

FISCAL NOTE
Requested by Legislative Council
02/13/2015

Amendment to: HB 1318

- 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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 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).*

HB 1318 as amended creates an Agriculture Impact Grant Fund and an Agriculture Impact Grant Advisory Committee. It places responsibility for administration of the Agriculture Impact Grant program on the Department of Transportation.

- 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.*

As amended, while this bill creates an Agriculture Impact Grant Fund, it does not provide a revenue source for the fund. Likewise, while it places responsibility for establishment and administration of an Agriculture Impact Grant program on the Department of Transportation, it does not provide any funding to cover the related costs. Accordingly, it must be noted that Article X, Section 11 of the North Dakota Constitution states "Revenue from gasoline and other motor fuel excise and license taxation, motor vehicle registration and license taxes, except revenue from aviation gasoline and unclaimed aviation motor fuel refunds and other aviation motor fuel excise and license taxation used by aircraft, after deduction of cost of administration and collection authorized by legislative appropriation only, and statutory refunds, shall be appropriated and used solely for construction, reconstruction, repair and maintenance of public highways, and the payment of obligations incurred in the construction, reconstruction, repair and maintenance of public highways." Consequently, without a specified source of revenue to cover the related costs of program development and administration, NDDOT would not be able to incur any costs to develop and administer the Agriculture Impact Grant program.

If a specified revenue source were to be provided, NDDOT would incur costs to administer the program. However, at this time it is uncertain how much additional work this would involve; therefore we are unable to reasonably determine the fiscal impact this bill would have on NDDOT.

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.*

- 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.*
- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Name: Shannon L. Sauer

Agency: NDDOT

Telephone: 328-4375

Date Prepared: 02/16/2015

2015 HOUSE AGRICULTURE

HB 1318

2015 HOUSE STANDING COMMITTEE MINUTES

Agriculture Committee
Peace Garden Room, State Capitol

HB 1318
2/5/2015
Job #23281 to 24:00

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

To provide for agriculture development impact grants; to provide for a transfer; to provide appropriations; and to provide for a report to the budget section

Minutes:

Representative Brandenburg: Sponsor of the bill.

A number of sessions ago we were dealing with money to have an oil impact fund. We have oil issues and nonoil issues. This bill deals with impact areas because of agriculture. The Department of Transportation (DOT) knows where they are at. I put all the commodity groups on it. Whether that is needed or not, I am not sure. They are to give direction to the DOT as to which projects are valid and which are not. There is \$5 million in the fund. This is the beginning of a mechanism to take care of items that should be taken care of.

Representative Cynthia Schreiber-Beck: Why the DOT?

Representative Brandenburg: The DOT looks at where the impacts are. The DOT is very much involved with the Upper Great Plains study as well as the counties. They are working together to figure where the impacts are. This committee would give direction to the DOT.

Representative Cynthia Schreiber-Beck: You are looking at infrastructure and roads?

Representative Brandenburg: Yes. This is about roads. The local counties and townships are broke. For example, a shuttle loading facility beside a small community brings a lot of road use. Here they can apply for a grant to fix those roads. The local property taxes are not enough to fix the roads.

Representative Alan Fehr: An individual told me they live in one county at the end of the road with access from another county. Neither county has an interest in fixing the road.

Representative Brandenburg: Yes. This is where you can go to the DOT. It would be an impact by the advice of the committee. You have the fairness to take care of everybody equally. We really don't have a nonoil impact fund.

Representative Diane Larson: We have had agriculture as a major player in North Dakota for a long time. Why are we now looking at this?

Representative Brandenburg: We are not trying to tell the DOT what to do. They are open to having a committee give them direction. But you need money to do it. The DOT will end up with a \$2.7 billion budget. This is not a major part of their funding. It would follow the Upper Great Plains Study.

Chairman Dennis Johnson: About 35 years ago all of our commodities went to Duluth or Minneapolis. We have brought the processing back to North Dakota. It is hard to move anything out of state. Now we have loading facilities that have put a different traffic pattern on our roads.

Representative Brandenburg: Years ago we had tandem trucks and maybe the biggest farmer had a semi. Now everybody has a semi and they are hauling more miles. Every town used to have an elevator. Now to be competitive they have to have a larger facility which requires trucks to travel more miles.

Chairman Dennis Johnson: Are you comfortable in moving this to appropriations?

Representative Brandenburg: Maybe we don't need all of the commodities groups. There are some that don't care to be on the committee. Try to keep it alive--maybe put \$50,000 on it.

