Greg Kempel: I think that shows that the 90% fruit wines are really growing. I have the numbers from the state Tax Department.

Representative Boschee: Are the fruits you use native to North Dakota?

Greg Kempel: There are fruits that have been imported since before statehood. I go by what NDSU says is native to our state. There is a unique variety. The thing is anybody that grows fruit should have the same opportunities.

Representative Boschee: Spoke of other crops which may not have initially grown well in North Dakota, but research brought about success. What would be fair to you?

Greg Kempel: Explained his unique situation. 1:05:55

Representative Boschee: In your eyes, what would fair be?

Greg Kempel: There should be a level playing field.

Representative Boschee: What I see in front of us is the creation of an advisory board to the Ag Commissioner to provide expertise. I think there is an opportunity for someone who produces fruit can have a say on that committee.

Greg Kempel: I appreciate that. He explained that 90% of the wine produced in the state is fruit based. 1:09:00

Representative Kasper: Read from bill.

Representative Kasper and Greg Kempel discussed where the money would go to research. 1:12:08

Seeing no further testimony Chairman Keiser closed the hearing.

Representative Ruby: Moved a do pass. Refer to Appropriations.

Representative Kasper: Seconded.

Representative Becker: Are we subsidizing grapes, because we think that it is in the best interest of the state to have a grape industry?

Chairman Keiser: Correct.

Representative Becker: If this bill does not pass, does that decrease the subsidy amount or does that eliminate an advisory committee?

Chairman Keiser: It would eliminate the committee and the money attached to it.

Representative Becker: Asked how these research dollars are allocated differently than other research crops.

Chairman Keiser: The Ag Department at NDSU gets a lot of research dollars. There are other funds available for all industries. This money is targeted specifically for research, marketing, and other things to try to bring a fledgling industry further along in their development. Explained what has transpired with this bill.

Representative Ruby: Explained some of the research funding.

Representative Kasper: Spoke about impact of research on crops within North Dakota. Voiced support for university research.

Roll call vote passed 9-6-0 with Representative Ruby carrying the bill and referred to the Appropriations Committee.

FISCAL NOTE
Requested by Legislative Council
02/20/2013

Amendment to: SB 2146

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Name: Dane Braun

Agency: Department of Agriculture

Telephone: 328-4764

Date Prepared: 02/22/2013

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Name: Dane Braun

Agency: Department of Agriculture

Telephone: 328-4764

Date Prepared: 02/22/2013




Date: 3-12-2013Roll Call Vote #: 1

**2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2146**

House Industry, Business, and Labor Committee

Legislative Council Amendment Number _____

Action Taken: ☒ Do Pass ☐ Do Not Pass ☐ Amended ☐ Adopt Amendment☒ Rerefer to Appropriations ☐ Reconsider ☐ Consent CalendarMotion Made By Ruby Seconded By Kasper

Representatives	Yes	No	Representatives	Yes	No
Chairman George Keiser		✓	Rep. Bill Amerman	✓	
Vice Chairman Gary Sukut		✓	Rep. Joshua Boschée	✓	
Rep. Thomas Beadle	✓		Rep. Edmund Gruchalla	✓	
Rep. Rick Becker		✓	Rep. Marvin Nelson		✓
Rep. Robert Frantsvog		✓			
Rep. Nancy Johnson	✓				
Rep. Jim Kasper	✓				
Rep. Curtiss Kreun	✓				
Rep. Scott Louser		✓			
Rep. Dan Ruby	✓				
Rep. Don Vigesaa	✓				

Total Yes 9 No 6Absent 0Floor Assignment Ruby

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

REPORT OF STANDING COMMITTEE

SB 2146, as reengrossed: Industry, Business and Labor Committee (Rep. Keiser, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (9 YEAS, 6 NAYS, 0 ABSENT AND NOT VOTING). Reengrossed SB 2146 was rereferred to the Appropriations Committee.

2013 HOUSE APPROPRIATIONS

SB 2146

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee Roughrider Room, State Capitol

SB 2146
3/26/13
Job 20448

☐ Conference Committee

Committee Clerk Signature

Meredith Tracholt

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new section to chapter 4-01 of the North Dakota Century Code, relating to the grape and wine advisory committee; and to provide an appropriation.

Minutes:

You may make reference to "attached testimony."

Chairman Delzer called the committee to order and a quorum was declared. He went over session deadlines.

Rep. George Keiser, District 47: Introduced the bill, beginning minute 3:15.

06:50

Rep. Bellew: The appropriation is not for an employee, but for grants?

Rep. Keiser: As I understand it, the grants would go through the agricultural commissioner. It would not be for employees; it would go directly to the producers in our state to assist them in the promotion or research associated with the program.

Chairman Delzer: Did you ask the ag commissioner what was in the budget last time and how they used that money? Are there limits on the grants?

Rep. Keiser: We did not.

Rep. Pollert: Does the grape & wine committee have for themselves a promotion check off like wheat industry does?

Rep. Keiser: There was discussion about a program similar to a check off program, wherein there would be a 20 cent/bottle assessment, but the committee did not feel at this time, given the developmental status of this industry, it was ready for a check off program.

Rep. Boe: How did you decide on the agricultural fuel tax fund as the source of the \$100,000?

Rep. Keiser: There was not discussion, other than that was a source identified by the bill sponsor and the wine industry that would be an appropriate source of funding for this program.

Chairman Delzer: You didn't research that, about the levels? Commerce does a lot with the agricultural fuel tax fund.

Rep. Keiser: The only discussion the committee had was that there was adequate funding available in that fund to manage this request.

Rep. Wieland: Are there any matching requirements involved here?

Rep. Keiser: There are none.

Rep. Hawken: On the check off piece, I don't believe there is enough produce at this point. It's an industry that is in its infancy.

Rep. Keiser: Our committee also thought the development of this industry was not at the point at which a check off would be appropriate.

Rep. Monson: How many bottles of wine are produced, do you have any numbers? Even a couple of pennies a bottle would produce quite a bit of revenue.

Rep. Keiser: About 9500 gallons were produced for commercial sale last year. Even at one or two cents, that's not significant dollars.

Chairman Delzer: Did the ag commissioner's budget have \$110,000 in it?

Becky Keller, Legislative Council (LC): In 2009-2011 there was \$250,000 for ag research for the grape and wine industry; we're not aware of any funding in the current biennium or the 13-15 biennium for this.

11:50

Rep. Nelson: The source of funding is the only question I would have. Has there been any history of funding research or promotion products from that source in the past?

Rep. Keiser: I do not know the answer to that.

Rep. Nelson: It used to fund APUC, but we're going outside of that box; was that an option that was considered, that rather than the legislature making this appropriation, they would apply to APUC for this grant? There may be a matching requirement for them.

Rep. Keiser: You are asking questions in an area I'm not expert in. I know they went to SBARE and requested funding, and were not given a high enough ranking in that process to receive funding.

Chairman Delzer: LC, please do a little research on the APUC side for us. Further questions? We will note that Sen. Krebsbach is in favor of the bill.

Sen. Karen Krebsbach, District 40: You questioned whether or not they had any skin in the game. In the original bill, the dollar amount requested was \$350,000, and there was a change in the scope of the committee. They also had a one cent per pound assessment on the grape and wine industry people, and that was taken out by amendment. They reduced the funding down to \$100,000, and then in Appropriations it was changed to \$200,000. They really need that much to make this thing work. There has been money taken from APUC for wine research and promotion before. There was adequate money in this fund, and we felt it was a good place to take the money for this project from.

Chairman Delzer: Thank you. Anything further? We'll continue to the next bill.

Attachments 1-6 were distributed but not referenced during discussion.

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee Roughrider Room, State Capitol

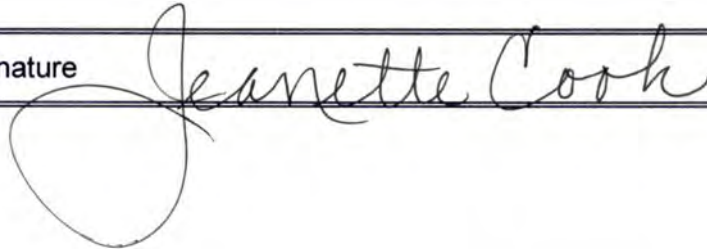
SB 2146

4/5/13

Job # 20936

☐ Conference Committee

Committee Clerk Signature



Minutes:

Chairman Delzer: This is the wine bill. The bill would appropriate \$100,000 out of general fund and \$100,000 out of the agricultural fuel tax fund. To the wine growers the issue was they wanted even more than is in the bill. They have something like 6,000 plants that they want to plant. State Board of Agricultural Research and Education, SBEAR, did not rate them at all in the priority listing. There was some discussion about the commissioner of Agriculture waiting for them to come in and ask for something in the budget. They didn't get around to it. I think there is some consternation between the different groups of wine growers. I think the Senate appropriations committee has taken it down to \$100,000, and it ended up back up \$200,000, and that is the way that it sits now.

Rep. Streyle: Why couldn't we amend this into the extension budget bill (SB 2020), if they want to do research on grapes? Why wouldn't it be in the extension office?

Chairman Delzer: In many ways I believe that is where it should be. I don't think SBARE thinks it is valid enough research and has enough economic validity to take part of the research dollars. Whether or not there is a researcher out there that would do this with them under their existing funding, I'm not sure.

Rep. Monson: I know there is grape research at several of the research stations; at some point in time SBARE must have put it on there. I think this money would be much better spent if it was put into the agriculture extension and research.

Rep. Grande moved Do Not Pass, seconded by Rep. Streyle.

Chairman Delzer: I wonder if we should possibly look at changing the money even if we have a DO NOT PASS on this. If for some reason it changed on the floor, it would be the same as the Senate sent it over. If we changed the money, there would be issues later on that we could deal with.

Rep. Nelson: In the subsection that had this, it seems to me that replanting some seedlings or young trees that were a part of the funding. It was hardier stock that would thrive in North Dakota. What will happen to them, if we don't fund this?

Chairman Delzer: As far as I know, I believe they are in the NDSU area, so they would probably get seeded. Part of this money would have been used to fund that. I can't imagine that they would let the research go, so I think it will still happen.

Rep. Nelson: We don't have any verification that that would be the case if this bill doesn't go forward, is that correct?

Chairman Delzer: I cannot guarantee you that.

Rep. Skarphol: I had a conversation with the director of agricultural research about this issue. Early on in the discussions with SBARE, when it was rejected, the grape growers went to agricultural research and talked to them. There was an indication that the Ag. Research director thought that maybe \$80,000 could accomplish what they wanted done. However, it didn't provide for doing anything in Minot. Most of the work was in Cass County.

Rep. Skarphol moved a substitute motion to give them \$80,000 from the general fund.

Rep. Thoreson seconded the motion.

Chairman Delzer: We have a motion to change the \$100,000 general fund to \$80,000 and to remove the ag. fuel tax money.

Rep. Bellew: We were informed by Rep. Keiser that they are not putting any money into this. Is that your understanding as well?

Chairman Delzer: I have "no match" on my notes.

Rep. Skarphol: Even though I made the amendment; it doesn't mean that I am going to support the bill. But I do think that \$80,000 is the right number for these purposes at this time.

Rep. Monson: I think I would support that. I am looking at testimony, and it shows that they have 6,000 grape seedlings currently being prepared for planting this spring. I am assuming that they must already have money in their budget to do that. They have 8,000 more seedlings to plant in 2014. I would hate to see those seedlings die because they don't get planted. I think we need to put something into it, but I think it belongs in the Ag. research.

Chairman Delzer: This bill goes through the Ag. department and sets up a committee. Maybe we should just put \$80,000 for grape research into Ag. research instead of here. Is it at NDSU?

Rep. Skarphol: The seedlings are located at NDSU, but by doing that we are directing Ag. research in North Dakota to take up research in grapes, and I don't know that we want to go there.

Chairman Delzer: I agree with you on that.

Voice vote carries on substitute motion to amend SB 2146.

Rep. Kempenich: There are some underlying issues going on here. One is a membership issue, and there are two factions out there. But, this is an industry that is showing some initiative and the state is kicking in this money. This isn't the biggest priority, but I think it is something we should foster some advancement of. I am going to support it.

Rep. Kempenich moved a DO PASS on SB2146 as amended.

Rep. Monson seconded the motion.

Chairman Delzer: I am not going to support the DO PASS. It is similar to the last bill. I am not sure it is the proper way for us to be doing this. We did set up SBARE. I think there are some faction problems out there.

Rep. Monson: I know several of the research stations have grapes going. I don't know what research they are doing, but I do have proof that they do produce grapes. I have four bottles of wine that I made from the Langdon Research Station grapes. I think we need to plant those 8,000 grapes.

A roll call vote was taken on SB 2146.

Aye 12 Nay 9 Absent 1 The motion carried.

Rep. Kempenich will carry SB 2146.

FISCAL NOTE
Requested by Legislative Council
04/08/2013

Amendment to: SB 2146

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$80,000	\$0	\$0	\$0
Appropriations	\$0	\$0	\$80,000	\$0	\$0	\$0

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill creates a six-member grape and wine advisory committee and includes an appropriation.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 appropriates \$80,000 to the agriculture commissioner for awarding grape and wine industry grants.

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.*

N/A

- 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.*

Section 2 authorizes the agriculture commissioner to award promotion and research grants.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Section 2 authorizes the agriculture commissioner to award promotion and research grants.

Name: Ken Junkert

Agency: Department of Agriculture

Telephone: 328-4756

Date Prepared: 04/09/2013

FISCAL NOTE
Requested by Legislative Council
02/20/2013

Amendment to: SB 2146

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$200,000	\$0	\$0	\$0
Appropriations	\$0	\$0	\$200,000	\$0	\$0	\$0

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill creates a six-member grape and wine advisory committee and includes an appropriation.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 appropriates \$200,000 to the agriculture commissioner for awarding research and promotion grants.

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.*

N/A

- 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.*

Section 2 authorizes the agriculture commissioner to award promotion and research grants.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Section 2 authorizes the agriculture commissioner to award promotion and research grants.

Name: Dane Braun

Agency: Department of Agriculture

Telephone: 328-4764

Date Prepared: 02/22/2013

FISCAL NOTE
Requested by Legislative Council
02/08/2013

Amendment to: SB 2146

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$100,000	\$0	\$0	\$0
Appropriations	\$0	\$0	\$100,000	\$0	\$0	\$0

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill creates a six-member grape and wine advisory committee and includes an appropriation.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 appropriates \$100,000 to the agriculture commissioner for awarding research and promotion grants.

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.*

N/A

- 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.*

Section 2 authorizes the agriculture commissioner to award promotion and research grants.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Section 2 authorizes the agriculture commissioner to award promotion and research grants.

Name: Dane Braun

Agency: Department of Agriculture

Telephone: 328-4764

Date Prepared: 02/11/2013

FISCAL NOTE
Requested by Legislative Council
01/10/2013

Revised
Bill/Resolution No.: SB 2146

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$3,778	\$0	\$3,778
Expenditures	\$0	\$0	\$350,000	\$3,778	\$0	\$3,778
Appropriations	\$0	\$0	\$350,000	\$0	\$0	\$0

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill creates a fund to collect an assessment of one cent per pound of grapes sold or provided to a winery in the state. The grape and wine fund has continuing appropriation authority. This bill creates a five-member grape and wine advisory committee and includes an appropriation.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 3 creates an assessment of one cent per pound of grapes sold or provided to a winery in the state. NDDA estimates 377,806 pounds of grapes will be sold or provided to wineries in a biennium, based on the assumptions all domestic wine originates from grapes and 20 pounds of grapes produce one gallon of wine. A portion of domestic wine originates from fruit; however, no data exists to determine this breakdown. Section 4 appropriates \$350,000 to the agriculture commissioner for research, education programs, and market development efforts.

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.*

The revenue is based on 377,806 pounds of grapes sold or provided to wineries in a biennium at \$.01 per pound. All assessment fees are deposited in the wine and grape fund. The assessment fee was not included in the executive budget.

- 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.*

Section 3 of the bill authorizes up to 100 percent of the non-refunded collected assessments deposited in the grape and wine fund. Section 4 authorizes the agriculture commissioner to make expenditures for the purpose of funding research, education programs, and market development efforts, as well as participation in and support of programs and efforts to promote the grape and wine industry.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Section 4 appropriates \$350,000 to the agriculture commissioner for the purpose of funding research, education programs, and market development efforts. The wine and grape fund has continuing appropriation authority. The appropriation to the agriculture commissioner was not included in the executive budget.

Name: Dane Braun

Agency: Department of Agriculture

Telephone: 328-4764

Date Prepared: 01/15/2013

VR
4/8/13

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2146

Page 1, line 14, replace "\$100,000" with "\$80,000"

Page 1, line 15, remove "and from the agricultural fuel tax fund, not otherwise appropriated,"

Page 1, line 16, remove "the sum of \$100,000, or so much of the sum as may be necessary,"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2146 - Department of Agriculture - House Action

	Executive Budget	Senate Version	House Changes	House Version
Grape and wine grants		\$200,000	(\$120,000)	\$80,000
Total all funds	\$0	\$200,000	(\$120,000)	\$80,000
Less estimated income	0	100,000	(100,000)	0
General fund	\$0	\$100,000	(\$20,000)	\$80,000
FTE	0.00	0.00	0.00	0.00

Department No. 602 - Department of Agriculture - Detail of House Changes

	Reduces the Funding for Grape and Wine Grants ¹	Total House Changes
Grape and wine grants	(\$120,000)	(\$120,000)
Total all funds	(\$120,000)	(\$120,000)
Less estimated income	(100,000)	(100,000)
General fund	(\$20,000)	(\$20,000)
FTE	0.00	0.00

¹ This amendment reduces the funding for grape and wine grants providing a total of \$80,000, all of which is from the general fund.

Date: 4/5/13
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2146

House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: ☐ Do Pass ☒ Do Not Pass ☐ Amended ☐ Adopt Amendment
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Grande Seconded By Rep. Streyle

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Rep. Streyle		
Vice Chairman Kempenich			Rep. Thoreson		
Rep. Bellew			Rep. Wieland		
Rep. Brandenburg					
Rep. Dosch					
Rep. Grande			Rep. Boe		
Rep. Hawken			Rep. Glassheim		
Rep. Kreidt			Rep. Guggisberg		
Rep. Martinson			Rep. Holman		
Rep. Monson			Rep. Williams		
Rep. Nelson					
Rep. Pollert					
Rep. Sanford					
Rep. Skarphol					

Total Yes _____ No _____

Absent _____

Floor Assignment _____

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

substitute motion

Date: 4/5/13
Roll Call Vote #: 2

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2146

House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Skarphol Seconded By Rep. Thoreson

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Rep. Streyle		
Vice Chairman Kempenich			Rep. Thoreson		
Rep. Bellew			Rep. Wieland		
Rep. Brandenburg					
Rep. Dosch					
Rep. Grande			Rep. Boe		
Rep. Hawken			Rep. Glassheim		
Rep. Kreidt			Rep. Guggisberg		
Rep. Martinson			Rep. Holman		
Rep. Monson			Rep. Williams		
Rep. Nelson					
Rep. Pollert					
Rep. Sanford					
Rep. Skarphol					

Total Yes _____ No _____

Absent _____

Floor Assignment _____

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

give \$80,000 general fund
nothing further

voice vote carrier

Date: 4/5/13
Roll Call Vote #: 3

**2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2146**

House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: ☒ Do Pass ☐ Do Not Pass ☒ Amended ☐ Adopt Amendment
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Kempenich Seconded By Rep. Monson

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer		X	Rep. Streyle		X
Vice Chairman Kempenich	X		Rep. Thoreson	X	
Rep. Bellew	X		Rep. Wieland		X
Rep. Brandenburg	X				
Rep. Dosch		X			
Rep. Grande		X	Rep. Boe		
Rep. Hawken	X		Rep. Glassheim	X	
Rep. Kreidt		X	Rep. Guggisberg	X	
Rep. Martinson		X	Rep. Holman	X	
Rep. Monson	X		Rep. Williams	X	
Rep. Nelson	X				
Rep. Pollert		X			
Rep. Sanford	X				
Rep. Skarphol		X			

Total Yes 12 No 9

Absent 1

Floor Assignment Rep. Kempenich

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

REPORT OF STANDING COMMITTEE

SB 2146, as reengrossed: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (12 YEAS, 9 NAYS, 1 ABSENT AND NOT VOTING). Reengrossed SB 2146 was placed on the Sixth order on the calendar.

