

2017 HOUSE APPROPRIATIONS

HB 1009

2017 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Education and Environment Division Roughrider Room, State Capitol

HB1009-1069
1/9/2017
26740

- Subcommittee
 Conference Committee

Virginia L. Moch

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide appropriation for defraying the expenses of the agriculture commissioner; and to provide transfers.

Minutes:

Attachment 1-6

Chairman Monson called the committee to order.

Doug Goehring, North Dakota Agriculture Commissioner presented a high level overview (see attachment 1) of the budget for the Ag Department. **Doug also brought attachments 2-4**

5:30 Chairman Monson: Has there been an uptick on services?

Doug Goehring: Yes, almost twice as much requests this fall compared to last few years. If we don't see prices for commodities go up in grain and cattle we will have a tremendous challenges next year. A huge crop helped for this year.

7:35 Chairman Monson: How did the pipeline reclamation turn out?

Doug Goehring: It turned out very well, to date we have about 59 cases, we included a pipeline reclamation (attachment 2) Of those 59 there's only been 1 that we didn't do anything with and that's because the person with the complaint proceeded to sue the company before contacting us. This program is working very well, sometimes it's just the having a third party look at it that makes the difference.

Representative Schmidt: (page 9,14 & 16 attachment 1) 10:00 Could you explain why if there are no changes, (14) then why are there the changes in the federal dollars then why are there these changes listed? 9&16?

Doug Goehring: About 1/3 of our funds come from federal funds, with over 120 programs in our department; many of those departments are fluid so there's money that comes in and out we are not aware of any of those changes.

Representative Schmidt: 12:30 Will we have to make up that difference in the federal dollars?

Doug Goehring: I will have to address that as we go through each department. Hoping that with the new administration, over the next biennium, we don't have as many new rules and regulations that we have to implement that will cost more money

14:30 (Page 6 of attachment 1) Plant Industries

Chairman Monson: 17:05 Beekeepers, land owner and general public, how are things going? Things seem better?

Doug Goehring: New legislation has helped enhance and provide clarification to the beekeepers themselves, also the implementation of the pollinator plan itself. We have beekeepers that leave bees in areas where there is a lot of flowering crops, if the bees are moved when it is no longer flowering we will have bees swarming and looking for more forage. With the pollinator plan we ask them to think about conditions, bees need water, we want them to have a contingency plan in place.

Doug Goehring 23:15 (Page 7 of attachment 1): Livestock Development

Representative Streyle: 28:05 Could you get us information on your 77 FTEs, which are federal or are those all general fund?

Chairman Monson: Do you have labs to work with these programs? (Page 7 attachment 1)

Doug Goehring: We contract for those.

30:20 (Page 8 of attachment 1) Marketing & Information

Chairman Monson: I see some overlapping here between your department and extension; do you work with extension so there isn't that overlap?

Doug Goehring: Most of the funds that we get are appropriated through federal funds or authority.

Chairman Monson: This may be one place we can find some cuts. We'll talk to the Senate to coordinate on this.

35:15 (Page 9 of attachment 1) Animal Health

Chairman Monson: Where is Dr. Keller located and her lab?

Doug Goehring: Her office is just down from mine. We contract the lab service.

Chairman Monson: Do we ever get rid of any of these programs? Like feral swine?

Doug Goehring: Unfortunately, as we become more mobile we get a hand on some things and then new things show up.

40:20 (Page 10 of attachment 1) Pesticide & Fertilizer

42:35 (Page 11 of attachment 1)

Representative Boe: 45:15 Why such a big jump in the ITD?

Doug Goehring: We are not sure if we just got a good deal, the next biennium the bill got much larger for our services.

Chairman Monson: Where is this for the 2017/2019 biennium request?

Doug Goehring: It'll be about \$448 thousand this biennium.

Representative Streyle: They defiantly got a good deal, it's going to get more expensive because they are on automatic replacement now. Is it going well or not?

Doug Goehring: For the most part it's going ok, because we'd managed somethings internally; our computers, laptops, phone systems, we've scaled that back to make sure we can do at least some cutting and will still be able to maintain.

47:50 Representative Schmidt: With respect to your specialty crop block grant the 3.8 million, are any of those funds used to pay for staff?

Doug Goehring: Yes, there's a % we are allowed for administration, which also goes to operating and some of the salaries

Representative Schmidt: If those dollars are greatly reduced and you can reimburse your staff to assist, would you take them off of this or would you have to find other dollars?

Doug Goehring: If the money goes away for this fund it would just go away.

Representative Schmidt: 50:10 Do you anticipate these funds for the next biennium.