Chairman Dennis Johnson: Do you want us to choose which groups?

Representative Brandenburg: Maybe with the help of a subcommittee.

Terry Traynor, ND Association of Counties: We see this as a complementary piece. The Upper Great Plains Study says we need to spend \$8 billion over the next twenty years and \$1.1 billion in the next two years for county and township roads. With the current financial situation it is unlikely that we will be able to meet that. There are times when there are specific projects where an individual township or county can't deal with the impacts of the traffic. They shouldn't have to because it is serving a much broader area. This provides an option.

Representative Diane Larson: Isn't DOT supposed to look at the needs of the state. Why develop other subgroups of people?

Terry Traynor: DOT is responsible for state highways. Their priority is not county and township roads. That is what this bill is targeting. Federal funds that used to go to the counties are becoming more limited.

Larry Syverson, ND Township Officers Association: Our road systems were built in the 50's & 60's. Since that time the Agriculture product of the state has increased 422%. Even if we take the funding down, just keep it alive.

Scott Rising, ND Soybean Growers Association: We have been involved in making sure studies identify the requirements for rural areas. Most of that money flows through counties and townships and cities rather than the DOT.

I would suggest looking at the committee structure. Under federal guidelines the ND Soybean Council would not be able to participate because it involves public policy. They have asked to be replaced with the Soybean Growers Association.

Opposition:

None

Chairman Dennis Johnson: Closed the hearing.

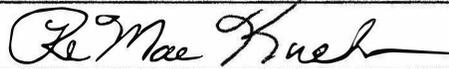
2015 HOUSE STANDING COMMITTEE MINUTES

Agriculture Committee
Peace Garden Room, State Capitol

HB 1318
2/5/2015
Job #23284

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

To provide for agriculture development impact grants; to provide for a transfer; to provide appropriations; and to provide for a report to the budget section
(Committee Work)

Minutes:

Representative Craig Headland: I think we should take the money out of it. The makeup of the advisory committee needs some work. Maybe I can have the amendment done by tomorrow.

Chairman Dennis Johnson: We'll bring this bill back by tomorrow to give time to work on amendments for the makeup of the committee and/or money.

2015 HOUSE STANDING COMMITTEE MINUTES

Agriculture Committee
Peace Garden Room, State Capitol

HB 1318
2/12/2015
Job #23713

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

To provide for agriculture development impact grants; to provide for a transfer; to provide appropriations; and to provide for a report to the budget section
(Committee Work)

Minutes:

Attachment #1

Representative Craig Headland: Handed out amendment (Attachment #1)

The amendment is taking out the appropriation and it also changes the makeup of the advisory committee. I thought the advisory committee was too large. So we removed several of the commodity groups. We are also adding the Commissioner of Commerce or his designee. If we are talking about infrastructure around a new agricultural development, the Department of Commerce will have a good understanding where that development is. Having all the commodity groups in the bill was cumbersome because of the size of the committee. So I decided to run with the three major commodity groups where the most action is taking place. It would be corn, wheat, soybeans, and the Department of Commerce. The chairman would be the Department of Transportation.

We removed the money and maybe before the session ends we can find some money.

Representative Craig Headland: Moved the amendments

Representative Alex Looyen: Seconded the motion

Representative Diane Larson: One of the reasons we were told it would be good to have so many people on the committee is because these are the people out there that can see the roads that need work. Are you comfortable with the remaining ones that there are enough to do that?

Representative Craig Headland: I am because soybeans, wheat, and corn are the predominant crops. They impact the whole state and are grown state wide.

Chairman Dennis Johnson: Did the sponsor work with all these groups to put them on or did he just randomly put them on?

Representative Craig Headland: He told me he just randomly put them on.

Representative Diane Larson: The Soybean Growers Association is used rather than the Soybean Council?

Chairman Dennis Johnson: Yes. The Growers Association is able to participate as the Soybean Council can't.

You have the Wheat Commission rather than the Grain Growers.

Representative Craig Headland: We should go with the Grain Growers rather than the Wheat Commission.

Chairman Dennis Johnson: That would be more inclusive.

Representative Craig Headland: We could put the Stockmen's Association on but then we have an even-numbered board. If we put the Stockmen's on, we should put another group on as well to keep it at an odd number for voting purposes.

Voice Vote taken. Motion passed.

Representative Craig Headland: Moved Do Pass as amended

Representative Alex Looyzen: Seconded the motion

Representative Alan Fehr: We have taken out Sections 5 & 6. What is the intention of establishing a grant program with no money?