Page 1, line 14, replace "\$100,000" with "\$80,000"

Page 1, line 15, remove "and from the agricultural fuel tax fund, not otherwise appropriated,"

Page 1, line 16, remove "the sum of \$100,000, or so much of the sum as may be necessary,"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2146 - Department of Agriculture - House Action

	Executive Budget	Senate Version	House Changes	House Version
Grape and wine grants		\$200,000	(\$120,000)	\$80,000
Total all funds	\$0	\$200,000	(\$120,000)	\$80,000
Less estimated income	0	100,000	(100,000)	0
General fund	\$0	\$100,000	(\$20,000)	\$80,000
FTE	0.00	0.00	0.00	0.00

Department No. 602 - Department of Agriculture - Detail of House Changes

	Reduces the Funding for Grape and Wine Grants ¹	Total House Changes
Grape and wine grants	(\$120,000)	(\$120,000)
Total all funds	(\$120,000)	(\$120,000)
Less estimated income	(100,000)	(100,000)
General fund	(\$20,000)	(\$20,000)
FTE	0.00	0.00

¹ This amendment reduces the funding for grape and wine grants providing a total of \$80,000, all of which is from the general fund.

2013 TESTIMONY

SB 2146

North Dakota Grape and Wine Association
24 January 2013
SB2146 – Grape and Wine Appropriation

Paul Anderson, Pres. NDGWA

Research and Development:

Current Situation:

NDSU has been doing and continues to do research and development on new varieties of grapes that will be cold hardy and also yield a quality product for wine making. This research is in part funded by an appropriation of the 61st Legislative session. The research included accelerated evaluation techniques received through a contract with Tyler Kabon of the Univ. of Saskatchewan and also breeding assistance from grape breeder, Tom Plocher. This development utilized riparian or wild grapes from river bottoms across ND as a base and crossed them with grape varieties that exhibit good wine characteristics. Through the results of this work there are about 6000 seedlings that will be available in the spring of 2013 for planting and evaluation in the field.

SB2146 Effect:

SB2146 will fund continuation of this research and development and make it possible to hire staff and offer support for planting and evaluating the 6000 seedlings. Without funding the current research and development could be lost.



Dr. Harlene Haterman-Valent explains the research and development project taking place at NDSU with a group of NDGWA members and other potential grape growers and wine makers.

Training and Education

The mission of the NDGWA is to carry out the education, promotion and extension of the art and science of viticulture in ND and surrounding areas, including all agricultural, horticultural, and related purposes. The NDGWA provides educational opportunities to help current and potential growers and vintners learn how to be successful by highlighting up-and-coming vineyard and winery operations. These programs are open to the public and also help to promote other tourism opportunities in the state. In the case of a 2012 spring meeting it was advertised as “Wine and Warbirds”. Following presentations at NDSU and in the test plots the attendees were given the opportunity to tour the Fargo Air Museum and also do some wine tasting of ND wines, both commercial and hobby. Some of the wines were made from grapes grown for the research and development program at NDSU.



Wine and Warbirds Program held at the Fargo Air Museum

The NDGWA also sponsors a summer tour in early September. These tours are timed to take place about grape harvest time. The intention of the program is to show growers and winemakers methods that are being used for production, harvesting, and processing of grapes. It also focuses on what other products a vineyard may have and the nature of the producer business. This past year's tour visited 4 vineyards, a nursery, and 2 wineries. Varieties which are seen generally grow well in zone 3 but struggle to be hardy enough and to get enough growing degree days to be consistently good producers in every part of ND.



Rod Ballinger, Bear Creek Winery, Fargo, ND explains his vineyard to the summer tour group. A wine tasting and dinner were served in the winery.

SB2146 Effect:

Using funding for education in this bill it is hoped that future training and educational programs for growers and vintners can be more formalized. It would be desirable to have a training program at NDSU or through the NDSU Extension Service on growing and processing grapes. It is believed that these programs would improve the quality of the grape products and also the wines produced by ND wineries.

Agri-tourism will be promoted by working with both the ND Agriculture and Tourism Departments, and it will help to market our up-and-coming grape and wine industry. Developing and distributing advertising for ND wineries and vineyards will be funded by this bill.

NDGWA is sponsoring a "Peoples Choice Wine competition" at the annual meeting in Bismarck. This competition is to draw attention to ND wines as well as for improving the quality of the wines produced across the state.

Appropriation Distribution:

When establishing the request for funds the breakout below indicates the general distribution of the funds. Distribution would be under the direction of the Ag. Dept. based on recommendations from the Advisory Committee.

\$300K for Research and Development
\$50K for Education and Marketing

H 2

Chairman Miller and members of the Committee

My name is Rod Ballinger and I am the Chairman of the Grape and Wine Program Committee (G&WPC) mandated by SB 2373 in the 61st legislative session. The committee was tasked to provide advice on promotion, marketing, education and research for the grape and wine industry in North Dakota. On June 30, 2013 this act will expire and the G&WPC will no longer exist.

From early on in the G&WPC discussions, it was recognized that two important goals would have to be met for SB 2373 and industry to be successful. First, we would need to establish a research program to develop new cold hardy grape varieties. The grapes used currently in our state were developed by the University of Minnesota and had just limited success in the Southeast corner of North Dakota. The Committee felt that a research program was vital to produce cold hardy grapes for winery use across this state, in the upper Midwest and cold weather areas throughout the world. Second, we felt as these cold hardy grapes became available, there would be a greater need for the marketing of wineries to use these new varieties that were produced as a result of the research program at NDSU. HB 1077, the winery direct to retail bill, recently passed 15 - 0 in the House Industry Business and Labor Committee and 94 - 0 on the House floor. That was is a good start and we thank Senator Klein for his sponsorship on this bill. We always felt the two bills were dependent and reliant on each other.

As a continuation of the work provided by SB 2373, SB 2146 was introduced This new bill aimed to build upon the achievements of the industry and NDSU the last four years. As a result of the monies appropriated in the 61st session, NDSU has 6000 seedlings ready to plant in the spring for evaluation across the experimental stations in the state. We are hopeful and confident that this effort along with extensive research evaluations will lead to true cold hardy varieties that can be used in North Dakota and elsewhere.

This new bill also addresses some of the concerns of the original SB 2373.

1. Requires agency (Dept. of Ag.) administrative control and forms a newly appointed Grape and Wine Advisory Committee (GWAC) to replace the G&WPC
2. Provides agency (Dept. of Ag.) fiscal authority for the transfer of general funds directly to approved recipients
3. Establishes producer assessment (one cent per pound equating to about 20 cents per wine gallon) while maintaining winery excise tax (50 cents per gallon) that demonstrates the industry's "skin in the game"
4. Participated in the 2013-2015 SBARE program initiatives hearings

I have included the facilitated Strategic Vision and Direction Plan completed last fall for the grape and wine industry. Also, we have completed two audits, one that was self initiated and one conducted by the State Auditor with very good results as reported to Legislative Council.

As SB 2373 expires and the G&WPC finishes its mandate, we appreciate the opportunity to serve our state and look forward to this new bill and exciting times ahead.

Thank you for your time. Sincerely, Rod Ballinger G&WPC



North Dakota's Grape and Wine Industry

VISION FOR THE FUTURE

Information in this document was created at the August 25, 2011 Strategic Planning meeting in Bismarck. Meeting participants included:

Rod Ballinger, North Dakota Grape and Wine Program Committee chairman; Doug Goehring, North Dakota agriculture commissioner; Dean Ihla, North Dakota Department of Commerce tourism development manager; Duane Hauck, NDSU Extension Service director; Paul Anderson, North Dakota Grape Growers Association president; Tim Haller, North Dakota Agricultural Experiment Station assistant director; Rodney Howe, SBARE president, North Dakota Grape and Wine Program Committee member; Greg Krieger, North Dakota Grape and Wine Program Committee member; North Dakota Grape Growers Association secretary; Ron Smith, NDSU Extension Service professor/horticulturist; John Schneider, North Dakota Department of Commerce APUC executive director; Jeff Peterson, North Dakota Grape and Wine Program Committee member, Pointe of View Winery owner; Harlene Hatterman-Valenti, NDSU Plant Sciences Department associate professor/high-value crops researcher; Jacob Belanger, North Dakota Grape and Wine Program Committee member; Mike Beltz, SBARE member; Tom Kalb, NDSU Extension Service horticulture specialist; Rodney Hogen, Red Trail Vineyard owner; Susan Hogen, Red Trail Vineyard owner; Paul Langseth, SBARE member; Dane Braun, North Dakota Agriculture Department policy adviser; Erik Sand, Fox Lake Vineyard owner; Alan Verbitsky, North Dakota Grape Growers Association member, North Dakota Grape and Wine Program Committee member; Steve Sagaser, NDSU Extension Service Grand Forks County agent/agriculture and natural resources and horticulture; Allan Fuller, Partners Cellar owner; Glenn Muske, NDSU Extension Service rural and agribusiness enterprise development specialist; Marie Hvidsten, NDSU Extension Service rural leadership specialist, meeting facilitator

EXECUTIVE SUMMARY Strategic Vision and Direction Plan

CURRENT STATUS

Grape growing has occurred in North Dakota for years, but only in the last 20 years has it started to become a commercial industry. In 2006, the number of growers was increasing, and they saw a need for sharing information. The North Dakota Grape Growers Association (NDGGA) was established with the mission "to carry out the education, promotion and extension of the art and science of viticulture in North Dakota and surrounding areas, including all agricultural, horticultural and related purposes."

North Dakota has 40 vineyards and nine licensed wineries. Since its beginning, the NDGGA has maintained 80 to 100 members annually.

In 2009, the North Dakota Legislature established the North Dakota Grape and Wine Program Committee (NDGWPC) to oversee the disposition of \$250,000 in funding for grape and wine research, promotion, education and marketing. Funds are being dispersed to North Dakota State University for cultivar research and to NDGGA for educational programs. Discussions are ongoing with the North Dakota Department of Agriculture and North Dakota Department of Commerce about the promotion and marketing for the industry.

North Dakota's Grape and Wine Industry

VISION FOR THE FUTURE



GOALS

Education

- Create a high public awareness of the industry.
- Conduct training on grape growing to ensure growers receive accurate and consistent information on growing cultivars in North Dakota conditions.
- Develop an educational program through the NDSU Extension Service to assist growers throughout the state in establishing vineyards.
- By 2012, have a grape-growing educational program established and available through the NDSU Extension Service.

Research

- Develop a true cold-hardy grape and wine initiative.
- Adapt the best current grape-growing and winemaking methods consistent with our local conditions.
- Conduct more research on the evaluation of germplasm that is cold-hardy in all areas of North Dakota.
- Establish an enology (the science of wine) program at NDSU to ensure high-quality wine is produced.
- Have NDSU Research Extension Centers continue to test grape germplasm and production methods.
- By 2017, have two distinct, improved cultivars that have excellent cold-hardy traits.
- Implement a long-term program once sustainable funding is available.

Marketing

- Increase the number of wineries to 25 by 2026.
- By 2017, increase the number of commercial vineyards of one acre or more to 50.
- Locate wineries throughout the state within an hour drive of a city.
- Promote local wineries providing a revitalizing impact for small communities.
- Establish a quality-based standards program for North Dakota grapes and wines.
- Target 20 percent of wine sold in North Dakota to be grown and produced locally.
- Develop a strong brand and signature product or grapes for North Dakota.
- By 2017, increase membership in the NDGGA to 200 members.
- Promote the awareness of NDSU's and private growers' success in grape and wine production.
- Develop three wine trails that will promote awareness of the industry and create value through agritourism in collaboration with the North Dakota Department of Commerce and the North Dakota Department of Agriculture.
- Explore having a paid position within the NDSU Extension Service to serve as executive director for the NDGGA and North Dakota wine industry.

Public Policy

- Streamline North Dakota laws, including direct-to-retail, that allow North Dakota wineries to thrive.
- Have a North Dakota viticulture industry that is recognized for high-quality grapes being grown by experienced, knowledgeable growers.

Funding

- As the industry develops, a funding mechanism based on grape production or processed products may be implemented to augment the state funding.
- A relationship with the State Board of Agricultural Research and Education (SBARE) should be developed in hope SBARE will place a request on its priority list for state funding to allow the North Dakota Agricultural Experiment Station to expand its grape research.
- Work closely with the North Dakota Department of Agriculture and North Dakota Department of Commerce to secure funding for the promotion and marketing of the wine industry.
- A sustainable funding source needs to be established by the end of the 2013 legislative session.
- The legislatively designated North Dakota Grape and Wine Program Committee should continue to provide advisory support for research, promotion, education and marketing activities for the grape and wine industry.

COMMISSIONER
DOUG GOEHRING



3
ndda@nd.gov
www.nd.gov/ndda

**NORTH DAKOTA
DEPARTMENT OF AGRICULTURE**

STATE CAPITOL
600 E BOULEVARD AVE DEPT 602
BISMARCK ND 58505-0020

**Testimony of Dane Braun, Policy Analyst
North Dakota Department of Agriculture
Senate Bill 2146
Senate Agriculture Committee
Roosevelt Park Room
10:30am, January 23, 2013**

Chairman Miller and members of the Senate Agriculture Committee, I am Dane Braun, the Policy Analyst for the North Dakota Department of Agriculture (NDDA). I am here today on behalf of Agriculture Commissioner Doug Goehring in support of SB 2146, which will establish an assessment on grapes, create an advisory committee, and provide an appropriation.

North Dakota grape and wine productions have certainly increased in the recent years. This bill is very similar to the language in the honey assessment and turkey promotion programs that our department administers. We are willing to take on a similar role with the created grape and wine assessment.

NDDA works to promote all agriculture in North Dakota including grapes and wine. With consultation of the proposed advisory committee, we would provide promotion and marketing efforts for the entire grape and wine industry.

Chairman Miller and committee members, Commissioner Goehring urges a "do pass" on SB 2146. I would be happy to answer any questions you may have.

Thank you.

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Senator Miller,

Members of the Senate Agriculture Committee,

Thank you for the opportunity to appear before you today. My name is Greg Kempel. My wife and I own a small family owned business in Casselton called Maple River Winery. We have been established since 2002 and we are also a charter member of the North Dakota Grape Growers Association. Our winery employs 3 full time people and 12 part time people. I am here to urge a no vote on Senate Bill 2146.

We are proud supporters of Grape Research. We applaud their efforts in trying to become established. However, if they are asking for \$500.00 a day from North Dakota taxpayers, they need to step up their investment. I am extremely disappointed that they chose to make the wineries criminally and civilly responsible for collecting a nuisance tax that has absolutely no effect on us. A 1 cent per pound tax on grapes may bring in a couple hundred of dollars annually if lucky. This tax burden and additional paperwork burden on wineries for a government bailout is not justified. None of our employees want to be held criminally or civilly liable for not collecting \$8 or \$14 a year. This tax has already been shot down while meeting with Commissioner Goehring in December. We wish we would have been made aware of its resurrection.

This tax that the North Dakota Grape Growers want to force on wineries is simply not fair. Wineries in Minnesota, Montana, and South Dakota that purchase North Dakota grapes will not have to collect this tax. Home winemakers will not have to pay this tax. Grape sales at Farmers Markets will not have to pay this tax. Restaurants, grocery stores, breweries or distilleries will not be responsible for this tax. Why are we being singled out? It is simply not fair to put this burden on our family owned business or its employees. We have more than our fair share of reports that we have to keep track of. We do not need another one!! Besides, we are expected to do all of the work and we will receive none of the benefit.

While we are staunch supporters of NDSU and the tremendous research it conducts, we cannot support this proposal. The \$350,000.00 slush fund here is a duplication of government. APUC already is the North Dakota governmental agency designated specifically to market agricultural products. This legislation duplicates it.

Since 2003, there has been hundreds of thousands of North Dakota taxpayer dollars used with minimal accounting. To date, Grape Growers still depend on research performed at the University of Minnesota, Saskatchewan and through the USDA. Why duplicate this?

In August 2003, \$25,000.00 went to grape cultivars at 4 locations in ND through APUC

In July 2004, \$23,596.00 went to grape research through APUC


In May 2007, \$25,156.00 went to grape research through APUC

In Nov. 2007, \$100,000.00 went to grape research through APUC


In July 2009, \$250,000.00 went to grape research through ND Legislature

In Oct 2009, \$30,000.00 went to grape research through Ag Commissioner office

In Oct 2012, \$19,197.00 went to grape research through Ag Commissioner office




That equals \$472,949.00 at just a glance since August of 2003. That is not counting the new grant from Sept 2012. \$2.5 million went to cold weather grape research in 12 states through USDA including North Dakota. What is the significance of this 1 cent per pound tax on grapes when we are talking about a couple hundred bucks a year? This is just another way of harming our family business.




We conduct our own grape research annually to see if there is anything up and coming that may be successful in the marketplace. Currently we are the largest winery in the state of North Dakota. In 2012, we sold almost 35,000 bottles of North Dakota wine. In 2013, we are projecting close to 50,000 bottles of North Dakota wine so market research is vital for our continued growth. We do not have time to spend hours and days at the legislature. We do not have time to constantly email. We have a family business to run. We have payroll to meet every two weeks. We appreciate the opportunity to compete in the marketplace. However, if the Grape Growers continually rely on the government bailout from the Legislature, ND Agriculture Commissioner, or APUC, sooner or later, they are going to use that money against us in the marketplace. When Representative Bill Pietsch helped with our initial legislation, we were honored to be granted the opportunity to compete in the marketplace. It is tough and rough industry. We receive no favors in the marketplace. We have to earn every slot on every store shelf by producing a quality wine. We have the distinction of having our Strawberry Rhubarb Wine named the best fruit wine in the world in 2010 at one of the largest wine competitions in the world. Today we are on store shelves in 3 states and sell over the Internet to over 30 states. With the tremendous help from the Department of Tourism, Commerce, Agriculture etc., our winery is recognizable throughout the Midwest. In comparison, the Grape Growers that have been funded since 2003, will only compete in the marketplace if the state subsidizes them. Here is the proof. This is the 2013 North Dakota Tourism Travel Guide hot off the press. We are excited for another great tourism year. Every tourist gets one of these. Here is our ad promoting our community and Governors Park. There are no other ads for any wineries or vineyards in this publication. This speaks volumes. If they can't afford an ad in this publication, why does the North Dakota legislature continue bailing them out? Why does that bailout include a mandated tax on wineries with no benefit to some of us?

To quote the 2010 report for the ND Grape Growers conducted by NDSU researchers, the first conclusion from page 63 states, "Winery and vineyard operations in North Dakota are primarily recently established hobby operations that generate very little economic activity." With the hundreds of thousands of dollars in money invested, the domestic wineries still cannot generate \$10,000.00 of tax revenue and the superior majority of that amount originates from fruit.



I would also like to address the fiscal note attached to this bill. The Ag Dept believes that this 1 cent per pound tax will generate \$3778.00 per biennium. This is completely false. The majority of North Dakota wine produced is made with traditional fruits such as rhubarb, chokecherries, plums etc. If 10% of wine production is with grapes (probably overestimating this), that would equate out to about 37781 pounds of grapes per biennium. This means that the wineries will have extra paperwork and an additional burden without receiving any benefits so the Grape Growers will raise about \$188.91 each year for their contribution towards their \$350,000.00. We see the reason why we were not informed about this proposed legislation.



Our family owned business in Casselton also is proud to be a part of our community. 2 of our employees are Emergency Medical Technicians with the Casselton Volunteer Ambulance Service. In addition, Greg has over 20 years of service on our volunteer ambulance service. We believe in community service. We also hope and expect to be treated fairly. Why would anyone in the legislature want to harm our family owned business? Please do not harm our family owned business.

Vote No on Senate Bill 2146.

I would be glad to answer any questions.

Greg Kempel

Maple River Winery
Casselton ND 58012



NDLA, S AGR - Hauge, Jody

From: Greg Kempel, Maple River Winery <greg@mapleriverwinery.com>
Sent: Thursday, January 24, 2013 4:49 PM
To: NDLA, S AGR - Hauge, Jody; Miller, Joe T.; Luick, Larry E.; Heckaman, Joan M.; Klein, Jerry J.; Larsen, Oley L.
Subject: Conclusion attachment from SB 2146 testimony that was requested

<http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5086865>

This is the document that I found on page 63 in the conclusions section that the main point is:

Winery and vineyard operations in North Dakota are primarily recently established hobby operations that generate very little economic activity.

There is absolutely no way the state will ever generate 33 million pounds of grapes. The problem is the grape growers do not want to put any skin in the game at all!!! They could have easily started some sort of initiative, but they just want the hand out. That is not the North Dakota way. To the best of my knowledge, there is not another group of 15 hobbyists with a few acres in the ground that will ask the legislature this session for \$350,000.00.

As a businessman, the marketplace will be extremely hesitant to accept these grapes. In addition, because of mother nature, there is no way to have consistency. I do not know what the fiscal note on mother nature would be for this project.

I wish to thank each of you for allowing me the opportunity to testify today. If you have any questions, don't hesitate calling anytime.