Doug Goehring: Absolutely.

Chairman Monson: How much of these grants, are they a pass though grant?

Doug Goehring 94% of the funds go out to research, promotion and marketing, 6% is for administration

Chairman Monson: 2013/2015 I see there's wine research/promotion grants but not in 2015/2017, so they are continuing? And is that general funds?

Doug Goehring: That was a continued appropriation, so they continue to go back to research and promotion and yes that is general funds.

53:10 (Page 12 of attachment 1) Biennium Adjusted Appropriation

52:36 Representative Schmidt: 2013 You have \$100,000 for oil mediation but not in 2015?

Doug Goehring: Yes, those would be continuing appropriations.

Representative Streyle: When you get that 77 FTEs detailed out could you include how many temporary employees you have?

Doug Goehring: When we include temporaries and interns, we're maybe 103 or 107, we are cutting from both of these areas to make up some of the budget.

Chairman Monson: Do you have temps on your Wildlife Services?

Doug Goehring: No, Wildlife Service, the only salaries that we have tied to them are for auditing through our administrated services division, we do not have employees that work in that area, those are pass through dollars.

57:20 Chairman Monson: Top of page 12 special session reductions, then emergency commission adjustments, you went to the emergency commission and they added some back in?

Doug Goehring: That was federal funds because of the veterinary feed directive, one change that happened this last year, January 1st 2017, livestock producers are no longer able to go and receive antibiotics over the counter. There's a new veterinary and feed directive which means all medicated feeds have a different process to go through how and have to have a veterinary oversite to have any of those medications blended into the feed and the same respect you have to get antibiotics with the over site of a veterinary, a lot of this was done to make sure that we can continue to work within the program to implement it and to also do research.

Chairman Monson: And then % remaining, are you going to have some turn back?

Doug Goehring: It will all get used up right at the end of the biennium, spring.

Chairman Monson: Some of the committees we've seen have exemptions for turn back. I don't see that in a separate section I can assume that the continuing appropriation type thing don't need to worry about the turn back?

Doug Goehring: That is correct

1:01 Representative Streyle: Since the pipeline pilot program is going away have you cut it already? It's not in your funding for next time

Doug Goehring: We're waiting to see what the legislature is going to do. Last time they put it in. We put it in to Governor's budget but it didn't get that far (Page 13 of attachment 1) This is what we proposed you can see the differences between the two and there on the bottom you see that the pipeline pilot program is cut.

1:04:00 Commissioner Boe: Does your office actually do reclamation?

Doug Goehring: We don't actually do reclamation. We make sure there is follow up and follow through making sure the contractors are there to do that work.

Chairman Monson: These funds are for your expenses, travel and whatever?

Doug Goehring: Correct, it's used to operate, travel, materials and education for all the land owners. We're well over 1,000 people coming to these meetings

1:06:00 Representative Streyle: I'm surprised the pipeline program isn't continuing, you said you could run this program for \$250 thousand? Are there any restrictions to you accepting private dollars to help fund this?

Doug Goehring: There's no authority granted to receive funds for this program, it's a voluntary program and operates as such, I am not sure how that would be perceived.

1:07:00 Representative Boe: The extension service has a program where that are actually doing research, actually reclaiming the land after the pipeline is put in. This reclamation is more of a placement program isn't it?

Doug Goehring: It's not a reclamation program but a pilot program, and most producer and land owners know what it does. It's going to bring about some accountability, it brings a venue and an atmosphere to get everyone on the same page.

(Page 15 & 16 of attachment 1) Additional Requests and Summary

1:11:50 Bart Schot: ND Corn Growers Association (attachment 5 Testimony)

Chairman Monson: You're asking for \$250,000?

1:15:00 Representative Streyle: What is the private sector in this?

Bart Schot: The ND Corn growers committed \$800,000. Along with several other groups

Kayla Pulvermacher: Members of ND Farmer's Union: Two points 1) the pipeline reclamation fund, this a fund that the members use over the last biennium, we thought it was really useful. 2) Genotyping Center; we kicked in \$100,000 to the genomic center.

(Attachment 6 Green sheets)

Chairman Monson: Meeting Adjourned.

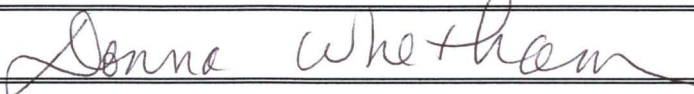
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No Recording by request of Representative Monson

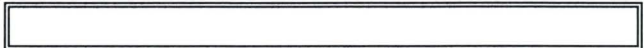
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An appropriation for defraying the expenses of the agriculture commissioner.