Chairman Dennis Johnson: We don't want to lose the opportunity to have this place in case money is available before the end of session.

Representative Craig Headland: That is the intent.

A Roll Call vote was taken: Yes 12, No 1, Absent 0.

Do Pass as amended carries.

Representative Haak will carry the bill.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1318

Page 1, line 1, remove "; to provide for a transfer;"

Page 1, line 2, remove "to provide appropriations; and to provide for a report to the budget section"

Page 1, line 23, after "transportation" insert ", the commissioner of commerce or the commissioner's designee,"

Page 1, remove line 24

Page 2, remove lines 1 and 2

Page 2, line 3, replace "4." with "1."

Page 2, remove lines 4 through 8

Page 2, line 9, replace "10." with "2."

Page 2, remove line 10

Page 2, line 11, replace "12." with "3."

Page 3, remove lines 4 through 22

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment changes the membership of the Agriculture Impact Grant Advisory Committee, removes the \$5 million transfer from the general fund to the agriculture impact grant fund, and removes the \$5 million appropriation from the agriculture impact grant fund to the Department of Transportation.

AK
2-12-15

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1318

Page 1, line 1, remove "; to provide for a transfer;"

Page 1, line 2, remove "to provide appropriations; and to provide for a report to the budget section"

Page 1, line 11, replace "subdivisions" with "subdivision"

Page 1, line 12, after "taxes" insert ", and"

Page 1, line 18, after "assembly" insert an underscored comma

Page 1, remove lines 22 through 24

Page 2, replace lines 1 through 11 with:

- "1. The agriculture impact grant advisory committee consists of:
 - a. The director of the department of transportation;
 - b. The commissioner of commerce or the commissioner's designee;
 - c. One individual representing the North Dakota corn growers association;
 - d. One individual representing the North Dakota grain growers association; and
 - e. One individual representing the North Dakota soybean growers association.

2."

Page 2, line 12, after the underscored period insert:

"3."

Page 2, line 14, after the underscored period insert:

"4."

Page 3, remove lines 4 through 22

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment changes the membership of the Agriculture Impact Grant Advisory Committee, removes the \$5 million transfer from the general fund to the agriculture impact grant fund, and removes the \$5 million appropriation from the agriculture impact grant fund to the Department of Transportation.

**2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1318**

House **Agriculture** Committee

Subcommittee

Amendment LC# or Description: 15.0544.02001

Recommendation

- : Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar

Other Actions: Reconsider Further amend

Motion Made By Rep. Headland Seconded By Rep. Looyen

Representatives	Yes	No	Representatives	Yes	No
Chairman Dennis Johnson			Rep. Joshua Bosch		
Vice Chairman Wayne Trottier			Rep. Jessica Haak		
Rep. Bert Anderson			Rep. Alisa Mitskog		
Rep. Alan Fehr					
Rep. Craig Headland					
Rep. Tom Kading					
Rep. Dwight Kiefert					
Rep. Diane Larson					
Rep. Alex Looyen					
Rep. Cynthia Schreiber Beck					

*Voice Vote
Motion Passed*

Total (Yes) _____ No _____

Absent _____

Floor Assignment Rep.

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

Take out appropriation and change the makeup of the advisory committee and further amend to change "Council" to "Growers Association" & amend to change "Wheat Commission" to "Grain Growers Association"

**2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1318**

House **Agriculture** Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation

- : Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By Rep. Headland Seconded By Rep. Looyen

Representatives	Yes	No	Representatives	Yes	No
Chairman Dennis Johnson	X		Rep. Joshua Boschee	X	
Vice Chairman Wayne Trottier	X		Rep. Jessica Haak	X	
Rep. Bert Anderson	X		Rep. Alisa Mitskog	X	
Rep. Alan Fehr	X				
Rep. Craig Headland	X				
Rep. Tom Kading		X			
Rep. Dwight Kiefert	X				
Rep. Diane Larson	X				
Rep. Alex Looyen	X				
Rep. Cynthia Schreiber Beck	X				

Total (Yes) 12 No 1

Absent 0

Floor Assignment Rep. Haak

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

REPORT OF STANDING COMMITTEE

HB 1318: Agriculture Committee (Rep. D. Johnson, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (12 YEAS, 1 NAYS, 0 ABSENT AND NOT VOTING). HB 1318 was placed on the Sixth order on the calendar.