Greg Kempel
Maple River Winery
Casselton ND 58012
701-361-0773

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<http://www.pctools.com/>

E-mail
16

NDLA, S AGR - Hauge, Jody

From: Greg Kempel, Maple River Winery <greg@mapleriverwinery.com>
Sent: Friday, January 25, 2013 11:10 AM
To: NDLA, S AGR - Hauge, Jody; Miller, Joe T.; Luick, Larry E.; Heckaman, Joan M.; Klein, Jerry J.; Larsen, Oley L.
Subject: Attachment from SB 2146 to clarify commercial vineyards testimony claim

Senator Klein asked about commercial vineyards yesterday in the hearing for SB 2146.
Here is the information:

<http://www.ndgga.org/index.cfm?page=vineyards>

provides the list of 16, not 15 commercial vineyards of the North Dakota Grape Growers Association. However, if you look at that list,

1 vineyard resides in Montana

3 vineyards reside in Minnesota.

25% of the commercial vineyards reside out of state.

Not a good way to invest North Dakota taxpayer dollars. Not good to duplicate limited resources.

Tough to justify \$350,000.00 for 12 vineyards in ND with a very limited future.

Greg Kempel
Maple River Winery
Casselton ND 58012
701-361-0773

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Email scanned by PC Tools - No viruses or spyware found.
(Email Guard: 9.0.0.2308, Virus/Spyware Database: 6.20990)

<http://www.pctools.com/>

=====

NDLA, S AGR - Hauge, Jody

From: Rod Ballinger <rodb@cableone.net>
Sent: Friday, January 25, 2013 12:29 PM
To: NDLA, S AGR - Hauge, Jody
Subject: Fwd: SB2146

For the Ag committee
Begin forwarded message:

From: "Jeff" <jeff@powwinery.com>
Date: January 24, 2013 3:28:28 PM CST
To: "rod ballinger" <rodb@cableone.net>
Subject: SB2146

Dear Chairman Miller & members of the committee,

Thank you for the opportunity to speak in favor of SB2146 today. At our vineyard we manage annually 450 vines (1 acre) that are used for wine production. The work is very labor intensive and time consuming. I commend NDSU's plan that involves the planting and management of over 6,000 seedlings this spring and the fact that they are able to do so with a research amount budgeted of \$300,000. NDSU has definately organized an accelerated breeding program that will produce results with the best return on investment. It took the University of Minnesota 20 years to release a wine grape variety. NDSU is on course to do the same in a fraction of that time. This is an exciting crossroads for our industry and ND. Please vote yes on SB2146.

Sincerely,

Jeff Peterson
Pointe of View Winery
Soursi Valley Vineyard

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NDLA, S AGR - Hauge, Jody

From: Rod Ballinger <rodb@cableone.net>
Sent: Friday, January 25, 2013 12:29 PM
To: NDLA, S AGR - Hauge, Jody
Subject: Fwd: SB2146

For the Ag Committee

Begin forwarded message:

From: Rod Ballinger <rodb@cableone.net>
Date: January 24, 2013 7:17:29 PM CST
To: Joe Miller <joetmiller@nd.gov>
Cc: Joan Heckaman <jheckaman@nd.gov>, Jerry Klein <jklein@nd.gov>, Oley Larsen <olarsen@nd.gov>, Larry Luick <lluick@nd.gov>
Subject: **SB2146**

Chairman Miller and members of the Agriculture Committee,

Thank you for your time this morning in the SB2146 hearings. Here is some additional information and comments to the oppositional testimony that I would like to add. I wish we could do this in the hearing but I understand the time constraints.

1. \$472,000 has been given in funding to the committee for the purposes of grape research, marketing, education and promotion since 2003

The G&WPC was appropriated as mandated by SB 2373 the sum of \$250,000 and had not started to fund recipients until just 3 years ago in 2010. It took us a few months to put the committee together and wait for the consultation reports.

2. "Marketplace is not ready for grape wine"

As the owner of Bear Creek Winery in Fargo that produces both grape and fruit wines, I can say that wine drinkers are very discriminate and our sales out number grape wine 10 to 1 over fruit wines. They like both but prefer grapes.

3. Wild grapes make wine

True, however wild grapes are used primarily to be crossed with conventional grape (i.e. Pinot Noir, Chardonnay, and etc.) for cold hardy traits. There is a wild grape preservation vineyard established by funding at NDSU through the G&WPC.

4. Winery advertisement for \$200 dollars

The G&WPC is not allowed to give general fund monies to private wineries for advertisement. We are working with the Commerce Department and Tourism Division on marketing. Advertising in magazines in just

one way to promote your winery,
my case "word of mouth"

Others use wine trails, Pamphlets, radio, and etc. and in

5. Producer assessment accountability is better than winery assessment accountability

No one likes extra paperwork. I was also for producer accountability and the bill was originally written that way. However legislative council advised that a winery assessment accountability was more in line with other commodity group. i.e. The elevator that buys the soybeans from the soybean farmer collects the assessment so the winery that buys the grapes from the vineyard collects the assessment and is accountable to the Agriculture Commissioner for payment. Out of state vineyard will be told they have to pay the assessment but I am not sure how to enforce it. We will educate them or we may not buy from them. Other commodities have this problem as well. I personally think that either assessment is fine.

6. Fruit wineries don't gain from this bill.

If they don't use grapes, then they pay no assessment. Also, all wineries will gain by the \$50,000 dollars spent on marketing and promotion. Some funds grape research funds may overlap to fruit research at the extensions.

7. Fruit Wineries are not part of the North Dakota Grape and Wine association (NDGWA)

The North Dakota Grape Growers Association (NDGGA) recently changed its name to the North Dakota Grape and Wine Association (NDGWA). The reason for this was to be more inclusive in all aspects of the industry. The Grape in the new name was for the grape growers and the Wine includes wineries, both grape and fruit wineries, fruit growers, wine retailers, wine wholesalers and anything related to wine. The Association is open to all and has encouraged all to join.

8. By passing this, it is final.

This is just a two year bill and there will be discussions in the next two years as how best to proceed with funding and assessments thereafter.

9. Competition among wineries.

Most wineries believe in **Coopetition** (from the two words cooperation and competition). We do not believe in competition. This is reason that most wineries group together i.e. Napa Valley, Sonoma Valley and etc. We believe if we can all pull together, we all will be stronger with more business. I have often said I wish a new winery would be built right next to my Bear Creek Winery in Fargo. It would be great for me, my winery and my business. We help each other all the time, its makes our industry unique.

I feel the new Advisory Committee will be sensitive to all interest and concerns in the industry. Its member will be provided by the Ag. Commissioner and the committee will have the flexibility to advise how funds are spent but approved by the Commissioner. I hope this helps and if you have any questions or comments, please fell free to email or call me. 701-306-7519 Sincerely, Rod Ballinger G&WPC

From: Rod Ballinger <rodb@cableone.net>

Date: January 26, 2013 4:21:11 PM CST

To: Joe Miller <joetmiller@nd.gov>, Joan Heckaman <jheckaman@nd.gov>, Jerry Klein <jklein@nd.gov>, Oley Larsen <olarsen@nd.gov>, Larry Luick <lluick@nd.gov>

Subject: SB2146

Dear Senators,

Thank you again for the opportunity to testify last week on behalf of SB 2146. I have been informed of some concerns that may lead to possible amendments to the bill. I would like to shed some of the G&WPC's insight and intent since its inception 4 years ago. We are an advisory committee only, not a policy committee and of course I would like to see this bill become law. However I will present this information from a fact finding point of view as an advisory role with the G&WPC's perspective to address these issues.

1. \$350,000 is the right number for the appropriation, \$50,000 for promotion, marketing and education and \$300,000 for research. This is what NDSU says is needs. The G&WPC was given the trust and flexibility with the last bill to prioritize where the \$250,000 was to be spent. We felt that a greater share should be spent on research early on because of the timeframe it may take to evaluate existing cultivars and develop new varieties. As new cold hardy varieties were developed and proven useful, the priority would change and more funds would be dedicated to promotion, marking and education for the industry. This flexibility is a valuable key for us. Most of our original funding was spent for research and the increase in the requested appropriation from \$250,000 to \$300,000 is to maintain our current program and to make up the difference for the additional 6000 seedlings we now need to plant and evaluate throughout the Research Extension Centers in the state. \$300,000 for this is an absolute bargain when you look at what other research programs cost and what the University of Minnesota's budget is on grape research. How do we get by so reasonable? We hired the best cold weather grape researcher in the world at a fraction of the cost to do work part time. We pay him on an hourly rate for his work and consultation and what he brings to the table is a real value for the tax payers. He is Tom Plocher from Hugo Minnesota, a renowned grape breeder, researcher, author, and winemaker and recently released his own private named variety, Petite Pearl. It is a fantastic variety and the wine has received great reviews. He does his works at NDSU and has provided many of his own private grape stock from his vineyards and other Minnesota private vineyards to use parental crossings and development of our program. We also have

many passionate volunteers across this state that help with efforts of Dr. Harlene Hatterman-Valenti, the team leader for our grape and wine project.

2. The bill is about all aspects of grape and wine development and the research project is about grape and wine research. Although the money is intended for grapes, some of it may overlap into other fruits and fruit winemaking. Also, the proposed assessment is based on grape sales only, not on fruit sales to wineries. Even though fruits are not assessed, fruit wineries will still benefit from winemaking education, marketing and promotion aspect of the bill. If a fruit wineries ever chooses to produce grape wine, they will then benefit by this project as well.

3. If any amendment should arise to add another member to the Grape and Wine Advisory Committee, I think it is appropriate to add the Vice President for Agriculture at North Dakota State University or the Vice President's designee. This is the language in the original bill and this appointment has served the G&WPC very well. Their insight and guidance has been invaluable and NDSU would be in the best position to direct their REC's for this project.

4. It has always been the position of the committee to advise NDSU and not micromanage any of their scientific research. This is not our agenda and hopefully this continues in the future. The main station at NDSU in Fargo is in the best position to make decisions on where the research is conducted. They understand the state's soil make up, the climatic conditions, disease, insect and weed pressure, hardiness conditions, and plant survivability as Dr. Harlene consults with her team and all the experts at Plant Sciences and other Ag. departments at the university and extensions.

It's been said there is no perfect bill. I am not sure about that but there are near perfect bills. As the HB1077, the winery direct to retail bill, was being negotiated industry to industry, I told the wholesaler that no one will get every thing they want yet no one should be left behind. We were very excited to see the House vote do pass 94 - 0 and anxiously await for the same unanimous vote in the Senate. We feel we have put forth a very good, well thought out bill will all interested parties and concerns in mind. I would like to believe that the same principles with HB 1077 will apply here with SB 2146 as well. I feel we have a great bill before you now.

Senator Miller has informed me that the discussion will continue next Thursday and possibly for a vote on the bill. I am not sure if I will be able to attend, however if any of you have any comments or questions, please feel free to email or call me. 701-306 7519

Thanks, Rod Ballinger G&WPC

10

NDLA, S AGR - Hauge, Jody

From: Greg Kempel, Maple River Winery <greg@mapleriverwinery.com>
Sent: Sunday, January 27, 2013 3:23 PM
To: NDLA, S AGR - Hauge, Jody; Miller, Joe T.; Luick, Larry E.; Heckaman, Joan M.; Klein, Jerry J.; Larsen, Oley L.
Subject: Fwd: Re: Northern Grapes Project February 12th Webinar SB 2146, urge a do not pass

In our testimony on SB 2146, we referred to the 2.5 million dollar cold hardy grape project that the USDA, in cooperation with NDSU and 13 other states, is already conducting. Here is information on it.

No way \$350,000.00 can provide the same kind of research as is being done in 14 different states concerning cold climate grapes.

Complete duplication of investments. Why invest state dollars when federal dollars are already doing the same thing?

Please consider this when deciding to fund grape research, especially since the committee was not able to get a breakdown of what exactly the money was going to be used for.

Greg Kempel
Maple River Winery
Casselton ND 58012

701-361-0773

----- Original Message -----

Subject: Re: Northern Grapes Project February 12th Webinar
Date: Fri, 25 Jan 2013 16:58:16 -0500
From: Bob Weyrich <bob@PRAIRIEBERRY.COM>
Reply-To: SD Grape Growers L <SDGRAPES@LISTS.SDSTATE.EDU>
To: <SDGRAPES@LISTS.SDSTATE.EDU>

Thanks Rhoda

From: SD Grape Growers L [<mailto:SDGRAPES@LISTS.SDSTATE.EDU>] **On Behalf Of** Burrows, Rhoda
Sent: Friday, January 25, 2013 2:15 PM
To: SDGRAPES@LISTS.SDSTATE.EDU
Subject: FW: Northern Grapes Project February 12th Webinar

This looks like a great one! Note the change in delivery systems. This time not only free, but not limited in the number that can sign up.

Rhoda Burrows, PhD
Horticulture Extension Specialist and Professor

West River Agricultural Center – SDSU
1905 Plaza Blvd.
Rapid City, SD 57702
605-394-2236
rhoda.burrows@sdstate.edu



The Northern Grapes Project Webinar Series

Vineyard Floor Management

Harlene Hatterman-Valenti, North Dakota State Univ.

Justine Vanden Heuvel, Cornell Univ.



In this webinar, Harlene Hatterman-Valenti and Justine Vanden Heuvel will discuss the basics of vineyard floor management, weed control during vineyard establishment, and the use of under-vine cover crops. Harlene will also have photographs of herbicide damage on grape vines to share.

Tuesday, February 12th, 2013

11:00 AM Central time (10 a.m. MST) and 6:00 PM Central time (5 p.m. MST)

NEW THIS YEAR! We have switched to a different platform, so no longer have space restrictions during webinar sessions. Therefore, once you have registered for one Northern Grapes webinar, you will always receive an email the Friday before the webinar containing the web address (URL) for both webinar sessions as well as connection instructions. If you are receiving this email directly from Chrislyn Particka, you have registered for a past webinar and can safely assume you will get the URL and connection instructions.

If you have received this email from someone other than Chrislyn Particka, you need to register via the link below.

Feel free to email Chrislyn at cap297@cornell.edu with any questions, if you want to check your registration status, or if you would like to be removed from the Northern Grapes webinar mailing list.

To Register: Registration is free. Fill out the online form posted at:
https://cornell.qualtrics.com/SE/?SID=SV_bEiXladi6CQLBsx

Registration will be open through 8am (Eastern) on Friday, February 8th.

Further Northern Grapes Project information is available on-line at
<http://northerngrapesproject.org/>

The Northern Grapes Project is funded by the USDA's Specialty Crops Research Initiative Program of the National Institute for Food and Agriculture, Project # 2011-51181-30850

Chrislyn A. Particka, PhD
Extension Support Specialist
Cornell University
Department of Horticultural Sciences
630 W. North Street
Geneva, NY 14456
cap297@cornell.edu
315-787-2449 (desk)
315-787-2216 (fax)
www.northerngrapesproject.org

January 31, 2013

PROPOSED AMENDMENTS TO SENATE BILL NO. 2146

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide an appropriation pertaining to the grape and wine industry."

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$100,000, or so much of the sum as may be necessary, to the agriculture commissioner for the purpose of awarding two research and marketing grants, for the biennium beginning July 1, 2013, and ending June 30, 2015. A \$50,000 grant must be awarded to a person providing research in support of the grape and wine industry in this state and a \$50,000 grant must be awarded to a person engaged in efforts to promote the grape and wine industry in this state."

Renumber accordingly

Senator Hechman

PROPOSED AMENDMENTS TO SENATE BILL NO. 2146

Page 3, line 23, after "1." insert:

"One individual who is a fruit producer;
2."

Page 3, line 24, replace "2." with "3."

Page 3, line 25, replace "3." with "4."

Renumber accordingly

Possible
amendment

/

**Senate Appropriation Committee
14 February 2013
SB2146 – Grape and Wine Appropriation**

Paul Anderson, Rutland, ND

I am here today as a grape grower from Rutland, ND in Sargent Co. I am encouraged that the Sen. Ag Committee passed the Grape and Wine Appropriation bill, with amendment, out of committee with a 5-0 do pass. Most of the changes did not affect the goal of the bill, and one, the addition of a fruit person to the advisory committee, I believe, improved it. I am here today to ask that you reconsider the amount of the appropriation in the amendment and increase it to \$200,000 versus the \$100,000 currently included.

NDSU feels the research can be done at an acceptable level with \$150,000. The education and marketing portion still requires \$50,000 which was the consideration in the original bill. Therefore \$200,000 is the minimum needed to meet the goal of the original bill.

NDSU Research Proposal

The following proposal for funding was sent to Sen. Miller, Chairman of the Senate Ag Committee by VPAA Ken Grafton:

Provide \$150,000 (biennial funding) for operating and equipment, to be divided \$80,000 to Main Station and \$70,000 to North Central REC. This is larger than the funding levels discussed with the Ag Commissioner, but that discussion revolved around research activities primarily at one location; since there was discussion by Dr. Hatterman-Valenti about two locations, the funding level should be increased proportionately. I do not believe adding 2.0 FTE at this time is necessary. Rather, the initial work of transplanting and maintaining 6,000 seedlings could and would be carried out using existing support staff, augmented with part-time hourly employees during the summer months. The 2015-17 Legislature could then evaluate the progress of this research and decide on the best avenue to take at that time.

/

Education

Currently the ND Grape and Wine Association, NDGWA, carries out the education, promotion and extension of the art and science of viticulture in ND. The NDGWA provides educational opportunities to help current and potential growers and vintners learn how to be successful by highlighting up-and-coming vineyard and winery operations. These programs are open to the public and also help to promote other tourism opportunities in the state. In the case of a 2012 spring meeting it was advertised as “Wine and Warbirds”. Following presentations at NDSU and in the test plots the attendees were given the opportunity to tour the Fargo Air Museum and also do some wine tasting of ND wines, both commercial and hobby. Some of the wines were made from grapes grown for the research and development program at NDSU.



Wine and Warbirds Program held at the Fargo Air Museum

The NDGWA also sponsors a summer tour in early September. These tours are timed to take place about grape harvest time. The intention of the program is to show growers and winemakers methods that are being used for production, harvesting, and processing of grapes. It also focuses on what other products a vineyard may have and the nature of the producer business. This past year's tour visited 4 vineyards, a nursery, and 2 wineries. Varieties which are seen generally grow well in zone 4 but struggle to be hardy enough and to get enough growing degree days to be consistently good producers in every part of ND.



Rod Ballinger, Bear Creek Winery, Fargo, ND explains his vineyard to the summer tour group. A wine tasting and dinner were served in the winery.

With our limited resources of funding and volunteer personal the NDGWA is limited on its ability to carry on education on the grape and wine industry. Using funding for education in this bill the advisory committee setup in this bill can advise the Ag Commissioner on future training and educational programs for growers and vintners. The goal would be more formalized and professional training. It would be desirable to have a training program at NDSU or through the NDSU Extension Service on growing and processing grapes and on wine making. It is believed that these programs would improve the quality of the grape products and also the wines produced by ND wineries.

Marketing

The advisory committee will look at ways to promote ND wines, wineries, and tourism. Agri-tourism can be promoted by working with both the ND Agriculture and Tourism Departments, who could help to market our up-and-coming grape and wine industry. Developing and distributing advertising, i.e. billboards, brochures, radio or TV spots, and social media programs. If the HB1077 passes the Senate it will allow direct to retail sales for the wineries. This will require marketing programs by the wineries and they may need assistance. A "Buy ND Wine" program could be developed that would assist the whole industry. Funding is required to make these things happen.

NDGWA sponsored a "Peoples Choice Wine competition" at the annual meeting in Bismarck this past weekend. This competition was setup to draw attention to ND wines as well as for improving the quality of the wines produced across the state. We had a successful event receiving many requests to do it again. Our NDGWA organization will look at doing this again and improving the program. More education on wine making supported by this bill will help improve the quality of the wine in ND.

Paul Anderson
Box 27
Rutland, ND 58067
pander@drtel.net
701 261 4638

Currently I am serving a 1 year term as President of the NDGWA; I have been in this post for the past 2 years.

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Chairman Holmberg and members of the Appropriation Committee

My name is Rod Ballinger and I am the Chairman of the Grape and Wine Program Committee (G&WPC) mandated by SB 2373 in the 61st legislative session. The committee was tasked to provide advice on promotion, marketing, education and research for the grape and wine industry in North Dakota. On June 30, 2013 this act will expire and the G&WPC will no longer exist.

From early on in the G&WPC discussions, it was recognized that two important goals would have to be met for SB 2373 and the industry to be successful. First, we would need to establish a research program to develop new cold hardy grape varieties. The grapes used currently in our state were developed by the University of Minnesota and had just limited success in the Southeast corner of North Dakota. The Committee felt that a research program was vital to produce true cold hardy grapes for winery use across this state, in the upper Midwest, Canada, and cold weather areas throughout the world. Second, we felt as these cold hardy grapes became available, there would be a greater need for the marketing of our wineries to use these new varieties in winemaking that were produced as a result of the research program at NDSU. HB 1077, the winery direct to retail bill, recently passed 15 - 0 in the House Industry Business and Labor Committee and 94 - 0 on the House floor. We always felt the two bills were dependent on each other to achieve the goals as defined by the G&WPC.