Minutes:



Informal discussion on **HB 1009 the Ag Department no recording by request of Chairman Monson.**

Chairman **Monson:** They had 5 farmers involved with the Industrial Hemp project. One farmer bought all the seed and paperwork and paid the other farmers to buy seed, the farmer's made a lot of money. From \$300-\$800 an acre was made on this. Registration was \$100 an acre plus \$5 for the license fee. Every farmer had to test every variety, that runs about \$40 per test. They asked for \$64,000

Chairman **Monson:** put in a bill making the farmer raising the hemp to pay for the service itself rather than having the taxpayer pay for it. The Ag Committee will hear it first. If this were to pass the \$64,000 would come out.

Representative **Sanford:** I'd like to ask each of the agencies, what if we have to come back and say you have to take more of a reduction. They should come back with what they have cut and a proposal for more.

Chairman **Monson:** Higher Ed and Human Services are the biggest ones that we need to trim. We need to get some numbers at what is expected of us to take out.

Representative **Martinson:** I think that is our job to tell them what they need to take out.

Representative **Boe:** I agree with

Representative **Martinson:** unless they say it's a percentage.

Representative **Sanford:** One of the biggest accounts in all of them is personnel. That's a billion- dollar budget. I would like them to emphasize what the priorities are. The big question is how are you going to do the job with fewer people.

Representative **Schmidt**: It's more feasible to cut the program than the personnel. The real costs are operational. Salaries shouldn't be more than 75%. If we cut the program, they will have to cut the staff. We need to take a look at the definition of FTEs, staffing has to be redefined.

Chairman **Monson**: I thought the FTEs would be reduced a lot more. In many cases those positions were vacant.

Representative **Schmidt**: The Ag Department is renting a building downtown.

Rep **Boe**: The state owns a building on Main St of Rolla ND.

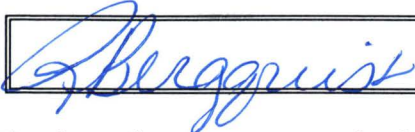
Chairman **Monson**: Some of the problems brought up 20 years ago are still in the agencies, we need to check for duplication in different agencies. The Ag gets so many federal funds; it looks like that isn't being cut. But, I think Representative Schmidt is right, if we cut the program, they will cut the personnel.
end

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A BILL for an Act to provide an appropriation for defraying the expenses of the agriculture commissioner; and to provide for transfers.

Minutes:



Chairman Monson: Called the committee to order. Rep Boe is absent. He is at a national committee meeting out of state. We are going to work on HB 1009. We have to take out 300-400 million dollars, the bulk of it from people and programs. We need to look at how many FTEs you have and take some out of every budget. We can go across the program or you can identify programs that are very important or some you can live without.

Rep Streyle: In 1009 I think that pipeline ombudsman was a good thing but maybe they didn't need the full \$400,000. We could put that on the list to be brought down to \$250,000 or \$200,000. That would be left at \$200,000.

Chairman Monson: On line 19, Levi Kinnischtzke (OMB), do you have that down to \$200,000.

Rep Martinson: Rep Sanford and Rep Streyle had the idea to take a 7% Salary cut off across the board on the line item of salaries and wages. It would also take 7% of the Health benefit then too.

Chairman Monson: We can have Levi (OMB) check out what a rough number in that 7% salary line item cut would be. He will keep track of our changes and write them down then we can vote on them later. 8:00

Rep Streyle: On the benefit side it depends on if we want, I think 7% on that would make them really under-funded and they definitely wouldn't be able to cover the premium. I'm thinking 7% on the salary line and 3 % on the benefit side. With the reduction on the \$400,000 to \$200,000 there is a million dollars out of this budget already. Probably a little more.

Chairman Monson: Rep Brandenburg brought that to my attention.

Rep Sanford: As you go through this budget, some of these items are lower in 1009 than in 1069. That might be another place to look at the lower of the two.

Chairman Monson: I have just been working off the lower number. Before we go out of this we'll need to go back to HB 1069 and review it. Levi when you are looking at the 7% reductions in salaries line item, you may want to look at the federal funding. We are going to have to reduce the general fund. So what will 7% reduction of salaries be.

Rep Streyle: 13:00 I have those numbers for you. \$6.9 million General Fund, Federal is \$2.6 million and Special Funds is \$3 million.

Doug Goehring, North Dakota Agriculture Commissioner: Doing an across the board reduction makes us seem inefficient. We would be willing to put two positions and also a \$100,000 appropriations in general funds. That out activity is down a little bit. We would be willing to reduce under 1009, line 13, operating expense.