Page 1, line 1, remove "; to provide for a transfer;"

Page 1, line 2, remove "to provide appropriations; and to provide for a report to the budget section"

Page 1, line 11, replace "subdivisions" with "subdivision"

Page 1, line 12, after "taxes" insert ", and"

Page 1, line 18, after "assembly" insert an underscored comma

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 - d. One individual representing the North Dakota grain growers association; and
 - e. One individual representing the North Dakota soybean growers association.

2."

Page 2, line 12, after the underscored period insert:

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Page 2, line 14, after the underscored period insert:

"4."

Page 3, remove lines 4 through 22

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment changes the membership of the Agriculture Impact Grant Advisory Committee, removes the \$5 million transfer from the general fund to the agriculture impact grant fund, and removes the \$5 million appropriation from the agriculture impact grant fund to the Department of Transportation.

2015 SENATE AGRICULTURE

HB 1318

2015 SENATE STANDING COMMITTEE MINUTES

Agriculture Committee
Roosevelt Park Room, State Capitol

HB 1318
3/13/2015
Job #24823

- Subcommittee
 Conference Committee

Committee Clerk Signature

Emmery Brothberg

Explanation or reason for introduction of bill/resolution:

To provide for agriculture development impact grants; to provide for a transfer; to provide appropriations; and to provide for a report to the budget section

Minutes:

Attachments: n/a

Chairman Miller opened the hearing for HB 1318.

Representative Mike Brandenburg, District 28 introduced HB 1318. He stated that the bill deals with agricultural impact grants and it is a committee being set up to deal with agriculture development and agriculture impacted political subdivisions. There are oil impact grants and this bill is written the same. He stated that he had requested that the money be removed because he wanted to get the committee set up and structured so that in the next session they could fund the impact grant fund. He stated that there are some impacted areas currently in agriculture. He said that the Department of Transportation (DOT) is in charge of identifying where those impacts are and then the committee comes and designates the impact areas and then the committee comes in to work with the DOT to decide where the money should go.

Chairman Miller: The reason why we created oil impact grants was because oil has the tendency to spring out of nowhere and it happens fast and you get these development impacts that you can't cope with in addition to the fact that the state collects all the revenue but the political subdivisions are left with the impacts.

Agriculture differs because no one is building new farmland and the value added components like agriculture processors and those types of facilities are well planned, fixed in one location, and often there are local political subdivisions trying to compete to try and bring them in so what's the states interested here?

Representative Brandenburg: We haven't figured out where the money is going to come from, the idea right now is to get the committee set up and perhaps establish a study to figure out where a funding source could come from because there is no funding source for it.

Senator Warner: The state imposes extra taxes on the oil industry to mitigate the impacts that it causes on local subdivisions, are you advocating that the state should be imposing special taxes on agriculture to mitigate agriculture development impacts?

Representative Brandenburg: No, I wasn't advocating that I just looked at the DOT budget and saw that there were some funds that may be available for that but not another new tax.

Senator Warner: The other question that came to mind was that we have Northern Great Plains Transportation Institute that does statistics, weight loads, measures, and traffic counts. What would this committee do that would enhance the data that that's generating already?

Representative Brandenburg: That's actually why the director of the DOT would work with the committee to make a good decision based on all the different areas.

Chairman Miller: What if we formulated an interim type committee of legislators that is permeant and meets all the time and takes a look at these potential plants that could be developed or other agriculture related issues and then would examine and make determinations on an individual basis?

Representative Brandenburg: That is a good idea and I think there are some areas that need to be taken care of and there needs to be some sort of funding. Sometimes I see something and I think this is something we should start because there are some needs. We've been taking care of them now, but I'm concerned that the next sessions might be different. In the beginning, I wanted to take a percentage of the oil impact fund and make it for nonoil fund but other committee members didn't think that was a good idea. We started talking with the director of DOT about a grant had he had some ideas. This is not perfected but it is something that we should have discussion about.

Senator Klein: As I read through the bill certainly the revenue you had in it made sense but since we have no money in the bill, aren't we getting ahead of ourselves? If we don't put any money in here they can't do anything anyway so we might be getting ahead of ourselves.

Senator Larsen: You talked about some of our needs; can you give me an example if you had the money what are some of the projects that you're thinking about right now and how much would that cost?

Representative Brandenburg: Cenex Harvest States and the ethanol plant in Stutsman County and the shuttle loading facility down in Edgeley are examples. There are townships and county roads that get impacted by agriculture. The DOT sees these roads and they talk to the regional supervisors within the districts.

He went on to talk about different agriculture industries throughout the state and the impacts they have on the political subdivisions and how much it cost to alleviate the impacts on the roads.