As a continuation of the work provided by SB 2373, SB 2146 was introduced. This new bill aimed to build upon the achievements of the industry and NDSU the last four years. As a result of the monies appropriated in the 61st session, NDSU has 6000 seedlings ready to plant in the spring for evaluation across the experimental stations in the state. We are hopeful and confident that this effort along with extensive research evaluations will lead to true cold hardy varieties that can be used in North Dakota and elsewhere.

This new bill also addresses some of the concerns of the original SB 2373.

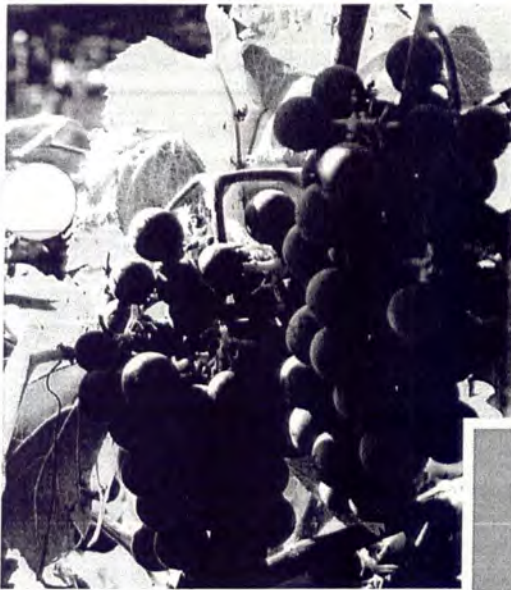
1. Requires agency (Dept. of Ag.) administrative control and forms a newly appointed Grape and Wine Advisory Committee (GWAC) to replace the G&WPC
2. Provides agency (Dept. of Ag.) fiscal authority for the transfer of general funds directly to approved recipients
3. The introduced bill established producer assessment (one cent per pound equating to about 20 cents per wine gallon) while maintaining winery excise tax (50 cents per gallon) that demonstrates the industry's "skin in the game". This was removed by the recent amendment.
4. Participated in the 2013-2015 SBARE program initiatives hearings

I have included the facilitated Strategic Vision and Direction Plan completed last fall for the grape and wine industry. Also, we have completed two audits, one that was self initiated and one conducted by the State Auditor with very good results as reported to Legislative Council.

As SB 2373 expires and the G&WPC finishes its mandate, we appreciate the opportunity to serve our state and look forward to this new bill and exciting times ahead.

Thank you for your time. Sincerely, Rod Ballinger G&WPC

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North Dakota's Grape and Wine Industry

VISION FOR THE FUTURE

Information in this document was created at the August 25, 2011 Strategic Planning meeting in Bismarck. Meeting participants included:

Rod Ballinger, North Dakota Grape and Wine Program Committee chairman; Doug Goehring, North Dakota agriculture commissioner; Dean Ihla, North Dakota Department of Commerce tourism development manager; Duane Hauck, NDSU Extension Service director; Paul Anderson, North Dakota Grape Growers Association president; Tim Fuller, North Dakota Agricultural Experiment Station assistant director; Rodney Howe, SBARE president, North Dakota Grape and Wine Program Committee member; Greg Krieger, North Dakota Grape and Wine Program Committee member; North Dakota Grape Growers Association secretary; Ron Smith, NDSU Extension Service professor/horticulturist; John Schneider, North Dakota Department of Commerce APUC executive director; Jeff Peterson, North Dakota Grape and Wine Program Committee member, Pointe of View Winery owner; Harlene Hatterman-Valenti, NDSU Plant Sciences Department associate professor/high-value crops researcher; Jacob Belanger, North Dakota Grape and Wine Program Committee member; Mike Beltz, SBARE member; Tom Kalb, NDSU Extension Service horticulture specialist; Rodney Hogen, Red Trail Vineyard owner; Susan Hogen, Red Trail Vineyard owner; Paul Langseth, SBARE member; Dane Braun, North Dakota Agriculture Department policy adviser; Erik Sand, Fox Lake Vineyard owner; Alan Verbitsky, North Dakota Grape Growers Association member, North Dakota Grape and Wine Program Committee member; Steve Sagaser, NDSU Extension Service Grand Forks County agent/agriculture and natural resources and horticulture; Allan Fuller, Jitters Cellar owner; Glenn Muske, NDSU Extension Service rural and agribusiness enterprise development specialist; Marie Hvidsten, NDSU Extension Service rural leadership specialist, meeting facilitator

EXECUTIVE SUMMARY

Strategic Vision and Direction Plan

CURRENT STATUS

Grape growing has occurred in North Dakota for years, but only in the last 20 years has it started to become a commercial industry. In 2006, the number of growers was increasing, and they saw a need for sharing information. The North Dakota Grape Growers Association (NDGGA) was established with the mission "to carry out the education, promotion and extension of the art and science of viticulture in North Dakota and surrounding areas, including all agricultural, horticultural and related purposes."

North Dakota has 40 vineyards and nine licensed wineries. Since its beginning, the NDGGA has maintained 80 to 100 members annually.

In 2009, the North Dakota Legislature established the North Dakota Grape and Wine Program Committee (NDGWPC) to oversee the disposition of \$250,000 in funding for grape and wine research, promotion, education and marketing. Funds are being dispersed to North Dakota State University for cultivar research and to NDGGA for educational programs. Discussions are ongoing with the North Dakota Department of Agriculture and North Dakota Department of Commerce about the promotion and marketing for the industry.

North Dakota's Grape and Wine Industry

VISION FOR THE FUTURE



GOALS

Education

- Create a high public awareness of the industry.
- Conduct training on grape growing to ensure growers receive accurate and consistent information on growing cultivars in North Dakota conditions.
- Develop an educational program through the NDSU Extension Service to assist growers throughout the state in establishing vineyards.
- By 2012, have a grape-growing educational program established and available through the NDSU Extension Service.

Research

- Develop a true cold-hardy grape and wine initiative.
- Adapt the best current grape-growing and winemaking methods consistent with our local conditions.
- Conduct more research on the evaluation of germplasm that is cold-hardy in all areas of North Dakota.
- Establish an enology (the science of wine) program at NDSU to ensure high-quality wine is produced.
- Have NDSU Research Extension Centers continue to test grape germplasm and production methods.
- By 2017, have two distinct, improved cultivars that have excellent cold-hardy traits.
- Implement a long-term program once sustainable funding is available.

Marketing

- Increase the number of wineries to 25 by 2026.
- By 2017, increase the number of commercial vineyards of one acre or more to 50.
- Locate wineries throughout the state within an hour drive of a city.
- Promote local wineries providing a revitalizing impact for small communities.
- Establish a quality-based standards program for North Dakota grapes and wines.
- Target 20 percent of wine sold in North Dakota to be grown and produced locally.
- Develop a strong brand and signature product or grapes for North Dakota.
- By 2017, increase membership in the NDGGA to 200 members.
- Promote the awareness of NDSU's and private growers' success in grape and wine production.
- Develop three wine trails that will promote awareness of the industry and create value through agritourism in collaboration with the North Dakota Department of Commerce and the North Dakota Department of Agriculture.
- Explore having a paid position within the NDSU Extension Service to serve as executive director for the NDGGA and North Dakota wine industry.

Public Policy

- Streamline North Dakota laws, including direct-to-retail, that allow North Dakota wineries to thrive.
- Have a North Dakota viticulture industry that is recognized for high-quality grapes being grown by experienced, knowledgeable growers.

Funding

- As the industry develops, a funding mechanism based on grape production or processed products may be implemented to augment the state funding.
- A relationship with the State Board of Agricultural Research and Education (SBARE) should be developed in hope SBARE will place a request on its priority list for state funding to allow the North Dakota Agricultural Experiment Station to expand its grape research.
- Work closely with the North Dakota Department of Agriculture and North Dakota Department of Commerce to secure funding for the promotion and marketing of the wine industry.
- A sustainable funding source needs to be established by the end of the 2013 legislative session.
- The legislatively designated North Dakota Grape and Wine Program Committee should continue to provide advisory support for research, promotion, education and marketing activities for the grape and wine industry.

COMMISSIONER
DOUG GOEHRING



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

**NORTH DAKOTA
DEPARTMENT OF AGRICULTURE**

STATE CAPITOL
600 E BOULEVARD AVE DEPT 602
BISMARCK ND 58505-0020

**Testimony of Dane Braun, Policy Analyst
North Dakota Department of Agriculture
Senate Bill 2146
Senate Appropriations Committee
Harvest Room
8:30am, February 14, 2013**

Chairman Holmberg and members of the Senate Appropriations Committee, I am Dane Braun, the Policy Analyst for the North Dakota Department of Agriculture (NDDA). I am here today on behalf of Agriculture Commissioner Doug Goehring in support of SB 2146, which will create a grape and wine advisory committee, and provide an appropriation.

North Dakota grape and wine productions have certainly increased in the recent years. NDDA works to promote all agriculture in North Dakota including grapes and wine. We also work with the North Dakota Department of Commerce on agritourism activities.

This bill is very similar to the language in the honey assessment and turkey promotion programs that our department administers and we have a long standing history of rewarding grants for research and promotion in those programs and others. We are willing to take on a similar role with this proposed grape and wine program.

First we would ask the advisory committee to set goals for their industry and the use of the dollars. We would then send out a public call for research and promotion proposals, which would be reviewed and ranked by the advisory committee. The commissioner would take into consideration the advisory committee's ranking and reward the grants.

Chairman Holmberg and committee members, Commissioner Goehring is in support of SB 2146. I would be happy to answer any questions you may have.

Thank you.

A handwritten signature in dark ink, appearing to be "Dane Braun", is located in the bottom right corner of the page.

13.0411.02001
Title.

Prepared by the Legislative Council staff for
Senator Krebsbach

February 18, 2013

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2146

Page 1, line 15, after the comma insert "and from the agricultural fuel tax fund, not otherwise appropriated, the sum of \$100,000, or so much of the sum as may be necessary,"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment adds \$100,000 from the agricultural fuel tax fund for grants to the grape and wine industry for a total of \$200,000 in total funding.

NDLA, S AGR - Hauge, Jody

From: Miller, Joe T.
Sent: Friday, February 08, 2013 10:55 AM
To: NDLA, S AGR - Hauge, Jody
Subject: RE: Dr. Grafton's e-mail

Senator Miller: Paul Anderson of the ND Grape and Wine Association requested that I provide justification for the \$300,000 research funding for grape research at NDSU (please see message below). The budget request of \$300,000 apparently was developed from information provided by Dr. Harlene Hatterman-Valenti, an Associate Professor in Plant Sciences and a researcher working on grapes for this region. Apparently, the research budget was to provide for 2.0 FTE (\$208,000 salary and fringe benefit) and \$92,000 in operating and equipment.

I first heard about the scope of the research budget during a phone conversation with Mr. Anderson on Friday, February 2, 2013. I was not aware of the research budget requested because it was not vetted, reviewed, or approved by my office. Such an evaluation is our standard practice in Ag before such proposals, including all grant proposals from Ag, are advanced; as such, my office cannot support the budget as requested. It is not my intent to alienate my office with this Association, but I cannot support a budget that appears to be excessive to the research effort in question.

Alternatively, a proposal that reflected our research needs was discussed and developed by the Ag Commissioner. This may provide a ready and workable alternative which is also more fiscally prudent. That research budget proposal is highlighted below:

Provide \$150,000 (biennial funding) for operating an equipment, to be divided \$80,000 to Main Station and \$70,000 to North Central REC. This is larger than the funding levels discussed with the Ag Commissioner, but that discussion revolved around research activities primarily at one location; since there was discussion by Dr. Hatterman-Valenti about two locations, the funding level should be increased proportionately. I do not believe adding 2.0 FTE at this time is necessary. Rather, the initial work of transplanting and maintaining 6,000 seedlings could and would be carried out using existing support staff, augmented with part-time hourly employees during the summer months. The 2015-17 Legislature could then evaluate the progress of this research and decide on the best avenue to take at that time.

I respond in this fashion after having visited with Dr. Hatterman-Valenti and her immediate superior, Dr. Richard Horsley, Department Head of Plant Sciences. They are in agreement with this statement.

Regards,

Ken

--
Ken Grafton
Vice-President for Agricultural Affairs
Dean, College of Agriculture, Food Systems, and Natural Resources Director, ND Agricultural Experiment Station NORTH DAKOTA
STATE UNIVERSITY Morrill 315 Dept 7500, PO Box 6050 Fargo, ND 58108-6050
phone:701.231.6693
fax:701.231.8520
k.grafton@ndsu.edu
www.ndsu.edu <<http://www.ndsu.edu>>

Senator Joe Miller

District 16
State of North Dakota
PO Box 151
Park River, ND 58270
Home: 701.284.6547

①

12 March, 2013

To: ND House of Representatives Industry, Business and Labor Committee

My name is Paul Anderson, retired from Bobcat Co. and a grape grower from Rutland, ND in Sargent County. For the past 2 years and for the next year I am President of the ND Grape and Wine Association, NDGWA.

SB2146 as it currently is proposed, at \$200K in funding and the formation of a 6 member advisory committee is supported by the NDGWA. The level of funding for research and for education and marketing is adequate to meet the needs of our industry for the next 2 years.

For research Dr. Grafton VPA A NDSU noted in a message to Sen. Miller the financial requirement to carry on research for ongoing grape variety development would be \$150,000.

The mission of the ND Grape and Wine Association is - "to carry out the education, promotion and extension of the art and science of viticulture and enology in North Dakota and surrounding areas, including all agricultural, horticultural and related purposes."

The mission up to this point has been carried out with the help of many volunteers in the NDGWA. Going forward in order to step up the level of the grape and wine industry and to increase the number of vineyards and wineries, our level of education and marketing needs to improve. This will require more money than the NDGWA can support at this time. To this end this bill sets up an Advisory Committee that will evaluate and recommend grant distribution of this appropriation to the Ag Commissioner. It is made up of 6 members, 2 grape growers, a fruit grower, 2 winery operators, and a NDGWA representative. Opportunities they may confront and empower are:

- Education:
 - Professional Speakers at NDGWA events
 - Grape growing
 - Fruit growing
 - Wine Making
 - Marketing fruit, wine, and other variations like raisins and jelly
 - \$500-2000 per speaker, 3-5 speakers per year.
 - Development of Extension Service programs
 - Make information available on a local level
 - Grapes and other fruits
 - Plant selection
 - Planting
 - Fertilizing & pesticides
 - Trellising
 - Pruning

- Harvesting
- Wine Making
 - Estimate \$3-5000
 - Setup an NDSU Enology program to develop wine makers and improve the quality of ND wine. Also evaluate the new varieties of grapes in the research program. \$5-8000/year
 - Online training programs on growing and wine making - \$1000-3000
- Marketing
 - Brochures – development, printing, and distribution - \$3-5000
 - Booth space at POD events and Fairs, space cost and expenses – \$500-\$1000/event
 - Bill Boards advertising ND wineries on interstate highways - \$1000/month
 - Setting up and promoting Wine Trails or Agritourism Trails- \$2000/yr

We at NDGWA feel that with the support of this bill and our own support of education and marketing in ND that we can increase the number of vineyards and wineries in the state, grow the agritourism business, create jobs, and increase tax revenue. We would appreciate your support of SB2146 as it is currently proposed.

Thanks,

Paul Anderson, Pres. NDGWA
 Box 27
 Rutland, ND 58067
 701 261 4638
 pander@drtel.net

NDSU

Grape Research Program

Grape Seedlings in the New NDSU Greenhouse

2

2146



New NDSU Greenhouse housing hybrid grape cultivars



New NDSU greenhouse plants and seedlings



New greenhouse seedlings awaiting transplantation to the ND Agricultural Experiment Stations



New greenhouse seedlings awaiting transplantation to the ND Agricultural Experiment Stations



NDSU PhD student John Stenger elaborates on the grape research process



A Frontenac flower cluster being emasculated. This takes about an hour per cluster. Pistils will be receptive to pollen in about 24 hours.

NDSU

Grape Research Program

Grape Seedlings in the Old NDSU Greenhouse



The Old NDSU Greenhouse



NDSU Greenhouse - minus 20 deg. F outside, GRAPES growing inside! Jan. 2011



Chardonnay parent vine about to bloom at the NDSU greenhouse, December 2010



Cabernet Sauvignon at NDSU for hybrid crossings



Early grape hybrid evaluations at the old NDSU greenhouse



Grape hybrids being grown out at the old NDSU greenhouse

Grape Evaluation Vineyard in the ND Research Extension Stations



Young vines growing in Absaraka



Unripe grapes in Absaraka



Frontenac Gris x Alpenglow about a month after cross pollination



Grapes being harvested in Absaraka

NDSU

Grape Research Program

Grape Evaluation Vineyard in the ND Research Extension Stations



3

Chairman Keiser and members of the IBL Committee,

My name is Rod Ballinger and I am the Chairman of the Grape and Wine Program Committee (G&WPC) mandated by SB 2373 in the 61st legislative session. The committee was tasked to provide advice on promotion, marketing, education and research for the grape and wine industry in North Dakota. On June 30, 2013 this act will expire and the G&WPC will no longer exist. SB 2146 is the new grape and wine funding bill and it meant to continue the process of SB 2373.

From early on in the G&WPC discussions, it was recognized that two important goals would have to be met for SB 2373 and the industry to be successful. First, we would need to establish a research program to develop new cold hardy grape varieties. The grapes used currently in our state were developed by the University of Minnesota and had just limited success in the Southeast corner of North Dakota. The Committee felt that a research program was vital to produce true cold hardy grapes for winery use across this state, in the upper Midwest, Canada, and cold weather areas throughout the world. Second, we felt as these cold hardy grapes became available, there would be a greater need for the marketing of our wineries to use these new varieties in winemaking that were produced as a result of the research program at NDSU. As you know, HB 1077, the winery direct to retail bill, recently passed 15 - 0 in the House Industry Business and Labor Committee and 94 - 0 on the House floor. We always felt the two bills were dependent on each other to achieve the goals as defined by the G&WPC.

As a continuation of the work provided by the original SB 2373, SB 2146 was introduced. This new bill aimed to build upon the achievements of the industry and NDSU's research the last four years. As a result of the monies appropriated in the 61st session, NDSU has 6000 seedlings ready to plant in the spring for evaluation across the experimental stations in the state. We felt it was the responsibility of the G&WPC to seek continued funding for the program for the taxpayers of this state that the legislators entrusted us with 4 years ago and to develop a viable agritourism industry that will have a positive economic impact soon. We are hopeful and confident that our efforts with promotion, education marketing and research with NDSU will lead to true cold hardy varieties that can be used in North Dakota and elsewhere.

This new bill also addresses some of the concerns of the original SB 2373.

1. Requires agency (Dept. of Ag.) administrative control and forms a newly appointed Grape and Wine Advisory Committee (GWAC) to replace the G&WPC
2. Provides agency (Dept. of Ag.) fiscal authority for the transfer of general funds directly to approved recipients
3. Participated in the 2013-2015 SBARE program initiatives hearings

I have included the facilitated Strategic Vision and Direction Plan completed last fall for the grape and wine industry. Also, we have completed two audits, one that was self initiated and one conducted by the State Auditor with very good results as reported to Legislative Council.

As SB 2373 expires and the G&WPC finishes its mandate, we appreciate the opportunity to serve our state and look forward to this new bill and exciting times ahead.

Thank you for your time. Sincerely, Rod Ballinger G&WPC

March 12, 2013

Industry, Business and Labor
House Standing Committee

Re: SB2146

Chairman Keiser and Committee Members,

My name is Mark Vining. I am a member of the board of directors of the North Dakota Grape and Wine Association (formerly the North Dakota Grape Growers Association). I have been an association member since it was formed in 2006. I also am the owner of an orchard/vineyard located on I-94 Exit 322 near Absaraka, that was started in 2009. I have 4 acres of grape vines and 8 acres of fruit trees, fruit bushes and berry plants. My vineyard has a capacity of 1800+ vines and is 77% planted. My orchard has 230 apple tree, 60 plum trees, 80 pear trees, 80 apricot trees, 70 cherry trees, 100 each chokecherry, golden chokecherry, aronia berry, june berry, sea berry and haskap bushes, 200 currant bushes, 80 rhubarb plants, 20 elderberry bushes, and ½ acre of strawberries. A 5,000 gallon/year winery building is in the process of governmental approvals and planned to open in 2014.

I am here to ask for your support for SB2146 as it was approved by the Senate. The NDGWA fully supports the Bill in its present form. The funding is in an amount that is acceptable and supportable. The Ag Department has supported this Bill through, among other things, its agreement to be the fiscal agent for the funds requested in the Bill and their assistance in crafting the original version. All of the ND wineries except one have supported or remained neutral on this Bill. No vineyard or orchard owners have expressed opposition to this Bill.

A Fact Sheet was previously provided to the Members of the Committee. This Fact Sheet is intended to assist the Members in making a decision regarding the support of this bill. There has been much mis-information recently disseminated regarding grape growing , grape research and the ND wine industry. The information contained in the Fact Sheet has been verified and documented.

I welcome any questions or requests for clarification regarding the information in the Fact Sheet and attachments.