Chairman Monson: You can take out another \$50,000 out of oil mediation.

Mr. Goehring: If we were short we could come back to Emergency funds if that kicks in again. We are saying we were appropriated \$100,000 and we could let another \$50,000 go back.
18:08

Chairman Monson: So once PSC has approved the siting. This has to do with the landowner and the pipeline company.

Mr. Goehring: Yes. There are two different issues here, the pipeline and the landowner, and the issues between landowners, royalties and oil companies where they are siting and actual legal problems.

Chairman Monson: Any questions?

Rep Sanford: 0:20:00 We are not talking about reducing current salaries 7%?

Chairman Monson: No.

Rep Martinson: It's difficult to take money out of salaries, can you reduce positions by attrition? We would know who is retiring soon.

Mr. Goehring: Yes, we know who is eligible to retire and what we would do to absorb that position and we then cross train other positions to take that workload. Then just not fill it.

Chairman Monson: This cut may take 3 positions. It would take effect in July so you have time to cross train if someone is retiring.

Rep Martinson: Would you rather that we take money out of salaries or out of programs or would you do a combination of both?

Mr. Goehring: I would rather you tell me how much money to take out and we will make it work.

Chairman Monson: If you have flexibility to move money around, you could decide the staffing level and where to cut.

Rep Streyle: We might have to out some FTE's but it would be easier to leave the authority on the FTE's to the manager. I don't know if 7% is the right number but we'll need to find 1\$150 to \$200 million or more in people. I think if we underfund the salary line and allow them to have the flexibility. 26:02

Rep Schmidt: Instead of cutting staff, we work on the programs and you let the managers decide what staff to revise.

Mr. Goehring: Part of the problem in agriculture operating on a biennium is it's very seasonal. All of a sudden we have a disease in animals or a noxious weed to take care of the ability to be flexible at the moment is good. Sometimes we need to address things as they come up. If we continue to defund just eliminating a program may be seen as being irresponsible since things change so much. I really don't want to defund programs if you just tell me how much we have to cut we will make it work.

Chairman Monson: 29:59 Levi, you come up with something in the neighborhood of 7% and they can get with you about where to take more.

Rep Sanford: So when you look at 1009 salaries and wages they are \$12.5 million. This is the number we will work off when you talk about 7%. When we talk about under -funding line items and as we keep score here what are we looking at?

Chairman Monson: We are looking at somewhere in the neighborhood at \$800,000, or maybe higher.

Rep Sanford: If it's not going to be salaries and wages, are you saying the 7% is hard and fast then we will also look at other areas, maybe take 6% here and 1% elsewhere?

Chairman Monson: Yes. We can look at other areas too.

Rep Schatz: 33:00 At \$12.5 million, did we say \$6.9 million came from the general fund and \$2.6 from federal and \$3 million from special and if we would take 7% would we just take it from the \$6.9.

Rep Streyle: \$2.663 million was from the special fund but yes I think we should just focus on the general. They should take 7-10% right off the top.

Chairman Monson: We have direction now from Levi and staff to help Levi come up with these numbers. Rep Boe would be good to carry this bill because he is a farmer. Rep Brandenburg asked me to check on endangered species and evasive species, can you talk about that and whatever is related to it?

Mr. Goehring: Endangered species and the potential listings for the state of North Dakota. We have been working with Fish and Wildlife Service to identify what potential species should be on that list. The federal decisions overrides everything.

Chairman Monson: 38:00 So the feds decide the endangered or threatened species.

Mr. Goehring: Whether you are in the coal, oil or developer anyone who uses the land, if there is an endangered species listed, this restricts the usage of the land. This made so much concern that the last legislative session that they appropriated \$1.5 million which was put in to OMB and they put it in a special fund, which then helped pay for lawsuits against the federal government. The things that are left in the system we have to run through, clean air, water quality bills, water issues. Part of what happened with the fund that was created was spent on research and how we could build a better case to argue.

Chairman Monson: 41:20 \$1.5 million dollars was appropriated last session in the special fund. Now the Attorney General's Office would more than likely have something to do with this in their budget. That is also in Rep Brandenburg's committee. We have to coordinate what we have in this budget with what is in OMB and the Attorney Generals budget. Do you have a lawyer appointed to you?

Mr. Goehring: We use the Attorney General's lawyer. When this was created and I was asked to administer it, it was done to do certain work and within the Ag community to support any litigation which then the Attorney General helped support. We also went out and raised \$513,000 in contributions to help support this. Studies on bats, butterflies and bees cost \$830,000 but \$513,000 came from other sources and federal contributions.