Scott Rising, Soybean Growers Association (15:30) testified in favor of HB 1318. He stated that one of the biggest issues was related to rural roads particularly around value added processing and loading facilities. He said that in the haste to attract them to the small communities, the community gets committed without understanding the full impact of the cost. He stated that they local communities often commit money beyond what they ever expected and roads can consume a budget for years.

He said that he also liked the idea of early on sharing some basic information with the DOT and commerce so that everyone can understand some of the bigger challenges and realize that resources are limited. He stated that he saw potential in the bill, but without the money to designate the specific projects, it would be best to talk about what to do with the bill. He suggested that in the agriculture department budget currently, there's a comprehensive economic contribution study that still is alive and he has great hope that the study will show some opportunities that are missing in agriculture today.

Vice Chairman Luick: Do you know of other groups that are mimicking this right now? I know that on my part of the state there are lots of different water committees set up and they are duplicating a tremendous amount of efforts. So are you aware of any group in ND that is doing similar efforts?

Scott Rising: I am not aware of any. In my opinion, there is some duplication in the water arena. But the other side is that you at least have the potential to provide good information to more people.

Chairman Miller: In some cases we are talking about broader scope than roads

Scott Rising: One of my concerns is that I'm not sure that production agriculture has a clear handle on the implications of value added processing placement so to understand the cost of it would be a positive here.

Senator Klein: With no money we are going to have to revise this. My question of the DOT is "is there duplication here?" It seems to me we've done a lot of studies and projects. Are we providing fruitful study with this?

Steve Salwei, ND Department of Transportation: (neutral testimony) The DOT has similar committees that have different funding types for. What we are looking at here, I don't believe we have any funding that would actually pertain to this committee itself. I believe this is mirrored around the special road funds we have now. Those are dollars from the interest from the money that is sitting at the Bank of ND and those interest moneys are used to access recreation type facilities. Those funds couldn't be used for these areas.

Senator Klein: Besides the funds, I'm more interested if we are we looking at the impact to political subdivisions? Do you have a list of areas that are impacted by agriculture? Are we going to study something that you guys are already on top of?

Steve Salwei: Currently, we work very closely with the Department of Commerce on the new developments that are coming to the state. A lot of times they are looking for some financial assistance. Our ability to assist in those areas is somewhat limited because if it is off the state highway system, we can't use state dollars. We do have a few federal dollars

that we can utilize if it is on the county CMC system. However if the plant would be located on a regular county road, we don't have the ability to assist those areas. So I don't know that there really is duplication.

Senator Larsen: I don't know if you can answer this question, but in the oil impacted area there are people who have been innovative in using new technologies and products to build up the road for much less. These entities are at the convention with the area counties. Do you actively search those folks out to try to use these new technologies to save some money to cut down on it or how long does it take to start implementing this? Is it slower because it is the DOT? I find it interesting that there are people who are using new technologies and then we hear about these impacted agriculture areas and they don't know about the new technologies. Are you a resource or something for that?

Steve Salwei: As the DOT, we do research various different methods in trying to build roads more economically. We do use fly ash, cement treated base; the one difference that you are going to see is that any road can be a 5x5 road if you put enough axels under a vehicle. When we design a road we have to take ESALs (equivalent single axle load) into account. The more loads you have going across it, the more infrastructure strength you need on the sub-base and on the pavement. If you have a very low volume road you don't need as much. In the west, the roads weren't built for the amount of traffic that is out there today. We can carry heavy loads but not many. When you put the volumes to it over time, it is the addition of ESALs that add up deteriorate the road quicker. Earlier we had designs for a certain number of ESALS. At the time, that was designed for a twenty year lifetime. When traffic took off, those ESALS deteriorated much quicker because we used up the life of the roadway a lot faster. Depending on the amount of traffic being utilized on those road ways is going to determine what you have to put into the sub basing and the pavement structure.

Senator Larsen: What I find interesting is that these products and technologies are being used in these highly impacted areas in the oil counties but when we go out of these counties where these entities are using this technology, you don't hear about it in anywhere else in the state. I'm just wondering where the disconnect is. Do the engineering companies have to be all sync to be able to use this technology?

Steve Salwei: We are always open to using new technologies. Sometimes in testing a new technology there is a risk and we have to be able to accept that risk to know if this is going to work for us long term. We do research what other states do and research what private industries are doing and we try to implement those into our process as best we can.