I ask for your support of the SB2146 by moving it forward in its present form with a DO PASS recommendation.

Thank you for your consideration of this Bill.

Sincerely,

Mark Vining
Agassiz Shores Orchard & Vineyard

**North Dakota Grape and Wine Association (NDGWA)
Formerly North Dakota Grape Growers Association (NDGGA)
SB 2146 Fact Sheet**

In 2009 the ND Legislature through SB 2373 established the Grape and Wine Program Committee (GWPC) to oversee the disposition of a \$250,000 appropriation for producer education, marketing, promotion and research for the grape and wine industry.

Goals (established 2009 by GPWC)

Viticulture – Development of at least one red wine grape and 1 white wine grape that are cold hardy to -40 and fully ripen in the short ND growing season (see attachments: Growing Degree Days to Ripen MN Cultivars and NDAWN Map). Time Frame - 2017

Wineries – Increase the number of ND Domestic Wineries to 25. There were 7 at the time the goal was established. Time Frame - 2026

Enology – Enhance the study of current cultivars for potential wine grapes and expand the current cultivar selection. Time Frame – Ongoing

What has been accomplished?

Viticulture –

- Established a grape cultivar enhancement program at NDSU.
- Contracted with preeminent cold hardy breeder as consultant.
- 6,000 seedlings in NDSU greenhouse
- 8,000 seedlings expected by end of 2013
- Well on the path to achieving goal of identifying at least 1 red and 1 white cold hardy grape by 2017

Wineries-

- 8 licensed ND Domestic Wineries
- 5 ND Domestic Wineries in process of licensing/opening in 2013

Enology – Included in the NDSU program

Marketing & Education-

- Produced a full color marketing brochure
- Sponsored several bus tours of vineyards & wineries in ND and MN
- Co-sponsored “Wine & Warbirds” event at Fargo Air Museum
- Facilitated annual viticulture and enology conferences
- Sponsored FFA award
- Prepared and submitted Facilitation Report
- Sponsored Cold Climate Conference attendance
- Website contains viticulture and enology reference material as well as Vineyard locations and Winery locations/contact information

ND VINEYARDS & WINERIES

- 37 privately owned vineyards registered with ND Dept of AG.
- 29 of the registered vineyards are operated under a business name
- 8 ND licensed Domestic Wineries
- 5 entities in the process of licensing and opening ND Domestic Wineries in 2013

SB 2146 FUNDING REQUEST

The research budget of \$150,000 for the upcoming biennium was prepared by NDSU confirmed by Director of Extension and Vice President of Ag Dr. Ken Grafton in a written document presented to Senate Ag Committee Chair, Sen. Joe Miller, and introduced in testimony by NDGWA President Paul Anderson at the 2/14/13 Senate Appropriations Committee hearing.

Marketing funds of \$50,000 will be used to promote the entire winery industry in ND. Even though the original drafted bill included a self assessment only on grapes sold to ND wineries, the wineries that do not produce any grape wines will benefit.

Why a sponsored bill?

The original funding of the Grape and Wine Program was established by SB 2373 and SB 2146 is essentially a continuation of the previous funding. GPWC explored and sought funding from SBARE and the Ag Commissioner. For various reasons those funding sources did not come to fruition. The NDGWA worked with Ag Dept, NDSU, and sponsoring Senators to craft this bill. The original version of SB 2146 included a \$20/ton assessment on grapes with no "opt out provision" for refunds. Senate Ag Committee removed the assessment provision. SB 2146 creates more diversified advisory committee than the GPWC by including a fruit grower on the committee. SB 2146 has been modified throughout the legislative process and, in its present form as approved by the Senate, provides the funding necessary to continue the goals of SB 2373 and the NDGWC while providing diversity of the committee and state agency oversight.

Would grape research at NDSU benefit growers and wineries in other states?

Similar to potatoes, wheat, soy beans, etc developed or improved at NDSU, grape cultivars developed at NDSU would be marketed worldwide.

What is the potential economic impact of a viable Grape & Wine Industry?

A 2008 Minnesota study found that the 1,100 acres of grapes and the 30+ wineries contributed \$36.2M to the Minnesota economy in 2007.

Growing Degree Days (GDD) to Ripen MN Grape Cultivars

Growing Degree Days base is 50 degrees (same as Corn)

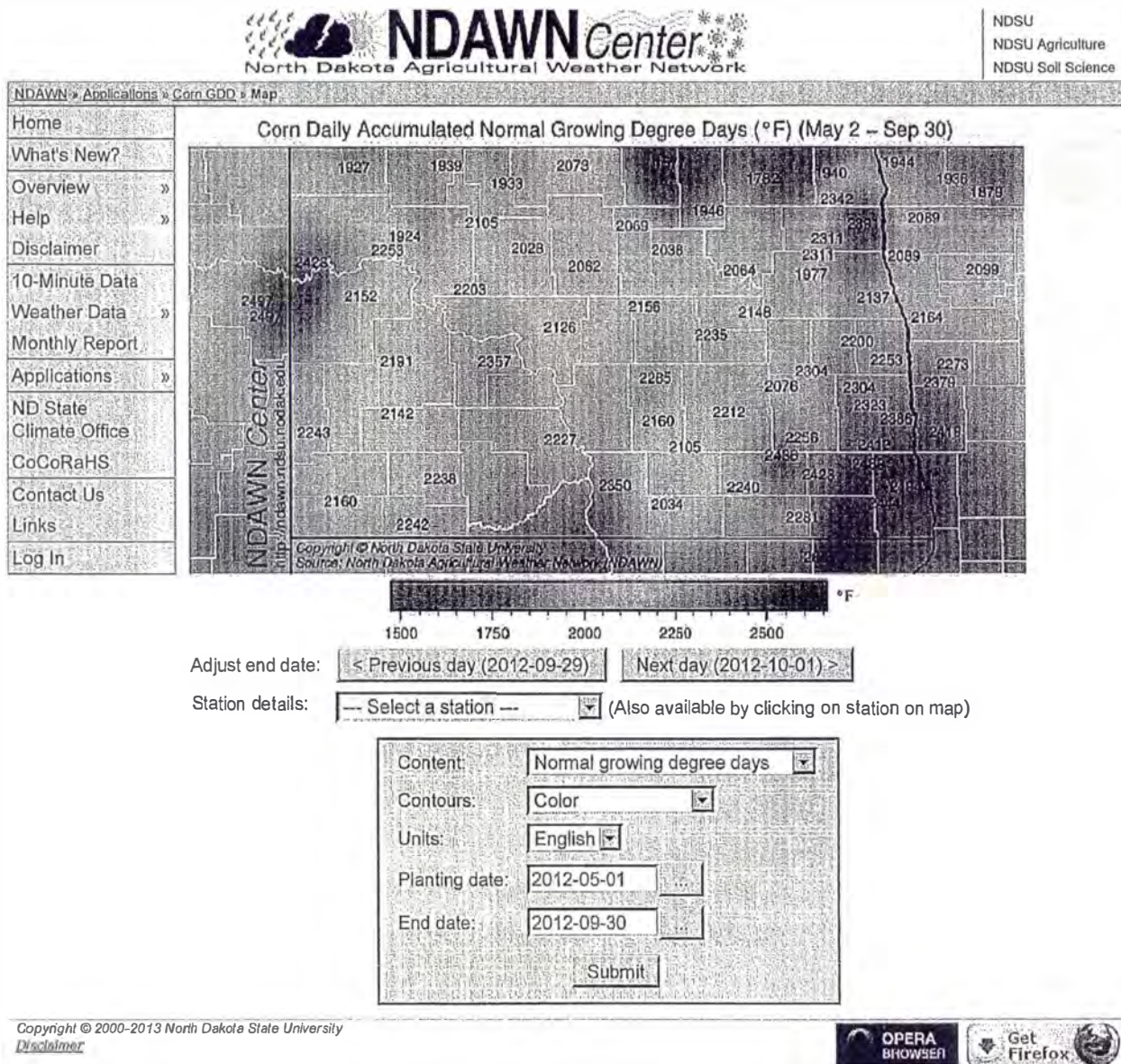
Growing Degree Days to reach peak maturity for cultivars developed at the U of M are as follows:

Cultivar	GDD to peak maturity
Marquette	2550-2650
Frontenac	2575-2725
Frontenac Gris	2530-2700
LaCrescent	2515-2630

Growing Degree Days in ND from May 1 to September 30 range from a high of 2494 (SE ND) to a low of 1577 (NC ND). (see NDAWN map)

The GDD to peak maturity information was published in 2012 by Luke Haggerty. Luke works in the grape program at the U of M. It was based on 2010 and 2011 berry samples.

Based on the U of M data and the NDAWN map, it appears that, in an average growing season, grape cultivars developed by the U of M will not fully ripen in ND. Fully ripen is defined as Brix and TA no longer show significant change.



MN Grape & Wine History

1976 MN Grape Growers Association formed

1978 1st MN Winery opened

mid 1980's thru
early 2000's MN State Legislature appropriates funds for grape
research at U of MN

1996 U of MN introduces Frontenac grape

1997 3 Wineries in MN

2002 U of MN introduces LaCrescent grape 200 acres of
grapes in MN

2003 U of MN introduces Frontenac Gris grape

2006 U of MN introduces Marquette grape

2007 More than 1,100 acres of grapes in MN

2008 U of MN completes study that finds the Grape and
Wine industry contributed \$36.2M to MN economy in
2007

2009 35 Wineries in MN

2010 More than 1500 acres of grapes in MN. 37 Wineries
More than 125,000 gallons sold

ND Grape & Wine History

2002 1st ND Winery Opens (Burlington ND)

2006 ND Grape Growers Association formed

2009 ND Legislature appropriates \$250K for grape research
and education. NDSU grape program begins.

2011 8 Wineries in ND 8,643 gallons sold

2013 3 more Wineries(possibly more) planned in ND. Wine
Trail in Cass County in the planning stage.

NORTH DAKOTA GRAPE GROWER LOCATIONS

COUNTY	TWN	RGE	SEC	QSEC	FNAME	LNAME	BUSINESS	PHONE	SEC PHONE
Adams	129	096	12	SE	Wayne & Jennifer	Seamands		701-567-4650	
Barnes	137	057	19	SW	Joyce	Ertelt	Parcel 6 Vineyard	701-796-8021	952-201-5793
Barnes	140	059	08	NE	Don	Vig		701-840-0932	701-845-5445
Barnes	140	061	14	SW	Erik & Erin	Sand/Zalumskis-Sand		701-646-4120	401-320-2571
Burleigh	140	080	01	SE	Mirek	Sumbera/Tereza Kozubilkova	Chateau Moravia	701-220-2468	701-220-5355
Cass	137	050	14	NE	Julie Ottis & Neil	Neddermeyer	Kindred Spirits LLC	763-493-5564	612-618-0669
Cass	139	053	05	SE	Mark	Vining	Agassiz Shores Vineyard & Orchard	701-280-2470	701-371-9199
Cass	140	054	33	NE	Steve & Rodney	Hogen	Red Trail Vineyard	701-367-5278	701-238-3337
Cass	141	053	35	NE	Harlene	Hatterman-Valenti	Horticulture Research Arboretum	701-799-7063	701-231-8536
Emmons	130	079	08	SE	Willaim	Baumgartner	Cattail Bay Vineyard	701-527-7215	
Foster	147	065	18	NE	Bruce	Gussiaas	Dakota Sun Gardens		
Foster	147	066	31	NE	Kathy	Wiederholt	CREC	701-652-2951	701-652-1230
Golden Valley	140	105	20	SE	Tom	Kukowski	Sagebrush Knoll	612-209-1178	952-431-6641
Grand Forks	152	055	30	SW	Lynn	Bergman		701-202-3223	701-202-1956
Griggs	146	058	19	SW	Greg	Stomp	Stomp'n Grapes Vineyard	701-797-7036	
Griggs	146	061	27	SE	David	Stokka		701-769-2276	701-789-1256
Kidder	143	070	31	SE	Sandy	Barnes	Deer Lake Vineyard	701-252-4299	701-269-2320
Logan	134	069	24		Les	Otto	Coyote Hills Vineyard	701-952-8014	701-378-2298
Mercer	144	087	31	NE	Jeff & Sandy	Kopp	Wildrose Vineyards	701-873-5692	701-880-0691
Morton	138	083	02	SW	Ryan & Debby	Wisdom	Sweet Briar Vineyard	701-663-7018	701-667-0510
Morton	140	082	14	NW	Kelly	Savage	Roc Amadour	701-425-7563	701-667-2464
Morton	140	089	14	NW	Ken & Mary Ann	Duppong	Haymarsh Valley Vineyards	701-878-4167	701-226-0654
Morton	140	089	15	NE	Ken & Mary Ann	Duppong	Haymarsh Valley Vineyards	701-878-4167	701-226-0654
Pierce	151	072	26	SW	Jerry & Darlene	Axtman		701-324-2948	701-693-5970
Ransom	134	057	11	SW	John & Cindy	Steffes	Prairiewood Winery	701-683-5866	701-683-9048
Richland	132	048	26	SW	Steve & Lucinda	Wallner	Dakota Breeze Vineyard	701-642-1940	701-640-2402
Richland	132	049	30	SW	Don & Donna	Thiel	Double D Vineyards	701-545-7415	
Richland	136	051	23	NW	David	Ludwig	ME Vineyard	701-730-3712	
Richland	136	051	32	NW	Harlene	Hatterman-Valenti	Eckre Ranch	701-799-7063	701-231-8536
Sargent	130	054	19	SW	Sue & Paul	Anderson		701-282-9714	701-261-4638
Stark	137	091	14	NW	Ken	Traynor	Clara Creek Vineyard	701-974-4218	701-290-6521
Stark	140	096	36	NW	Kevin & Deb	Kinzel	Fluffy Fields Vineyard	701-290-1990	701-483-2242
Stutsman	137	069	04	NE	Brian & Jackie	Kreft	Krazy Kreft Vineyard	701-424-3416	
Stutsman	140	064	11	SW	Raymond	Albrecht		701-252-4845	701-368-8979
Traill	144	051	06	SE	Randy & Sara	Garrett		701-436-4152	701-430-0086
Traill	144	052	06	NW	Kurt & Cheryl	Elliott	Twisted Sisters Vineyard	701-786-2712	701-430-1101

CO.	TWN.	RGE.	SEC.	QSEC.	FNAME	LNAME	BUSINESS	PHONE	SEC. PHONE
Trail	144	052	06	NW	Jim & Val	Anderson	Twisted Sisters Vineyard	701-636-5926	701-430-1284
Trail	144	053	24	NW	Greg & Allison	Krieger	Long Shadow Vineyards	701-488-2669	701-430-0281
Trail	147	049	30	NW	Ardell J & Marion J	Cayler	Valley Home Vineyard	701-436-5144	952-649-7136
Ward	153	081	05	NW	Alan	Verbitsky	Sawyer Nursery & Vineyard	701-720-7711	701-838-5513
Ward	154	083	02	SW	Alan	Verbitsky	Crystal Springs Vineyard	701-720-7711	701-838-5513
Ward	155	081	32	NW	Timothy	Effertz		701-838-3261	701-833-2776
Ward	155	084	13	NW	Jeff & Diana	Peterson	Souris Valley Vineyard	701-852-7598	701-340-3229
Williams	154	102	25	NE	Lorna	Bradbury	WREC	701-774-4315	701-770-7066

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19



North Dakota's Grape and Wine Industry

Information in this document was created at the August 25, 2011 Strategic Planning meeting in Bismarck. Meeting participants included:

Rod Ballinger, North Dakota Grape and Wine Program Committee chairman; Doug Goehring, North Dakota agriculture commissioner; Dean Ihla, North Dakota Department of Commerce tourism development manager; Duane Hauck, NDSU Extension Service director; Paul Peterson, North Dakota Grape Growers Association president; Tim Waller, North Dakota Agricultural Experiment Station assistant director; Rodney Howe, SBARE president, North Dakota Grape and Wine Program Committee member; Greg Krieger, North Dakota Grape and Wine Program Committee member; North Dakota Grape Growers Association secretary; Ron Smith, NDSU Extension Service professor/horticulturist; John Schneider, North Dakota Department of Commerce APUC executive director; Jeff Peterson, North Dakota Grape and Wine Program Committee member, Pointe of View Winery owner; Harlene Hatterman-Valenti, NDSU Plant Sciences Department associate professor/high-value crops researcher; Jacob Belanger, North Dakota Grape and Wine Program Committee member; Mike Beltz, SBARE member; Tom Kalb, NDSU Extension Service horticulture specialist; Rodney Hogen, Red Trail Vineyard owner; Susan Hogen, Red Trail Vineyard owner; Paul Langseth, SBARE member; Dane Braun, North Dakota Agriculture Department policy adviser; Erik Sand, Fox Lake Vineyard owner; Alan Verbitsky, North Dakota Grape Growers Association member, North Dakota Grape and Wine Program Committee member; Steve Sagaser, NDSU Extension Service Grand Forks County agent/agriculture and natural resources and horticulture; Allan Fuller, Petersons Cellar owner; Glenn Muske, NDSU Extension Service rural and agribusiness enterprise development specialist; Marie Hvidsten, NDSU Extension Service rural leadership specialist, meeting facilitator

STRATEGIC VISION AND DIRECTION PLAN

November 2011

⑥ 2146



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PURPOSE

The North Dakota Grape and Wine Program Committee conducted a strategic planning session concerning the North Dakota grape and wine industry on Aug. 25, 2011. This document contains information related to the outcomes of the Aug. 25 meeting. The purpose of this document is to outline a strategic plan for the grape and wine industry in North Dakota.

The vision of the North Dakota grape and wine industry is to expand and enhance the North Dakota grape and wine industry, improve the quality of life for North Dakotans, increase tourism, revitalize rural communities and develop the North Dakota image of good-quality wine with nationally recognized North Dakota grape and wine selections.

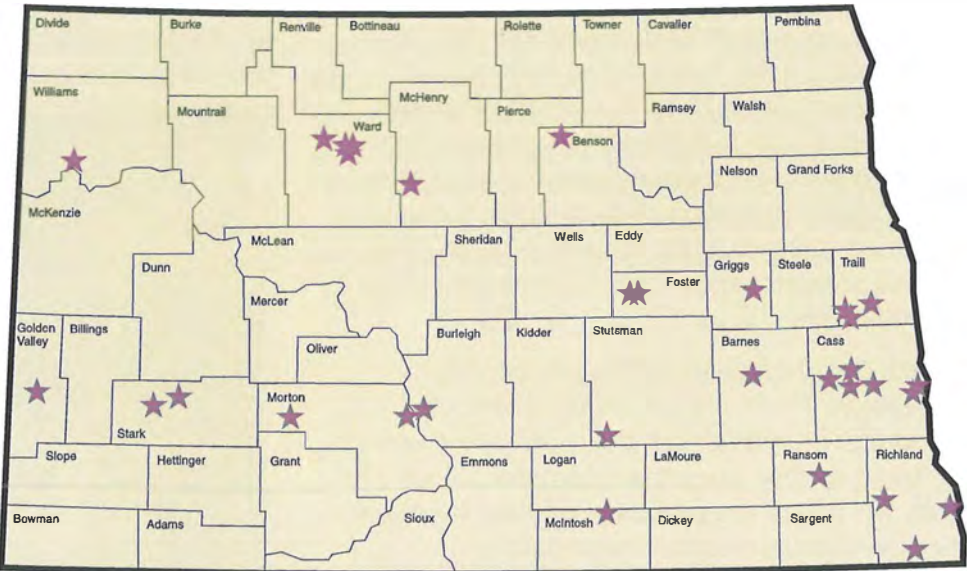
HISTORICAL PERSPECTIVE

Wild grapes have been growing in the fringe forests along streams in North Dakota for thousands of years. These grapes have been harvested and used for juice and jelly since the settler days. Commercial use of these grapes is not practical because they are not highly productive and the flavor is not conducive to good wine production.

People have grown grapes in North Dakota for years, but only in the last 20 years has grape growing started to become what can be considered a commercial industry. In 2006, the number of growers was increasing, and they saw a need for sharing information. The North Dakota Grape Growers Association (NDGGA) was established with this mission: "to carry out the education, promotion and extension of the art and science of viticulture in North Dakota and surrounding areas, including all agricultural, horticultural and related purposes." Today, North Dakota has more than 40 vineyards and nine licensed wineries. Since its beginning, the NDGGA has maintained 80 to 100 members annually.

In 2009, the state Legislature established the North Dakota Grape and Wine Program Committee (NDGWPC) to oversee the disposition of \$250,000 for grape and wine research, education and marketing. The NDGWPC employed the NDGGA to handle the accounting for this funding. Funds have been or are being dispersed to North Dakota State University for cultivar research and to NDGGA for educational programs.

Location of vineyards and wineries in North Dakota.