Chairman Monson: We like when you get private funds or special funds that reduces our obligation. Levi be sure to have money or language that coordinates with the Attorney General's budget and OMB before we finalize everything here. I assume you are talking about Monarch butterflies which feed on milkweed which is spreading and not a nice weed. Butterflies are susceptible to nicotine and the spray has nicotine in it. So you get involved with the endangered species.

Mr. Goehring: Part of the studies is The Dakota Skipper butterfly was listed by the Federal government as an endangered species so there were a whole lot of restricted areas. Three months later they said they wouldn't have had to list it. Biologists say we don't necessarily have to list all these. We need to study the habitat and study the species itself to see how it is doing. Beekeepers have to keep out of areas where it is designated as native pollinators.

Chairman Monson: 50:00 I think you've explained really well.

Mr. Goehring: Out of \$830,000 we raised \$513,000 and the rest came out of the fund for these studies.

Chairman Monson: 52:00 So how much is leftover?

Mr. Goehring: About \$355,000 left over.

Chairman Monson: Are you given authority to carry that over?

Mr. Goehring: I think Becky could answer that.

Becky Deichert OMB: That fund was set up as a continuing authority. The funding we have is from Lotus in our bill.

Chairman Monson: How much new money do you need in this fund? You've done a study, is there any need for more money?

Mr. Goehring: We don't see any new studies coming. But because there is current litigation. We've already spent a little over \$900,000 on the Waters of the US litigation. The waters of the US are not going away. If anything else were to come up, we would need some funds. We have another 6 months left in this biennium and we have another biennium.

Chairman Monson: Levi if there is more money needed from OMB into this fund, keep track of it. Make sure you coordinate with whoever has OMB budget.

Mr. Goehring: Rep Delzer and Rep Brandenburg were visiting and If you take the same route through OMB it would look like the Ag department got a favor.

Chairman Monson: If we put it directly into your budget it might be better. No other questions noted. You don't have an attorney paid for out of this? The attorney assigned to you is actually is paid for out of the attorney general's budget?

Mr. Goehring: 58:00 If the legislature so chooses. We could certainly keep one busy.

Chairman Monson: If you have an attorney it would make your budget look bigger. If you don't have enough work to keep that person busy then it would not be helpful.

Mr. Goehring: It has been working. Sometimes the at the direction of the attorney general sometimes that attorney can only work on certain things. Certain types of work and that may be some of the frustration of what we think should be done. I'm happy with whatever the legislature would like me to do and is in the best interest of our constituents.

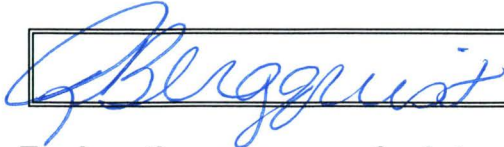
Chairman Monson: Anything else on the Ag budget? None? We could do committee work next Friday morning on Ag.

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Minutes:

Attachment 1-2

Chairman Monson: Called the committee to order. Roll taken. Quorum reached. We have been asking all the departments and agencies to come in with an approximate reduction of 7% reduction in salaries, wages, over and above the governor's 10% budget.

Rep. Sanford: With this comment, I would like to know what the context is. This is one piece of it; what are the other pieces. This is critical; we don't have a framework of revenues. What is the total revenue going to be? We need to stop working in silos and find some answers.

Chairman Monson: We expect there will be savings in operating. We are talking about general fund expenditures as special funds and federal funds won't reduce our budget. They have reduced it down to 74 FTE's. They think they can reduce a salary line item or think they can reduce another \$449,623.

Rep. Sanford: We need to make some decisions on what is the revenue stream. We need a framework of revenues for discussion. My silos are the maybe's and not a set of assumptions.

Chairman Monson: Some considerations for funding is to take \$140 million from the Bank of ND. Another, the state elevator could do a transfer. Until we know what our revenue stream is, we don't know where to cut. If every budget would do their work in find savings similar to what our committees are coming up with we could probably get by with 4% cuts. We won't know how deep we have to go until just before crossover. In March with a new revenue forecast and what cuts we can make in other areas, we will know how deep we have to cut salaries, we may be able to restore some at that time. 7% would be the worst case scenario.

Rep. Sanford: We should stick to the 7%, it would be easier to cut back than to add some in.

Rep. Boe: If we were going across the board to all agencies with 7%, we could've just made an appropriation and been done. When are we going to get into the agencies and review their budgets.

Chairman Monson: Every agency is unique. You gave us a framework.