Scott Rising, Soy Bean Growers Association: In interest of conversation, part of the impetus for the bill probably suites the question you asked. Frequently these opportunities show up in places where they aren't already in a specific system and where they are not specifically eligible for something else and I suspect that is part of the rationale for the asking in the bill.

Senator Warner used an example from his experience serving on the board of an electric co-op to demonstrate that there is a point where people need to take responsibility for where they place agriculture improvements and there is due diligence in creating these

Senate Agriculture Committee

HB 1318

3/13/15

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enterprises and the state cannot be rewarding a lack of due diligence when it comes to putting these enterprises in the wrong place.

Chairman Miller closed the hearing on HB 1318.

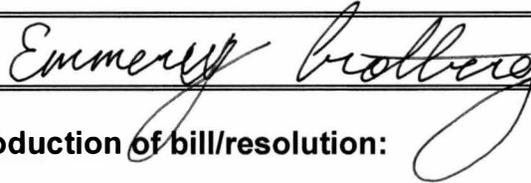
2015 SENATE STANDING COMMITTEE MINUTES

Agriculture Committee
Roosevelt Park Room, State Capitol

HB 1318
3/19/2015
Job #25094

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

To provide for agriculture development impact grants; to provide for a transfer; to provide appropriations; and to provide for a report to the budget section

Minutes:

Attachments: n/a

Chairman Miller opened up the discussion on HB 1318 and asked for the feelings of the committee and expressed concern that with bills like this, the state picks up the failings of a local government to try and fill the void where the local government cannot fulfil their promises.

Senator Klein: There are areas in the state that are impacted more severely than others. We are providing them these agricultural enterprises with tax breaks and provide them with help, and then they ask for help to help subsidize some of their work. I'm not in a position to support this until we actually have some ideas of what this is going to do. There is no money in this, correct?

Chairman Miller: Correct.

Senator Warner: I've been on the edge of a couple of these. The Department of Commerce has a really good team developing some of these plans. They do zoning, they look at possible impacts, they look at housing needs, they look at road traffic; they can estimate almost down to the ton on how much traffic is going to go in and out of that plant every day and they understand the connections to the railroads. We have some really good professional people working on this kind of thing and that is their full time job. I don't see where having an additional committee would be very useful.

Chairman Miller: I can't see the legislature appropriating a bunch of money to developing a road/school in an area where industry may develop. That's the issue. We are ultimately trying to avoid some kind of vacuum of services once an industry is built.

Senator Warner: I think we are risking a danger that we're going to be stuck picking winners and losers rather than letting the market forces play out.

Vice Chairman Luick: Another concern that I have is that it may entice communities to promise these new facilities the world. They might say that we don't have the money but we have the possibility of getting funds from the state. I don't think at this point this is something I can support.

Senator Warner moved Do Not Pass on HB 1318.

Vice Chairman Luick seconded the motion.

Senator Klein: There was originally a bill in the senate that provided for some impact dollars almost specifically to a Stutsman County project. We killed that bill but the idea was using the department of commerce as a conduit to get the money out there. If any money should create an impact fund, I think at this point it should be through the Department of Commerce.

Chairman Miller: And there are plenty of committees within the interim process that can look at this issue.

A Roll Call vote was taken. Yea: 6; Nay: 0; Absent: 0.

Do Not Pass carries.

Senator Oban will carry the committee's recommendation to the floor.

REPORT OF STANDING COMMITTEE

**HB 1318, as engrossed: Agriculture Committee (Sen. Miller, Chairman) recommends
DO NOT PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed HB 1318 was placed on the Fourteenth order on the calendar.**

2015 TESTIMONY

HB 1318

February 12, 2015 #1

15.0544.02001
Title.

Prepared by the Legislative Council staff for
Representative Headland
February 6, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1318

Page 1, line 1, remove "; to provide for a transfer;"

Page 1, line 2, remove "to provide appropriations; and to provide for a report to the budget section"

Page 1, line 23, after "transportation" insert ", the commissioner of commerce or the commissioner's designee."

Page 1, remove line 24

Page 2, remove lines 1 and 2

Page 2, line 3, replace "4." with "1."

Page 2, remove lines 4 through 8

Page 2, line 9, replace "10." with "2."

Page 2, remove line 10

Page 2, line 11, replace "12." with "3."

Page 3, remove lines 4 through 22

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment changes the membership of the Agriculture Impact Grant Advisory Committee, removes the \$5 million transfer from the general fund to the agriculture impact grant fund, and removes the \$5 million appropriation from the agriculture impact grant fund to the Department of Transportation.