CURRENT SITUATION

Grape Producers:
Commercial vs. Hobby

The main cultivars being grown in North Dakota are the University of Minnesota varieties Frontenac, Frontenac Gris, LaCrescent and Marquette. Another popular variety is Valiant, developed at South Dakota State University. Commercial vineyards, hobby growers and NDSU have dozens of other varieties that are being grown and evaluated in smaller numbers.

North Dakota has two U.S. Department of Agriculture hardiness zones. Much of the area between the South Dakota border and Interstate 94, as well as most of the Red River Valley, falls into Zone 4. The majority of the rest of the state is Zone 3. The difference is the colder minimum winter temperatures that can be expected in Zone 3. Zone 4 areas of North Dakota also happen to get greater accumulations of heat units during the growing season.

Most of the University of Minnesota varieties were developed for Zone 4. So, not only do they have marginal winter hardiness in Zone 3, but they also struggle to get enough heat units to ripen. Growers in North Dakota are looking for a variety that will do well throughout the state.

A substantial volume of grapes can be grown on a relatively small acreage. Depending on spacing, an acre of land can handle 400 to 500 plants. After five years, a mature plant can produce from 10 to 15 pounds of grapes, resulting in 2 to 3.75 tons of grapes per acre. A single plant can produce three to five bottles of wine; an entire acre of grape plants can produce 1,200 to 2,500 bottles of wine. This allows an agribusiness to be developed on a relatively small area.

North Dakota has about 15 commercial vineyards. These are vineyards where the producer intends to sell the grapes to a winery or owns and/or operates a commercial winery that will utilize the grapes produced for his or her own vintage and ultimate sale.

Hobby producers may have as few as a couple of plants to up to an acre or more, but they raise the grapes for their own consumption or sharing with friends and neighbors. Like many gardeners, the hobbyist gains satisfaction from producing good fruit in useable quantities.

Focus on Business and Farming

North Dakota has a unique strength of combining the best in business with the best in farming. This strategic planning initiative will capitalize on this strength.

On the business side, further development of the North Dakota grape and wine industry will diversify the state's economy. It will provide new employment opportunities for workers and give rural entrepreneurs more options to focus on for business development.

On the farming side, a more mature grape and wine industry will continue to add high-value crops to existing farms and offer more farming diversity. The industry also will make small-acreage farms more viable and offer rural revitalization to areas of the state that need to grow. High-value fruit crop growing, combined with local wine making, also adds a new dimension to farming and business — “coopetition.”

Coopetition simply means the more producers, the better. More local high-value crop and wine production leads to greater public awareness and more local products and less out-of-state fruit and wine consumed. North Dakota's goals in this area include:

- Developing a true cold-hardy grape and wine initiative
- Streamlining laws that allow the grape and wine industry to thrive
- Increasing the number of vineyards and wineries
- Establishing more viable vineyards and wineries
- Having 20 to 25 wineries statewide in by 2026

Commercial Viability

A vineyard and/or winery can be a secondary income source as well as being a stand-alone business for the proprietor(s). Here is a breakdown of potential costs, rewards and drawbacks of growing grapes as a commercial operation:

Costs

- Installing a vineyard: \$5,500 to \$7,000 per acre. Vineyard life is 50+ years, but this cost will be amortized over 10 years, or \$550 to \$700 per year.
- Vine maintenance: The labor required to maintain the vines is about five hours per week per acre from May 1 to Oct. 1. Using a cost of \$12 per hour, or \$60 per week, for the 22-week period, labor expenses would total \$1,320 per acre per year. The total yearly cost to operate a one-acre vineyard would be about \$1,800 to \$2,000.

Production

- With 400 plants per acre producing 10 to 15 pounds per plant, total production can be 4,000 to 6,000 pounds per acre per year.

Sales Value of Grapes

- Grape prices, like any commodity, can vary, but they have been ranging from 50 to 75 cents per pound when selling to a winery. Therefore, the value of the crop could be from \$2,000 to \$4,500 per acre.



Drawbacks

Two key differences between growing grapes and grain crops are the grapes' perishability and the timespan from planting to producing a harvestable crop. A grape plant takes three years to start producing fruit and a couple more years to be mature enough to produce a commercially viable amount of fruit for harvest. During that time, a grower continues to invest in trellising, pruning and pest control. The initial investment can be more than \$5,000 per acre. These are upfront costs, so growers need to make good decisions when planning and installing a vineyard.

For a grape producer, the return on investment is relatively low without adding value to the crop. Producing wine and selling to a retail outlet will generate \$13,500 to \$20,250 per acre. Selling wine direct to customers can generate from \$20,250 to \$30,375.

Other commercial opportunities for adding value to the grapes include making jelly or selling the grapes at a farmers market, where the price may be \$2 to \$3 per pound. Thus, the value of selling through a farmers market is \$8,000 to \$18,000 per acre. This estimate is contingent upon the farmers' market being in operation during the grape harvest.

In 2009, more than 1 million gallons of wine were shipped into North Dakota by outside distributors. Less than half of 1 percent of the wine sold in North Dakota was made in the state. Wine consumption nationwide is growing. The opportunity for the growth of North Dakota wineries is tremendous if the wineries were able to distribute their product within the state and throughout the U.S.

MARKETING GRAPES, VINEYARDS AND WINERIES.

The market for grapes is not confined to the commodity itself. The agritourism arena is another marketing opportunity.

Wineries can bring tourists into an area that may be off the beaten path. Wineries provide an opportunity for urban dwellers and out-of-staters to see North Dakota's rural areas. Tourism dollars multiply rapidly.

Vineyards also can be a part of the tourist draw. Tourists want to see where the grapes come from and how they grow.

Another important aspect of marketing the grape and wine industry is developing a signature product or grape for our area. A unique North Dakota grape to market to consumers and/or tourists would be an opportunity for grape growers and wineries alike.

Vineyards and wineries enjoy a direct tie. The vineyards need wineries to use their grapes, and the wineries need grapes to make their wine. A function of the NDGGA should be to help wineries develop and grow. It also should assist the growers in marketing their grapes and establishing high-quality standards for their grape products. Research and training will be necessary to accomplish this goal.

Also, the wineries should be working on an enology project to support quality and product development for their products. (Enology is the study of all aspects of wine and winemaking except vine growing and grape harvesting.)



EXPERTISE

North Dakota has an increasing number of grape growers. The participation at NDGGA functions has shown this to be true. The growers are looking for information to better help them grow, harvest and market or process the grapes they are growing. They are looking for the NDGGA to support their efforts.

The NDGGA offers educational information through hands-on clinics, an annual meeting with training sessions, and tours of vineyards and wineries. Training information is available on the organization's website (www.ndgga.org). An email program, or listserv, offers question/answer communication. Members maintain and develop many of these educational programs; the organization does not have a directed effort to handle them.

Members are seeking information on a variety of topics, including the type of land that is best for grapes, what variety to plant, how to plant, when to plant, when to prune, how to prune, insecticides, weed control, disease management, trellising, harvesting and processing. This is the same types of information grape growers would want from an NDSU Extension agent anywhere in the state.

The enthusiasm and knowledge of the NDGGA members is great. They are very generous in sharing information. But the information is not readily available to someone outside NDGGA. A more accessible, consistent and reliable source needs to be developed for the grower to get this information.

LOCALLY GROWN

We like to do things our way in North Dakota. We have pride in these major North Dakota successes of grain and bean farming, sugar beet production and refining, and, of course, our success in the oil industry. In fact, North Dakota already has made a policy decision requiring a majority of the fruit used in winemaking to be state-grown.

Nationally, the wine market is looking for new and local variants of high-quality wine. North Dakota now can capitalize on these desires.

Our goal is to create a high-quality industry. With a focus on quality and local variation, North Dakota can develop a strong brand, eventually producing a nationally recognized wine. Along the way, the state will increase consumption of locally grown and produced wine.

One encouraging factor is that a nationally recognized wine from this region can capitalize on public perception about the state. One example is that a superior grape cultivar could be developed to produce a late-season-harvested ice wine. That type of wine is from grapes that are harvested after the minimum of one seasonal freeze and can be harvested in the snow.

A high-quality wine combining a positive image of North Dakota and unique locally produced wines could be sold at a national or international level. To accomplish that, North Dakota's goals include:

- Creating a high percentage of public awareness of the industry
- Locate wineries throughout the state with a goal of having a winery within a one hour drive from any city in the state. Focus on wineries visible from the highways connecting the larger population centers.
- Adapting the best current grape growing and winemaking methods to our local conditions
- Ensuring that 20 percent of the state's wine sales are from local product

IMPROVE NORTH DAKOTA'S QUALITY OF LIFE

One thing that sets us apart is we like to get things done, so we propose that North Dakota capture the modern movement to have "hands-on" entertainment. The core of this strategic plan is to get residents more involved in agricultural events. The state's strong backbone of farming makes this a perfect opportunity for rural entrepreneurs such as grape growers and wine makers.

Cultural events, celebrations and weddings are popular special events that bring tourism to a particular farm or winery. Bus tours are and will continue to be popular in the future.

Locally grown fruit also can be sold at farmers markets. Some farmers markets in the U.S. have become tourism events in themselves. North Dakota can develop its own local variations of these opportunities. Examples include:

- Wine trails
- Rural community social events
- Destination tourism — wineries, bed and breakfasts, etc.
- Hands-on experiences — vintage cellars
- Wine sales tied to tourism — sell wine at rest stops and retail establishments
- Improving current production methods by adopting green practices

RESEARCH AND EDUCATION

Although NDSU has been conducting some grape research, the state's grape growers' tie to the scientific community needs to be enhanced to meet the grape growing industry's goals.

The first goal of the NDGGA is more research on the evaluation of germplasm that is cold-hardy in all areas of North Dakota and make good wine. A second goal is getting training on how to grow grapes to make sure growers receive accurate and consistent information on growing cultivars in North Dakota conditions. A consistent funding source is necessary to achieve these goals.



PUBLIC POLICY

The NDGGA members would like to have a North Dakota viticulture industry that is recognized for high-quality grapes being grown by experienced, knowledgeable growers.

Programs that NDGGA and North Dakota wineries conducted demonstrate an interest in having a viticulture program in the state. The summer tour for NDGGA in 2011 combined a historical tour of Fort Abercrombie and Fort Ransom with stops at three wineries and three vineyards. Participants were pleased with the tour.

The development of these types of tours should increase awareness of the grape industry in North Dakota as well as increase awareness of historical sites or points of interest in the state.

For the grape-growing industry to grow, the wineries must grow. For the wineries to grow, sales from the winery should not be restricted by distribution laws such as those in North Dakota. Being able to sell directly to retail on/off sale outlets, as well as to restaurants, would be very advantageous for the growth of North Dakota wineries. These types of sales have proven to be very successful in surrounding states, such as Minnesota, South Dakota, Montana and Iowa, as well as 35 additional states. North Dakota legislators must receive and understand this information.

Standards should be developed to make sure the grapes being sold in North Dakota and used in North Dakota wine are of consistently high quality and will produce a high-quality wine or other grape product.

ACCOMPLISHING GOALS

Funding

- Initial funding for producer education, marketing and promotion of the grape and wine industry was acquired from the state of North Dakota. A relationship with the State Board of Agricultural Research and Education (SBARE) should be developed in hopes SBARE will place a request on its priority list for state funding to allow the North Dakota Agricultural Experiment Station to continue and expand its grape research.
- Longer term, as the industry develops, a funding mechanism based on grape production or processed products may be implemented to augment the state funding.
- The legislatively designated North Dakota Grape and Wine Program Committee should provide advisory support to research, education and marketing activities.
- A sustainable source of funding needs to be established by the end of the 2013 legislative session.

Research

- Have NDSU continue to evaluate grape germplasm as it is doing under the direction of Harlene Hatterman-Valenti, high-value crops researcher.
- Encourage NDSU Research Extension Centers to continue testing grape germplasm and production methods.
- Encourage the North Dakota Agricultural Experiment Station to identify cold-hardy high-quality grapes capable of growing in all areas of North Dakota by enhancing efforts to find and evaluate new cultivars.
- The goal is to identify, by 2017, two distinct cultivars that have excellent cold-hardy traits and make excellent wines as produced in North Dakota that excel over the same cultivars grown in other states or regions.
- Implement a long-term program once sustainable funding is available.

Education

- Develop an educational program through the NDSU Extension Service to assist growers throughout the state in starting vineyards and growing grapes.
- By the end of 2012, have a grape growing education program established and available through the NDSU Extension Service.

Marketing

- Put in place an executive director for the NDGGA and North Dakota wine industry.
- Explore having a paid position within the NDSU Extension Service serve in this capacity.
- Promote local wineries providing a revitalizing impact for small communities.
- Develop three wine trails that will promote awareness of the industry and create value through agritourism in collaboration with the North Dakota Department of Commerce and the North Dakota Department of Agriculture.
- Promote the awareness of NDSU's and private growers' success in grape and wine production.
 - Have program in place by end of 2012
 - Establish a standards program for North Dakota grapes and wines focused on quality
 - Support the long-term funding requirement for grape cultivar development
- Increase membership in NDGGA.
 - 200 members by the end of 2017
- Increase the number of commercial vineyards.
 - Have 50 vineyards of one acre or more by the end of 2017

APPENDIX

Vision data

Responses to the following questions: What do you see in the future for the North Dakota grape and wine industry? What is the purpose of the North Dakota grape and wine industry?

Agritourism

- Agritourism/the North Dakota wine experience/ farmers market alternatives
- Promote North Dakota — tourism, quality of life
- Connecting producers and consumers
- Wineries destination

Economic Development

- Rural revitalization — economically and activities
- Agricultural diversity
- Business and employment opportunities/hobby
- Accessibility/wide availability of North Dakota products
- Diversification
- Rural entrepreneurship
- 20 to 25 wineries in 15 years
- 20 percent of state wine sales from local product
- Economic opportunity for small farms
- “Coopetition”
- Increase numbers of vineyards and wineries
- Establish viable wineries and vineyards
- Entry point for hobbyist
- Effect on economy
- Profitable small-scale farming
- Revitalize rural communities
- Income for landowners and good wine
- Create economic, social and recreational opportunities for North Dakota citizens
- Expand and evolve through time
- Meet demand for locally produced grape and wine products
- Revitalize small communities
- More producers
- Have profitable wineries and grape growers

Governance, policy making

- Relaxed wine laws
- Wholesaler/retailer relationship (positive)
- Adopt more friendly wine “laws”
- Education of legislators (government) and public

Image

- Wine industry — growing and enhancing
- Become a top producer of high-quality wine
- Developing North Dakota image — skills, talents, ethics, product
- Develop brand
- Increase consumption of locally produced wine
- Public perception of industry

- Nationally recognized wine from local grapes
- High percentage of public awareness of industry
- Promote green products
- Wine trails
- Rural community social events
- Destination — i.e., wineries, bed and breakfast, wine trails, etc.
- Provide hands-on experiences — i.e., vintage cellars
- Wine sales tied to tourism — sell wine at rest stops
- North Dakota recognized as producer of high quality grape and wine
- Develop our own application
- Wineries visible from the highway

Research

- Agronomics — informed choices (third-party research and education)
- Large enough to have R&D/sustainable
- Grape breeding/wine production
- High-quality wine
- True cold-hardy grapes
- Education (research) of CCs and XV.M.s (viticulture and oenology)
- Ongoing funding for research and promotion
- Development of regionally adapted varieties
- Re-evaluation of land to grow varieties
- Balance of supply and demand of grapes
- High-quality of output
- What are people liking?

Grape Growing Goals

Responses to the following question: What are the grape growing goals for the North Dakota grape and wine industry?

Funding

- Collaborate with public institution
 - o Leverage funds
- Limits on general research programs (nation)
- Acquire needed fiscal support to achieve the goals
- Study Iowa funding mechanisms
- Mechanism to continue funding breeding program (How?)
- Wine/grape “check-off”
- Support to get funding

Collaboration

- Collaborate with public institution
 - o Leverage funds
 - o Replicated plots
 - Management
 - Practices/Techniques
 - Variety Selections

- Establish formal research collaboration with an established/public grape research program(s).
- Like partnership in grape breeding (SK University)

Public Relations

- 50 vineyards of one acre or more in five years
- 150 grape growers members in five years
- Establish effective dialogue between grape growers and scientific community to achieve goals
- Promotion and awareness of NDSU's and private growers' success in reaching wine production goals
- Executive director for North Dakota grape and wine industry
- Public relations
 - o Justification
 - o Agritourism

Grower Education

- Evaluating (assessing)
 - o Quality
 - o Quantity (sacrifice production for quality)
- Part time Extension grape specialist within five years
- Drift control
- Specialized Extension agent for industry
- Variety selection for today and growing techniques and site selection
- Managing vigor (after variety selection)
- Pest control — insects, disease, weeds, birds
- Updated Extension publications
 - o Recent varieties
 - o Variety descriptions
- Staying connected via blogging, etc.
- Knowing when to harvest

Developing/Identifying Varieties

- Research — develop and/or ID varieties
 - o Hardy, disease resistant, productive and high quality
 - o Creates foundation for success establishing solid research program
 - o Shows value and benefit for “many” versus “few”
 - o Attracts others into the industry
- Two reds and two white in field trials within five years
- Development of wine-quality grape suited to all of North Dakota
- Field data from Research Extension Centers — yield, brix

Wine Production Goals

Responses to the following question: What are the wine production goals for the North Dakota grape and wine industry?

Marketing/Education

- More art than science (need to know the basics of wine making)
 - o Compiling data
- Business management skills
 - o Forms, applying various agencies and records
 - o Significant investment
- Marketing plan for North Dakota wines?
- Plan to deal with supply and demand
- At least two wine trails in five years and five wine trails in 10 years
- Establish viticulture/enology educational program within North Dakota
- Informing visitors and residents of our wine industry
- Wine trails
- Partnering with various organizations — Germans from Russia, etc.
- Tie-in with motor coach tourism, etc.
- Yeast strains
- Basic wine education
- QR codes

Public Relations

- Implement more friendly wine laws, including direct-to-retail option by the next legislative session
- Elevate collaboration with state agencies (i.e., Commerce, Agriculture departments, etc.) to market and promote the wine industry
- Wine is a thinking person's drink when consumed in moderation

Quality Standards

- Establish North Dakota wine competition within five years
- High-quality wine production (methods)
- Standards of quality
- 25 or more wineries in five years and 40 wineries in 10 years
- Establish principles of a North Dakota brand for wine within five years
- Encourage 10 wineries to enter competitions in five years. Have a nationally recognized wine variety in 10 years.
- Funding to achieve goals

March 12, 2013 Testimony of Greg Kempel, Maple River Winery, Casselton ND 58012
House Industry, Business, and Labor Committee Peace Garden Room

Chairman Keiser, Members of the House Industry, Business, and Labor Committee, my name is Greg Kempel. My wife, Susan, and I own the Maple River Winery in historic downtown Casselton. We began operations in 2003 and last year we sold over 35,000 bottles of wine. I am here today to voice my opposition and concerns over Senate Bill 2146. This legislation is extremely unfair to our small family owned business. Earmarks belong in Washington DC, not Bismarck, ND. Each and every one of you knows this as well.

In 2001, we approached this same committee with the assistance of Representative Bill Pietsch, Representative Tom Brusegaard, and Senator Judy Lee. It looks like there are several people on this committee that were there in 2001 helping us. We didn't come in front of this committee with our hands out begging for money. We came here with one intention and that was to allow us to be on a level playing field with wineries in California, Oregon, and Washington. We knew our product would match up against other wineries in the marketplace. With the legislature's assistance, House Bill 1404 was signed into law on March 19, 2001. Today, our winery is competing very well in the marketplace. Our wines are sold over the Internet to over 30 states, on store shelves across North Dakota, Minnesota, and South Dakota, and at our winery in Casselton. We attract thousands of visitors annually from all 50 states and dozens of foreign countries. Our wines fill a niche of uniqueness. We have several full time employees and a dozen part time employees. Our business continues to prosper in today's business climate. We have the North Dakota legislature to thank as well. Thank you!!

We are founding members of the North Dakota Grape Growers Association. We have always supported and advocated for grape research, NDSU, and the mission. However, this legislation before us today is very, very unfair to those of us that own wineries that do not produce grape wines. Last month, the North Dakota Grape Growers changed their name to the North Dakota Grape and Wine Association. Unfortunately, the name change did not change their view on the industry. Let's take a quick look at the current status of domestic wineries in North Dakota. Wine sales by type estimated:

90% fruit/honey wine

6-8% California grape wine (and other states)

2-4% North Dakota grape wine

This legislation targets only the grape wines. That is simply not fair. Look at this breakdown. No money is going to fruit or honey wine research or promotion, yet that is basically what the marketplace wants. How many millions will it take to change what the marketplace wants? Why would you legislate against a family business like ours? \$200,000.00 will not make the marketplace purchase wine it does not want to purchase. If the beneficiaries of this funding since 2003, are promoting other grape wines, instead of North Dakota grape wine, does this make sense? Attachment 1/Display 1 shows this. Here is Pointe of View Winery's Merlot Wine being sold online. It clearly states the wine is a California wine. Attachment

2/Display 2 is Uncorked Winery from Fargo's stack of Cabernet Sauvignon made with grapes from Australia. Attachment 3/Display 3 is Vintner's Cellars from Bismarck list of red wines available. Note there are none available from North Dakota. This is just a sampling of what your \$250,000.00 investment in North Dakota Grapes has accomplished since 2009. Why should the North Dakota taxpayer be subsidizing California wines? I do not think there is one of us in here that feels the need to use our taxpayer dollars to support California wines. They have enough support in their own state.