Rep Martinson: I'm not a fan of across the board budget cuts. If we gave the Agriculture Dept. x amount of dollars with the understanding that this is what you get; you work it out for yourselves. I don't know anything about agriculture. That's what the Secretary of Agriculture's job is; he knows where to cut. We are going to appropriate a lump sum of money for programs and you figure out how to manage it.

Chairman Monson: I would like to just do that...two line items: operating and salary and wages. That gives him the opportunity to manager of his budget. If you cut too deep, that is the only way you can do it. He has a nice framework and gives us a place to start. Do you want to explain what is in this report, Doug?

Doug Goehring, Ag Commissioner: 16:00 We provided a body count as well as program cuts. You can tell us how much and we'll make it work. There are some programs that would not be in our interest to cut, and some we can't. I am in a better position to eliminate a position than to eliminate a program.

Chairman Monson: (Attachment 1) 17:00 - 23:00
How do we get the difference on line 4 Levi; it says \$50,000 but \$65,000 is subtracted?

Mr. Goehring: They are the same in some respects but also different. There is long term good research from the NDSU Research Station. It's like the difference in mechanics between an automobile and a diesel truck. Our program can study tests on disease on plants as well as animal in miraculous timing.

Rep. Sanford: If this is important and we can't fund it, the research people should be able to have a working relationship with the genotyping. They could use their research dollars to grant here if it was important. Yes, they have dollars and could use those dollars for very specific items, not as easily in a broad based scenario. They may be challenged with the dropping commodity prices. Concerning the relationship between UND and genotyping some say it's competitive with the research UND is doing. Seems like there is capacity within the system to cover this.

Chairman Monson: Are their general fund dollars in here. \$250,000 the grant is all general funds. How does Los Alamos Lab fit in here?

Mr. Goehring: This is a separate stand-alone facility who work specifically with ag whether plant or animal.

Chairman Monson: Is it in the university budget or research budget?

Mr. Goehring: They work with corn, soybeans. Wheat and livestock.

Chairman Monson: The lab is on the campus and the corn growers etc.

Mr. Goehring: They've identified a specific pathogen in sugar beets and can spray

Rep Boe: The facility is fire walled away from. It was a feather in our hat to land the genotyping in ND.

Rep. Sanford: We heard that this was to be a self-sustaining plant. There are different resources available, they have options.

Chairman Monson: are you recommending we leave this as it is.

Mr. Goehring: The \$250,000 is a onetime request that was not out in the budget.

Mr. Levi Kinnischtzke LC: Last session there was a onetime funding of \$800,000

Chairman Monson: If we put \$250,000 in it makes a deeper hole. Is there a component to this in any other bill?

Rep Schmidt: \$250,000 is the same amount the Water Board gives to the Agriculture Department for wildlife. I'm going to recommend we take the \$250,000 out of the ag budget and put it in the Engineers fund. (Attachment 2)

Chairman Monson: The \$300,000 is coming from special funds and you just need the authority to spend them?

Mr. Goehring: Correct. We also have the matching funds (46:09) We need some of this language back in this bill so we can continue to operate.

Chairman Monson: You need \$50,000 from the general fund to match the Water Bank Program which leverages \$300,000.

Mr. Goehring: We requested \$120,000 of special funds under ERP (Environment and Rangeland Protection) We need the federal fund authority for about \$156,000 to spend that on specialty crops. We had made a request in HB 1069 in the capital asset line for a copier. We need authority to spend this from the herb special fund.

Chairman Monson: We have no problem giving you authority to spend special funds.

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Minutes:

Attachments 1-2

Chairman Monson: called the committee to order on the ag commission budget HB 1009. We'll start with the bee issue. We might get into industrial hemp and issue and wildlife.

Doug Goehring ND Ag Commissioner: I'd be interested to hear solutions for the bee issues in the north eastern part of the state. We've talked about what could be done but lack of resources is usually a problem.

Chairman Monson: Texas requires bees to get a clean bill of health every year. When they come to ND they get mixed with bees from all over come have certificates of good health, some don't. California has no health requirements. We get a lot of complaints. ND is the number one honey producer in the whole United States, I believe.

Samantha Brunner State Apiary Inspector: The apiary business has been growing substantially. Last year we had 600,000 colonies of bees in the state. The beekeepers have grown by a hundred since 2010. So locations have grown also to 15,000 sites. Last year we had 277 licensed beekeepers in the state. We've been working to get everybody registered. We've been reactive: we go out to investigate when we get a complaint. We haven't been able to be proactive. We were the first state to publish a pollinator plan, which is a best management practices for beekeepers, applicators and growers to try to minimize conflict in the state over pesticides.

Chairman Monson: Referring to the pesticide problem. An aerial sprayer has to let beekeepers know when he is going to spray something. He got fined because he called the guy, the beekeeper didn't have time to move them and told him to go ahead and spray. Then he got fined.

Ms. Brunner: Last June we revised our map and now have a map where an aerial sprayer can enter where he will spray and a feature brings up all beekeepers with bees within two miles of a site and brings up their contact information. Beekeepers are required to register;

we upload the information for them if they are technology challenged. The Genomic center in Fargo tests bees for 9 different viruses and 2 bacterial pathogens, 26% of them did not have any pathogens, 32% of them had European foul brood, which is a bacterial infection which can be treated with antibiotics. We did not find any American foul brood which cannot be treated. With the deformed wing virus, a mite that attaches to bees causes their wings to curl up so they can't fly. Next year we applied to the farm bill and got \$20,000 to send 400 more bees to Fargo to get virus testing. This helps the beekeepers; they can also send samples to that lab.

The grant pays for the testing and we pay for the travel costs.

Chairman Monson: I have to go to a committee hearing and Rep Streyle will take over.

Rep Boe: Being we're being proactive; how many hives can we support in the state?
19:30 When the beekeepers pull out and go to California or Texas do they mark those sites as inactive?

Ms. Brunner: That's difficult. We are probably already at the number we can have without reducing honey production. We are educating the beekeepers to mark their locations as inactive. We still keep them registered. The only time it doesn't show is if their license has expired and they haven't renewed it, yet.

Vice Chairman Streyle: Let's bounce over to the document that Legal Counsel put together. (see attachment 2) 22:20

Rep Schmidt: We've discussed the \$250,000 out of Wildlife Services, but I don't see it on the list.

Vice Chairman Streyle: We'll get that added on. Mr. Commissioner, on the travel line, why are you 25% higher on that? Oh, it's rolled up in the operating line of the budget. What are you leasing or renting?

Mr. Goehring: One is for the Northbrook facility where we have two divisions within our department there. We also have some space rented at NDSU in Fargo for a couple of employees working in that area, the rest work out of their homes and we pay no rent. Correction NDSU is not charging us any rent.

Vice Chairman Streyle: If you can just get me some information why the travel is up.

Mr. Goehring: I will get you that info. Last week there was an issue raised concerning the \$250,000 in pass through grants from the water commission to wildlife. This may be on private land but is done to protect the infrastructure. That was used for beaver control. If we hadn't taken care of it, you'd be looking at \$2 or \$2.5 million in damages. If there are animal problems, you could call and in less than a week they respond trap the animals and destroy or move them.

Rep Schmidt: If this is on private land shouldn't it be taken care of by the landowner?

Mr. Goehring: We are talking about a beaver dam that threatens infrastructure such as a culvert or a road.

Rep Schmidt: The issue came up with the \$250,000 from the office of the state engineer. They feel that \$250,000 would've been better spent in water supply systems. I believe that money is better spent in rural water or flood control.

John Paulson State Director of USDA Wildlife Services: I had the privilege the past 20 years of being the supervisor of 9 full time field staff until I got the State Director job last year. The money from the water commission was a critical part of our beaver control. When we get a call that there is damage, we go out to assess the damage, remove the beavers, and have explosives to alleviate the beaver dam and allow the water to go back where it needs to be. I will add that 100% of the explosive cost is paid by the land owner. If you remove the funds the population of beavers will increase greatly and cause a lot more damage. There is more than 50% coming from the federal side. The \$250,000 was approved by the legislature in the 2011-13 biennium and goes to pay salaries, operating, vehicles, and travel. The 9 FTEs are all federal employees that are supervised in our office by the state director, there are no state FTEs.

Rep Schmidt: 36:50 We pay for our beaver problems out of the 4 mills we levy, why can't the other water resource boards pay for their own? We wouldn't be taking away your program; you still have \$1.2 million in the state coffers.

Mr. Paulson: The water resource boards do some of this, they contract us for some, our field staff are the professionals that are out there. We took care of the ground squirrel problem at Harmon Lake for your board in Morton County. They contracted us.

Rep Boe: Do you contract to the Fish and Game Dept., also?

Mr. Paulson: Yes, occasionally we assist them. The majority of our work is on private land, but the infrastructure concerned is on public land.

Vice Chairman Streyle: If there are no further questions we'll close to reconvene with DPI in 15 minutes. 41:14

2017 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Education and Environment Division Roughrider Room, State Capitol

HB 1009
2/6/2017
27930

- Subcommittee
 Conference Committee

Virginia L Moch

Explanation or reason for introduction of bill/resolution:

To defray the expenses of the agriculture commissioner; and to provide for transfers.