How has business been since that \$250,000.00 was invested in 2009? In 2008, the total gallons from ND Domestic Wineries were 8206.46 gallons sold. In 2012, the total gallons from ND Domestic Wineries were 8643.31 sold. When the Maple River Winery is taken out of those totals, the 2008 gallons goes down to 5874.29 gallons sold. In 2012, without Maple River Winery in the equation, the total was 5712.38. This is a drop of 161.91 gallons. Domestic wineries are not growing despite the strong North Dakota economy. This is reality. Maple River Winery has seen a growth of 26% in that period. The answer should not be to create an earmark for grape growers and shut out businesses that are successful.

Now...let's take a look at who benefits from this money. The North Dakota Grape Growers have listed 10 wineries on their website Attachment 4/Display 4. Of those 10 wineries that may benefit from this earmark we have before us, 2 of the wineries are located in Montana and 1 of the wineries is located in Minnesota. We believe if these wineries want an earmark for their business, they should ask for one from their respective state legislatures. North Dakota taxpayers should not be subsidizing out of state wineries (30% of them) with this earmark. This really, really bothers us. We have been specifically carved out of this legislation because we are in this 90% category, but California wineries, Minnesota wineries, and Montana wineries will benefit from this earmark. It is not fair to do that to our business and the sponsors know this.

The North Dakota Grape Growers have listed 16 vineyards on their website Attachment 5/Display 5. Of those 16 vineyards, 3 of the vineyards are located in Minnesota and 1 of the vineyards is located in Montana. We believe if these vineyards want an earmark for their operation, they should ask for one from their respective state legislatures. North Dakota taxpayers should not be subsidizing vineyards in Montana and Minnesota. 25% of the vineyards listed are from out of state, which makes me wonder why we are considering this earmark in the first place?

Another reason to oppose this is that this research is duplicate spending. The University of Minnesota already does state of art research along with a winery that is second to none. North Dakota has access to all of this. What can our money do that they can't do?

(link: <http://www.grapes.umn.edu/UofMExpertise/index.htm>) On top of that, the USDA has an enormous cold hardy grape project that encompasses 12 states. Over \$2.5 million has already been put forward for this research with millions more in the 2013 Farm Bill. Why compete with that research? 2 and 2 is not equaling 4 here.

Another reason to oppose this is because of accountability and transparency. The average taxpayer cannot see where this money is being spent. (Reference Attachment 6/Display 6) As seen here, the only

transparency is that in 2009 a check was cut by the state of North Dakota and sent to NDSU. NDSU cut a check to the Grape and Wine Program Committee and that is all the public gets to see. We didn't have a problem with what they were doing until their name change. Now, it is important that everyone gets treated fairly. We are talking about North Dakota taxpayer dollars here. This is not fair that someone can use these dollars to harm another business in our state. This is not right. I ask kindly that you vote no on this legislation. Please do not harm our business.

We find many other areas of concern with this legislation. The Grape Growers have no investment in this earmark. Why is that? In the Senate version, a 1 cent per pound tax was imposed upon wineries. The Grape Growers wanted absolutely no skin in the game. Instead, they wanted others to do their work for them. Fortunately, the Senate Agriculture Committee stripped that portion out of this bill. For the record, please note that each member of the Senate Agriculture Committee, after hearing testimony from each side, voted no on this bill on the Senate Floor. I encourage this committee to keep the marketplace on a level playing field and vote no on this legislation.

We have heard the word "Agri-tourism" a lot. With the help of the North Dakota legislature last session, House Bill 1142 became law. One of those provisions was to have all agri-tourism entities register with the North Dakota Tourism. As of Monday, March 11, 2013, the following wineries/vineyards in North Dakota have registered. (Remember 12 ND vineyards/7 ND wineries).

Maple River Winery

Dakota Sun Gardens

Pointe of View Winery

Red Trail Vineyard

4 out of 19 have registered. This shows there is no interest in being a part of tourism in ND.

We believe they are just using the words tourism and agri-tourism to get this earmark only. They have no intention of promoting tourism or agri-tourism within the state of North Dakota. To further prove that point, here is a copy of the 2012 North Dakota Tourism Guide and a copy of the 2013 North Dakota Tourism Guide. You can look through each of these and not find any of these agri-tourism businesses. This proves that these hobby operators have no interest in anything but getting a handout from the legislature.

There is a reason the Department of Agriculture sent them here. There is a reason NDSU sent them here. There is a reason APUC sent them here. None of them wanted to fund them because it does not make sense. The marketplace simply does not want their product. If down the road, a magical grape appears and everyone in the world wants it, we will not be able to produce it. The reason? Reality. Mother Nature is so unpredictable in North Dakota that even with the billions of dollars of surplus North Dakota has, that is still no match for the damage that Mother Nature can do.

Mother Nature's muscle includes:

late spring snow storm

a hard spring freeze

an early frost

drought

excessive rain

hail

wildlife

How can you prevent all of these from harming your production? The answer is that you can't. That is another reason we have chosen not to utilize any specific grape varieties. Another reason is that the marketplace simply does not have any interest in them. Reference decline in wine sales from 2008 to 2012. The price is too high compared to other wines in the marketplace. We continuously do research to see if a grape varietal has potential. In our 10 years of research, we have not found 1 varietal that can meet the threshold that the marketplace expects for their purchase price. Maybe in the future that might change. What I know right now is that our business model will not focus at all on grape wines. If a winery wants to have a positive business model in North Dakota, it will not focus on grapes. My employees agree. Susan and I do not want to risk our employees' livelihood on the idea that maybe some grapes will grow and maybe we could make some wine with that. That business model will never work unless it is propped up substantially by government intervention and continuous earmarks every session.

We consider our small family business successful. Besides our business, Susan volunteers by being the Troop Leader for 2 Girl Scout Troops in Casselton, teaches religious education on Wednesday nights, along with numerous other projects within the community. I have been involved in organizations on a local, county, state, regional level for many years including the last 20 plus years as a volunteer Emergency Medical Technician with our local ambulance service. It isn't just on paper. We have one of the busiest volunteer ambulance services in North Dakota. I average over 60 hours a week in on call time. Two other of our employees pull the same amount of on call time if not more. We are very involved in our community. This is the North Dakota way. We do not have time to spend calling our legislators or emailing them or lobbying them. We are very busy. We apologize for not having time to discuss these issues today more in depth. Should you have any questions, feel free to contact me anytime. Remember, one of the most successful tourist attractions in eastern North Dakota is located at Casselton. Feel free to stop by to visit us and get a taste of North Dakota.

Hopefully, the House Industry, Business, and Labor Committee will recognize this and try to make this legislation fair for everyone or vote no on Senate Bill 2146. If anyone has any questions, I would be glad to answer them.

Greg Kempel

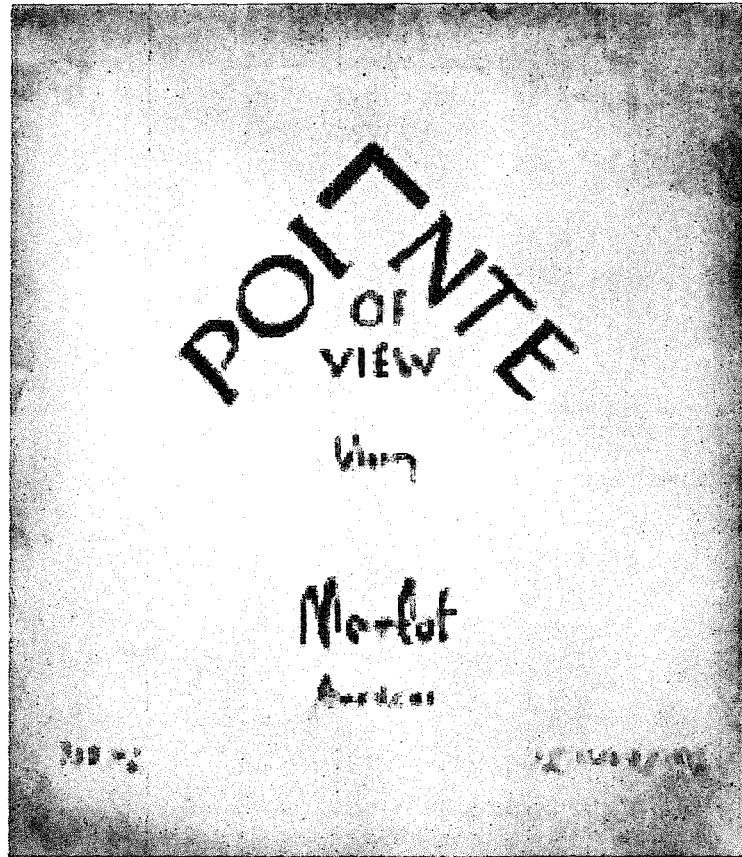
Maple River Winery

Casselton ND 58012

701-361-0773

greg@mapleriverwinery.com

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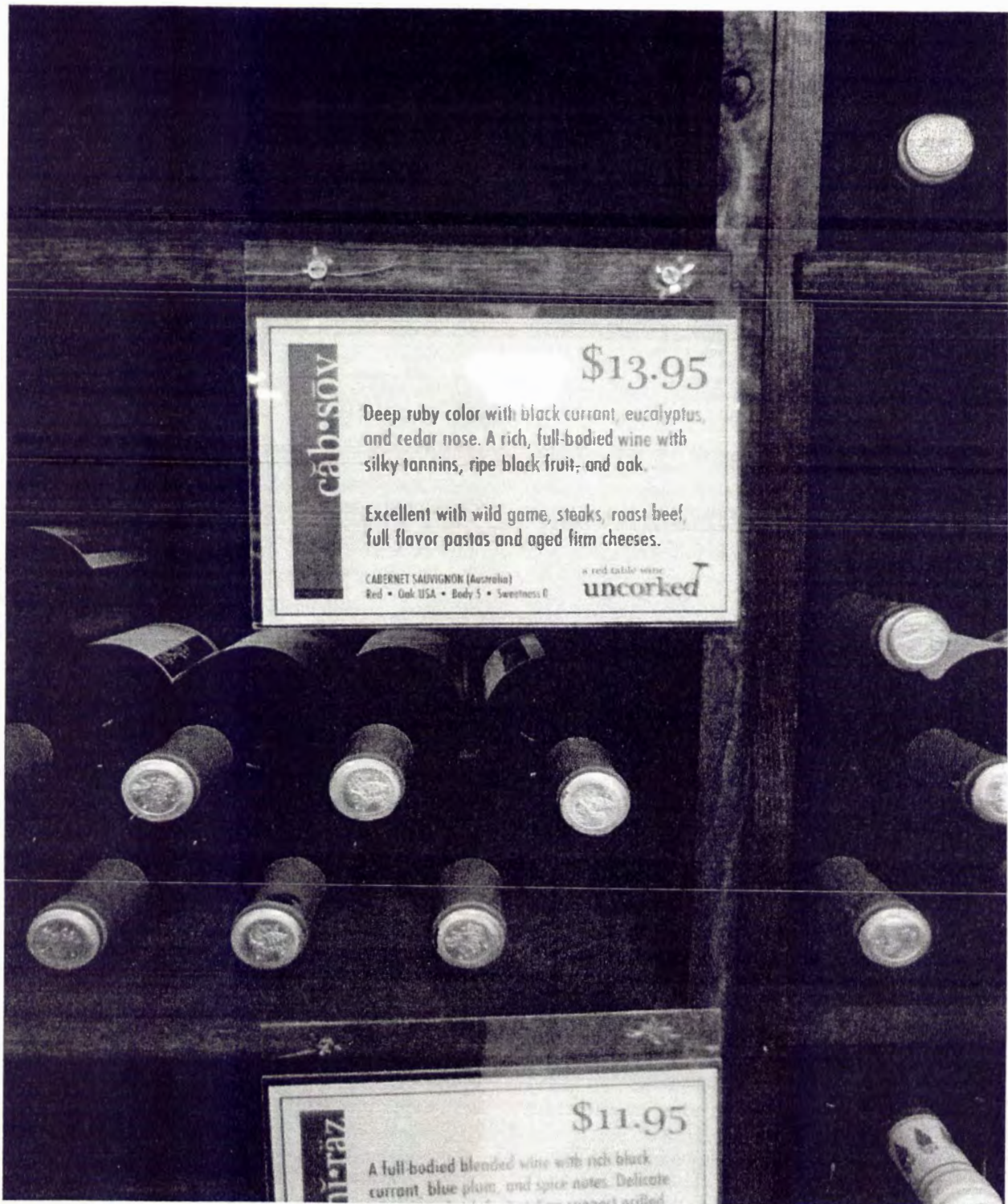


Pointe of View Winery

Merlot

CA – California

from www.vinoshipper.com/wines/pointe_of_view_winery/merlot_5,273



from
http://downtownfargo.areavoices.com/2013/02/14/uncorked/img_0014/

Red Wine Menu

CABERNET SAUVIGNON

Rich berry bouquet with blackcurrant undertones. The black skins have lots of tannin and deep rich color which indicate a wine with aging potential. This wine has an incredible complexity of aroma and taste with hints of cherry, chocolate and licorice. *Pairings: Beef, turkey, lamb and stews*

*(Sweetness: Dry * Body: Full * Oak: Heavy Aging: 9-12 months)*

MERLOT

Generous and smooth, this Chilean red wine is easy drinking with soft tannins and a hint of oak. The bouquet is of lush red berries with a herbaceous undertone. On the palate, it is smooth and warm. It can taste of ripe plums and chocolate and feels like velvet.

Serve with lightly seasoned white meats

Body (2) Oak (1) Sweetness (1) Potential Alcohol (13) Additions (R) Aging 9-12 Months

PINOT NOIR

Well balanced with a solid acidity and intense ruby color. Rich cherry flavored with a vegetal hint. The palate is rich fruity and appealing along with some sweet plummy fruit. Quite rich in style, low tannin ideal.

Pairings: Rich red sauces, flavorful cheeses

*(Sweetness: Dry * Body: Medium * Oak: Medium Aging: 6-9 months)*

SHIRAZ

Rich and spicy. The color is deep and dark with aromas of red berries and black fruit. Full-bodied with rich velvety tannins and distinct black fruits with a lingering smoky flavor.

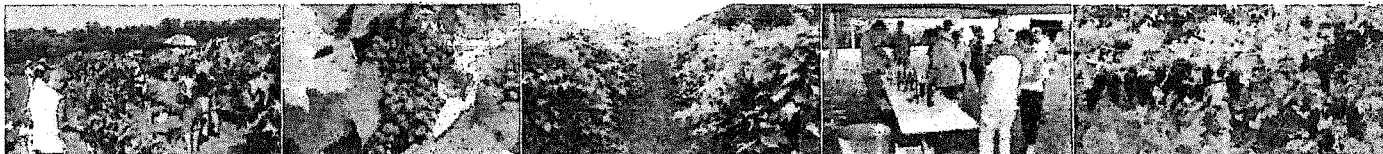
Serve with rich beef dishes or wild game

Body (3) Oak (3) Sweetness (1) Potential Alcohol (13.5) Additions (R) Aging 9-12 Months

from <http://vintnerscellar.com/redwines.htm>



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Regional Winery Information:

Apple Creek Winery (2013)

Rick & Janet Ennen
 18100 22nd Ave SE
 Menoken, ND 58558
 Phone: 701-673-3484
[e-mail](#)

Bear Creek Winery

Rod & Sue Ballinger
 2224 Centennial Rose Dr
 Fargo, ND 58104
 Phone: 701-235-6899
[e-mail](#)

Dakota Sun Gardens Winery

Bruce & Merleen Gussiaas
 955 73rd Ave NE
 Carrington, ND 58421
 Phone: 701-674-3316
www.dakotasungardenswinery.com
[e-mail](#)

Maple River Winery

Greg & Susan Kempel
 628 Front Street
 Casselton, ND 58012
 Phone: 701-347-5900
www.mapleriverwinery.com
[e-mail](#)

Pointe of View Winery

Jeff & Diana Peterson
 Ken and Cindy Eggleston
 8413 19th Ave NW
 Burlington, ND 58722
 Phone: 701-839-5505
www.povwinery.com
[e-mail](#)

Prairiewood Winery

John & Cindy Steffes
 12443 68th Street SE
 Lisbon, ND 58054
 Phone: 701-683-5866

Rolling Hills Winery

George & Roxanne Nickoloff
 226 St W
 Culbertson, MT 59218
 Phone: 406-787-5787

Tongue River Winery

Bob & Marilyn Thaden
 99 Morning Star Lane
 Miles City, MT 59301
 Phone: 406-853-1028
www.tongueriverwinery.com
[e-mail](#)

Two Fools Vineyard & Winery

LeRoy & Carol Stumpf
 12501 240th Ave SE
 Plummer, MN 56748
 Phone: 218-465-4655
www.twofoolsvineyard.com

Vintner's Winery

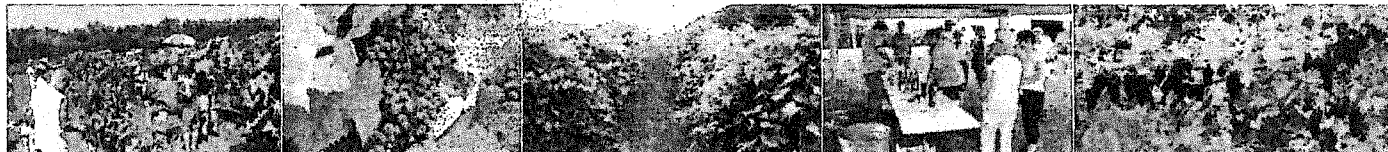
Allan & Iris Fuller
 2700 State Street
 Gateway Mall
 Bismarck, ND 58503
 Phone: 701-255-9463
[e-mail](#)

Uncorked

Kathy Swiontek
 12 Broadway N
 Fargo, ND 58102
 Phone: 701-356-4014
www.uncorkedfargo.com
[e-mail](#)



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Regional Grower Information

Agassiz Shores Vineyard & Orchard
 Mark Vining
 I-94 Exit 322
 Phone: 701-280-2470
[e-mail](#)

Campbell Beach Vineyard
 John & Mary Jo Wagar
 17885 43rd Ave N
 Hawley, MN 56549
 Phone: 701-799-3284
[e-mail](#)

Coyote Hills Vineyard
 Les & Rene Otto
 6992 53rd AVE SE
 Lehr, ND 58460
 Phone: 701-378-2277
 Office: 701-952-8014
[e-mail](#)

Dakota Breeze Vineyard
 Steve & Lucinda Wallner
 17805 83rd ST SE
 Wahpeton, ND 58075
 Phone: 701-642-1940
[e-mail](#)

Dark Bounty Vineyards
 Jacob & Mary Jo Belanger
 324 190th St S
 Hawley, MN 56549
 Phone: 218-483-4977
[e-mail](#)

Double D Vineyards
 Don & Donna Thiel
 16805 83 St SE
 Hankinson, ND 58041
 Phone: 701-545-7415
[e-mail](#)

Haymarsh Valley Vineyards
 Ken & Mary Ann Duppong
 3220 County Rd 88
 Glen Ullin, ND 58631
 Phone: 701-878-4167
[e-mail](#)

Krazy Kreft Vineyard
 Brian & Jackie Kreft
 4815 51 Ave SE
 Streeter, ND 58483
 Phone: 701-424-3416
[e-mail](#)

Long Shadow Vineyards
 Greg & Allison Krieger
 922 150th Ave SE
 Galesburg, ND 58035
 Phone: 701-488-2669
[e-mail](#)

Red Trail Vineyard
 Rodney and Steve Hogen
 3510 142 Ave SE
 Buffalo, ND 58011
 Phone: 701-633-5392
www.redtrailvineyards.com
[e-mail](#)

Sawyer Crossing Vineyard
 Alan, Laurie, Nikolai, Katy & Karena Verbitsky
 12751 HWY 52 South
 Sawyer, ND 58781
 Phone: 701-720-7711
www.sawycrossingvineyard.com
[e-mail](#)

Souris Valley Vineyard
 Jeff & Diana Peterson
 8411 19th Avenue NW
 Burlington, ND 58722
 Phone: 701-852-7598
www.sourisvalleyvineyard.com
[e-mail](#)

Stomp'n Grapes Vineyard, LLC
 Greg & Kathy Stomp
 210 Co. Rd. 19 N
 Cooperstown, ND 58425
 Phone: 701-797-7036
[e-mail](#)

Tongue River Vineyard
 Bob & Marilyn Thaden
 99 Morning Star Lane
 Miles City, MT 59301
 Phone: 406-853-1028
www.tongueriverwinery.com

Twisted Sisters Vineyard
 Jim & Val Anderson
 Kurt & Cheryl Elliott
 15154 6th St SE
 Blanchard ND 58009
 Phone: 701-636-5926
 Phone: 701-786-2712
[e-mail](#)

Two Fools Vineyard
 LeRoy & Carol Stumpf
 12501 240th Ave SE
 Plummer, MN 56748
 Phone: 218-465-4655
www.twofoolsvineyard.com
[e-mail](#)

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Vendor, Location, Business Unit, Account (Level 4)				SFY-10	Total Biennium
GRAPE AND WINE PROGRAM COMMITTEE	FARGO, ND	North Dakota State University	Other Operating Fees	\$500,000.00	\$500,000.00
Total for Location				\$500,000.00	\$500,000.00
Total for Vendor				\$500,000.00	\$500,000.00

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Summary of SB 2146

1. Winery Direct to Retail and a Grape and Wine research program are equally necessary to help build a viable agritourism industry. They are dependent on each other. DTR only needs the Governor's signature.
2. This bill is a continuation for funding of the Appropriation awarded in SB 2373 by the Legislative Assembly 4 years ago.
3. \$200,000 is the total requested funding. \$150,000 for research, \$50,000 for promotion, marketing and education.
4. \$150,000 is a fair compromise and reasonable request for research funding as put forth in a budget from Dr. Grafton, NDSU VP for Ag. and Director of the ND Experimental Stations.
5. \$50,000 is adequate for promotion, marketing and education of the industry. The Ag. Dept., Commerce Dept. and NDSU Extensions will be consulted and involved.
6. The Ag Commissioner will be the administrative control and have fiscal authority for the funds to approved recipients.
7. A Grape and Wine Advisory Committee will be appointed by the Ag. Commissioner for advice in all aspects of the industry operations.
8. The University of Minnesota grape varieties are not cold hardy enough for ND. Our budget is much less that the research program at the U of M.
9. We need to use our own wild river grapes from the Sheyenne, James, Missouri, Souris River valleys to cross with conventional grape such as Cabernet, Syrah, Merlot, Chardonnay, and etc. to achieve quality sustainable cold hardy grapes.
10. We have 6000 seedlings in the NDSU greenhouse awaited transplantation and evaluations this spring as a result of the previous appropriations.
11. The G&WPC feels there is a responsibility to the taxpayers and Legislators to continue the program from the previous funding.
12. This will be a benefit for the entire state as winery numbers and production increase and true cold hardy grape become available.

SB 2146 Budget \$200,000

The funding level of \$200,000 is adequate to support the research ongoing at NDSU and also supplement the marketing and educational programs for the grape, fruit and wine industry in ND.

On Feb 6 2013, Dr. Ken Grafton, Vice President of Agriculture NDSU and Director of the ND Experiment Stations requested in a memo to Sen. Miller, Chairman of Senate Ag. Committee that **\$150,000** would be required for the continuation of grape germ plasm enhancement varietal research program started at NDSU in 2009 and funded by the 61st Legislative Assembly. Budget will cover work involved in the planting of 6,000 grape seedlings currently being prepared for planting this spring and 8,000 more seedlings in 2014. These cold hardy cultivars will certainly benefit the entire state in sustainable cold weather varieties.

Please note the way this bill is written, the Agriculture Commissioner will have the responsibility to review and award grant requests for funds requested. He will get input from an Advisory Committee made up of grape, fruit and wine industry representatives. Testimony to the Senate Agriculture committee by Dane Braun from the Ag Dept. stated this program is similar to other programs currently administered by the Ag Dept. and they saw no problem implementing it.

The marketing and education request is for **\$25,000 per year**. Again these monies will be granted per reviewed requests to the Ag Commissioner. Requests may be made for this money in the following areas:

Education:

- Development of Extension Service training programs on Grape and Fruit
 - Plant Selection
 - Planting, fertilizing, pesticides, pruning, trellising, harvesting
 - Local training and possible online training programs
 - \$3-5000
- Enology (Wine Science)
 - Set-up Enology lab at NDSU \$5-8000/year
 - Development of Extension Service Training programs \$2-3000
- Access to professional speakers
 - Hire professional speakers for meetings like our NDGWA annual meeting, \$500-2000 per speaker, 3-5 speakers per year.

Marketing:

- Advertising
 - Development and distribution of brochures concerning vineyards and orchards as well as wineries in ND. \$3-5000
 - Booth Space at Pride of Dakota events, local and state fairs, \$500 to \$1000 per event. Total yearly cost of \$2-4000 per year.
 - Billboards advertising ND vineyards and wineries, \$1000/month per billboard.
- Promotion
 - Set up and promote wine trails promoting grape, fruit and wine industry as well as other agritourism and historical sites. \$5000/year

The request for \$25,000 per year is inline with securing programs that will support and grow the grape, fruit and wine industries in ND.

Chairman Delzer and members of the House Appropriation Committee,

My name is Rod Ballinger and I am Chairman of the Grape and Wine Program Committee (G&WPC) a legislative mandated committee with appointed members from the Governor's office, Department of Agriculture, Department of Commerce, NDSU, SBARE and the Grape and Wine Association (NDGWA). It is my understanding that I will not be permitted to testify today but have asked our primary sponsor Senator Krebsbach to present the industry's bill to you today.

Four years ago the Legislative Assembly overwhelmingly voted in favor of SB 2373 the original grape and wine funding bill and entrusted the committee to advance this industry through research, promotion, education and marketing. We have done that. Today, we have nine wineries with three more to open soon, about 40 vineyards and more showing interest everyday. We have a grape and wine research project at NDSU employing state of the art greenhouse accelerated germ plasm enhancement program producing more 6000 grape seedling to begin planting this spring. We will have an additional 8000 seedlings next spring and have ongoing juvenile and mature grape cultivar evaluations at our Experimental Extensions Stations throughout the state. This research will benefit the entire state as new true cold hardy grape are developed.

We have worked closely with the Departments of Ag and Commerce on promotion and marketing and have been involved with many educational opportunities to help the industry and inform others in the state of our industry. This and much more was done as a result of the tireless work of our volunteers and our Project Team Leader, Dr. Harlene Hatterman-Valenti and her staff, our PhD and Master plant science graduate students, undergraduate students and others at NDSU. This work is being done with the original \$250,000 in appropriations that was received just 3 1/2 years ago from our legislators.

Our industry has heard in reference to our group by some, that "they're back".

Well, that's true, we are back! We were back after a contentious winery direct to retail bill last session which passed overwhelmingly in House but lost by a vote in the Senate. We are now back this session after reaching out to our opposition for a compromised bill that leaves no one behind and relieves some pressure on our legislative friends. As most know now, the new DTR bill passed unanimously in the House and 46 - 1 in the Senate and now awaiting the Governor's signature. This DTR bill and the funding bill before you are dependent on each other and both are needed to advance the industry.

Yes, we're back. We are back to continue the efforts that the legislators mandated us to do. We are back to ask for this funding to continue the process and programs we started 3 1/2 years ago. We are back like our fellow commodity groups such as the wheat, corn, soybeans, sugar beets and barley growers to not sit back with the varieties we have now but move forward with new varieties, methods and strategies that will improve our industry. We must remain proactive. We are here to ask for \$150,000 to continue the research program at NDSU with a budget from the Vice President of Agriculture and Director of the Experimental Stations at NDSU of what is needed to continue the program and not leave a house that is half built. We are also asking for \$50,000 with a budget for promotion, research and education as we work with the Departments of Agriculture and Commerce to help enhance this industry. This total of \$200,000 will be used judiciously as the new Grape and Wine Advisory Committee uses its flexibility to award funds to achieve their strict goals and objectives as approved by the Agriculture Commissioner. There is already a volunteer force in place to supplement this appropriation by a driven, passionate group that will do everything it can to ensure its success.

Yes, we are back and now we want to move forward, forward and on to another level. One envisioned by this industry and supported and mandated by our Legislators just a few years back. All we need is your help. Thank you for time. Rod Ballinger Chairman G&WPC

22 March 2013

**ND Grape and Wine Association (NDGWA)
SB2146 Testimony**

The NDGWA supports SB2146 as passed by the ND Senate and given a Do Pass recommendation from the ND House Industry, Business, and Labor Committee (IBL).

On 6 Feb., 2013 Dr Ken Grafton, VPAA NDSU, requested in a memo to Sen. Miller, chairman of Senate Ag Committee that \$150,000 would be required for grape varietals research at NDSU.

Note the way this bill is written the Agriculture Commissioner will have the responsibility to review and award grant requests for funds covered by this bill. He will get input from an advisory committee made up of grape, fruit and wine industry representatives. Testimony to the Senate Agriculture committee by Dane Braun from the Ag Dept. stated this program is similar to other programs currently handled by the Ag Dept. and they saw no problem implementing it.

The marketing and education request is for \$25,000 per year. Requests may be made for this money in the following areas:

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 - Set-up Enology lab at NDSU \$5-8000/year
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 - \$500-2000 per speaker, 3-5 speakers per year.
- Advertising
 - Development and distribution of brochures \$3-5000
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 - Set up and promote wine trails for agritourism and historical sites.
\$5000/year

The request for \$25,000 per year is inline with securing programs that will support and grow the grape, fruit and wine industries in ND.

Paul Anderson, Pres NDGWA
Box 27 Rutland, ND
701 261 4638



North Dakota's Grape and Wine Industry

VISION FOR THE FUTURE

Information in this document was created at the August 25, 2011 Strategic Planning meeting in Bismarck. Meeting participants included:

Rod Ballinger, North Dakota Grape and Wine Program Committee chairman; Doug Goehring, North Dakota agriculture commissioner; Dean Ihla, North Dakota Department of Commerce tourism development manager; Duane Hauck, NDSU Extension Service director; Paul Anderson, North Dakota Grape Growers Association president; Tim Haller, North Dakota Agricultural Experiment Station assistant director; Rodney Howe, SBARE president, North Dakota Grape and Wine Program Committee member; Greg Krieger, North Dakota Grape and Wine Program Committee member; North Dakota Grape Growers Association secretary; Ron Smith, NDSU Extension Service professor/horticulturist; John Schneider, North Dakota Department of Commerce APUC executive director; Jeff Peterson, North Dakota Grape and Wine Program Committee member, Pointe of View Winery owner; Harlene Hatterman-Valenti, NDSU Plant Sciences Department associate professor/high-value crops researcher; Jacob Belanger, North Dakota Grape and Wine Program Committee member; Mike Beltz, SBARE member; Tom Kalb, NDSU Extension Service horticulture specialist; Rodney Hogen, Red Trail Vineyard owner; Susan Hogen, Red Trail Vineyard owner; Paul Langseth, SBARE member; Dane Braun, North Dakota Agriculture Department policy adviser; Erik Sand, Fox Lake Vineyard owner; Alan Verbitsky, North Dakota Grape Growers Association member, North Dakota Grape and Wine Program Committee member; Steve Sagaser, NDSU Extension Service Grand Forks County agent/agriculture and natural resources and horticulture; Allan Fuller, Winers Cellar owner; Glenn Muske, NDSU Extension Service rural and agribusiness enterprise development specialist; Marie Hvidsten, NDSU Extension Service rural leadership specialist, meeting facilitator

EXECUTIVE SUMMARY Strategic Vision and Direction Plan

CURRENT STATUS

Grape growing has occurred in North Dakota for years, but only in the last 20 years has it started to become a commercial industry. In 2006, the number of growers was increasing, and they saw a need for sharing information. The North Dakota Grape Growers Association (NDGGA) was established with the mission "to carry out the education, promotion and extension of the art and science of viticulture in North Dakota and surrounding areas, including all agricultural, horticultural and related purposes."

North Dakota has 40 vineyards and nine licensed wineries. Since its beginning, the NDGGA has maintained 80 to 100 members annually.

In 2009, the North Dakota Legislature established the North Dakota Grape and Wine Program Committee (NDGWPC) to oversee the disposition of \$250,000 in funding for grape and wine research, promotion, education and marketing. Funds are being dispersed to North Dakota State University for cultivar research and to NDGGA for educational programs. Discussions are ongoing with the North Dakota Department of Agriculture and North Dakota Department of Commerce about the promotion and marketing for the industry.

North Dakota's Grape and Wine Industry

VISION FOR THE FUTURE



GOALS

Education

- Create a high public awareness of the industry.
- Conduct training on grape growing to ensure growers receive accurate and consistent information on growing cultivars in North Dakota conditions.
- Develop an educational program through the NDSU Extension Service to assist growers throughout the state in establishing vineyards.
- By 2012, have a grape-growing educational program established and available through the NDSU Extension Service.

Research

- Develop a true cold-hardy grape and wine initiative.
- Adapt the best current grape-growing and winemaking methods consistent with our local conditions.
- Conduct more research on the evaluation of germplasm that is cold-hardy in all areas of North Dakota.
- Establish an enology (the science of wine) program at NDSU to ensure high-quality wine is produced.
- Have NDSU Research Extension Centers continue to test grape germplasm and production methods.
- By 2017, have two distinct, improved cultivars that have excellent cold-hardy traits.
- Implement a long-term program once sustainable funding is available.

Marketing

- Increase the number of wineries to 25 by 2026.
- By 2017, increase the number of commercial vineyards of one acre or more to 50.
- Locate wineries throughout the state within an hour drive of a city.
- Promote local wineries providing a revitalizing impact for small communities.
- Establish a quality-based standards program for North Dakota grapes and wines.
- Target 20 percent of wine sold in North Dakota to be grown and produced locally.
- Develop a strong brand and signature product or grapes for North Dakota.
- By 2017, increase membership in the NDGGA to 200 members.
- Promote the awareness of NDSU's and private growers' success in grape and wine production.
- Develop three wine trails that will promote awareness of the industry and create value through agritourism in collaboration with the North Dakota Department of Commerce and the North Dakota Department of Agriculture.
- Explore having a paid position within the NDSU Extension Service to serve as executive director for the NDGGA and North Dakota wine industry.

Public Policy

- Streamline North Dakota laws, including direct-to-retail, that allow North Dakota wineries to thrive.
- Have a North Dakota viticulture industry that is recognized for high-quality grapes being grown by experienced, knowledgeable growers.

Funding

- As the industry develops, a funding mechanism based on grape production or processed products may be implemented to augment the state funding.
- A relationship with the State Board of Agricultural Research and Education (SBARE) should be developed in hope SBARE will place a request on its priority list for state funding to allow the North Dakota Agricultural Experiment Station to expand its grape research.
- Work closely with the North Dakota Department of Agriculture and North Dakota Department of Commerce to secure funding for the promotion and marketing of the wine industry.
- A sustainable funding source needs to be established by the end of the 2013 legislative session.
- The legislatively designated North Dakota Grape and Wine Program Committee should continue to provide advisory support for research, promotion, education and marketing activities for the grape and wine industry.

NDSU

Grape Research Program

3-26-13
#6

Grape Seedlings in the New NDSU Greenhouse



New NDSU Greenhouse housing hybrid grape cultivars



New NDSU greenhouse plants and seedlings



New greenhouse seedlings awaiting transplantation to the ND Agricultural Experiment Stations



New greenhouse seedlings awaiting transplantation to the ND Agricultural Experiment Stations



NDSU PhD student John Stenger elaborates on the grape research process



A Frontenac flower cluster being emasculated. This takes about an hour per cluster. Pistils will be receptive to pollen in about 24 hours.

NDSU

Grape Research Program

Grape Seedlings in the Old NDSU Greenhouse



The Old NDSU Greenhouse



NDSU Greenhouse - minus 20 deg. F outside, GRAPES growing inside! Jan. 2011



Chardonnay parent vine about to bloom at the NDSU greenhouse, December 2010



Cabernet Sauvignon at NDSU for hybrid crossings



Early grape hybrid evaluations at the old NDSU greenhouse



Grape hybrids being grown out at the old NDSU greenhouse

Grape Evaluation Vineyard in the ND Research Extension Stations



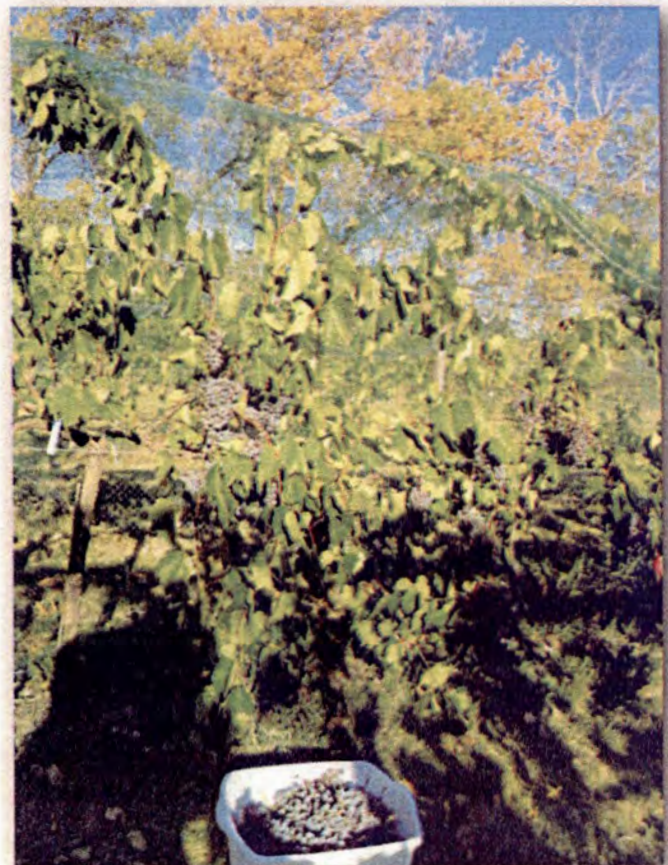
Young vines growing in Absaraka



Unripe grapes in Absaraka



*Frontenac Gris x Alpenglow about a month after
cross pollination*



Grapes being harvested in Absaraka

NDSU

Grape Research Program

Grape Evaluation Vineyard in the ND Research Extension Stations



NDLA, H APP - Traeholt, Meredith

From: Rod Ballinger <rodb@cableone.net>
Sent: Tuesday, March 26, 2013 4:54 PM
To: NDLA, H APP - Traeholt, Meredith
Subject: SB 2146 Grape and Wine Funding

Chairman Delzer and members of the House Appropriation Committee,

Thank you for your committee work today with SB 2146. I commend Rep. Keiser for an excellent job presenting the bill with objective testimony capturing the sentiment of the majority of his committee. The following points are comments and clarifications of questions asked of Rep. Keiser in the meeting. I hope this addresses some of the issues. If you have any further questions or concerns, please contact me. Sincerely, Rod Ballinger G&WPC 701-306-7519

1. Check off or assessments to show our "skin in the game".

The industry was adamant from the beginning to have a producer assessment placed on grapes as sold to the wineries that was inline with other commodity groups. Obviously, in a fledging industry, this amount would not be as high as we wanted initially but as the industry grew, the assessed amount would gradually increase to a reasonable level. We did propose an assessment of 1 cent per pound of grapes sold in the bill but this check off was removed by a Senate Agriculture amendment and remained that way through the Senate Appropriation, Senate Floor and House IBL Committee. I believe some felt it was to give the industry a 2 year grace period while future assessments could be studied. Also, the wineries already pay to the state's general fund 50 cents per gallon on wine, federal excise tax, state sales tax and license fees. So in effect, we already have some "skin in the game". Other states divert this excise tax to a grape and wine fund but here it goes directly to the general fund. Lastly, we have an additional investment with all our passionate volunteer work force that performs many of the duties in collaboration with NDSU to include private vineyard grape evaluations, data collection, private winemaking and analysis, informational grape and wine tours, public educational seminars, and enological laboratory chemical evaluations to name a few.

2. SBARE

We did go through the SBARE process but unfortunately were unsuccessful. We appreciated the opportunity but felt compelled to seek a sponsored bill to continue the program.

3. The Ag. Dept. and \$110,000 budget request

Yes, I met with the Ag. Commissioner many times in the last year to seek funding through his Dept. On my last meeting with Commissioner Goehring it was cordially decided that we pursue a sponsored bill as a better alternative. His budget was very tight so he only felt comfortable with a \$60,000 research and a \$50,000 promotion allocation. We felt that \$30,000 a year for research was just not enough money to plant and evaluate our 6000 seedlings in the Experimental Stations across the state. The other \$25,000 a year was to be allocated for promotion. The Governor's budget through Commerce was also considered by us as a possible funding source but not pursued.

4. \$350,000 original budget reduced to \$200,000

After the initial request of \$350,000 was reduced to \$200,000, we worked with Dr. Ken Grafton NDSU Vice President of Ag. and Director of the Experimental Stations and our Grape and WineTeam Leader to implement a cost savings plan and formulate a research budget for \$150,000 and still have a viable program. All saving reductions were scrutinized and will include more industry volunteer work at NDSU with the program. The \$50,000 is still the budget for promotion, marketing and education.