Minutes:

Attachment 1-3

Chairman Monson: Called the committee to order on the ag budget. We are going to meet this afternoon on School for the Blind. We will consolidate a lot of the grants. We are going to talk with ag about the water money going into the wildlife. We will talk a little about bees. They kicked out the bill on hemp. The fiscal note was \$41,000. That's what they expect to raise in revenue and it isn't quite enough to make that whole. Project safe send has grown and I think has been abused by farmers. Those are some things beside our worksheet that we will be going through. 4:40-1:39:00 (attachment 1)

Levi Kinnischtzke LC: 7:11 On this line item that says restores funding for salaries: this is the amount the ag commissioner reduced in the August 16th budget reductions. Legislative Council tried to do net amounts where the agencies reduced a certain amount for salaries and reduced items in Dalrymple's budget. Because of the different starting points from the executive branch and the legislative branch we have to add those allotment amounts back in order to get to the IBARS starting point for Governor Dalrymple. So when we add those amounts back, typically we try to net them. But in some of the larger agencies we couldn't always tie the amounts in Dalrymple's budget to the allotment process So we decided to keep those as two different line items for transparency. If you use the 7% reduction, that item would replace the two lines above it.

Chairman Monson: If we move the Dalrymple number over we remove 3 FTEs, we had removed 5 FTEs This is 1/3 general funds and 2/3 other funds and 77 FTEs. We've asked them to remove 3 FTEs. Ken would you explain which 3 these would be?

Ken Junkert ND Dept. of Ag: Two were reduced in the executive budget and we added a third for the 7%.

Chairman Monson: We have a reduction of 3 FTEs which includes the 2 that Governor Dalrymple had put in. We would get rid of the \$312,000 as well. So we remove the 2 FTEs. 13:50-14:38

Shaun Quissell ND Ag Department: This is a grant from FDA dealing with livestock drugs that won't need funds after we get it going. Funding ends in 2018.

Chairman Monson: Levi, make a note so we look at that again next time. Continues 17:00-

Ken Junkert: 20:00 The department bought a scanner this biennium to transfer a lot of our paper files into electronic files. We are down to one copier which is 7 to 9 years old.

Chairman Monson: 20:58 Who do the grants go to?

Levi Kinnischtzke: That \$6000 again has to do with the allotment process, starting from different points.

Ken Junkert: The block grant is federal funds. We have a \$1.2 million grant from the Outdoor Heritage Foundation that extends over many biennia. We secured this to fund our water bank program for farmers who have inundated land. A lot of times this is land that has been inundated for 3 years. \$300,000 of that will be used this biennium to make contract payments to landowners. Basically it is for water storage.

Rep Schmidt: Is this similar to the water bank program of years ago?

Tom Bodine Ag Department: The grant is basically to help farmers with inundated land.

Rep Schmidt: Doesn't FSA have programs for this? Is this a onetime payment?

Mr. Bodine: It's similar to a CRP contract. They can take a onetime payment or they can extend it over a period of 10 years. The ag producers who want a buyout can do that, so it's farmer friendly.

Rep Schmidt: Why wouldn't the farmer want to sign up for the Wetland Reserve Program? They work through their local conservation office so it's still locally driven. This seems to be a state program that duplicates a federal program that has been in effect a long time.

Mr. Bodine: We are just asking for authority to continue those payments over the next 10 years. The funds to pay the contracts we have already secured.

Rep Boe: The flexibility must be what is different here. The farmer can take a buy out if he chooses to get out of it.

Rep Schmidt: I bought out of the Wetland Reserve Program. The land would go to the Natural Resources who sometimes gave the land to Game and Fish.

Mr. Bodine: One of the parameters in this program is that they can't go with any other program.

Rep Boe: If we were to designate FTEs to this program, what would that number be?

Mr. Bodine: We are doing it with existing staff. It's not very time consuming.

Chairman Monson: If we said this is too much of a duplicate to another program would those funds stay in the Outdoor Heritage Fund?

Mr. Bodine: We have obligated these dollars. I would hope we would have the authority to pay our obligations and this body can discontinue the program if they wish.

Chairman Monson: Why isn't Game and Fish administering this program?

Rep Schmidt: If you don't get the \$300,000 How many contracts would you not be able to fund?

Mr. Bodine: We have the cash but not the authority to spend it. We would not be able to honor our contracts. I would estimate about 40 contracts. A landowner cannot sign up more than 160 Acres.

Chairman Monson: O.k. Levi we'll leave it, like we decided before. 38:30-

Becky Deichert OMB: We took a 2% reduction to their operating.

HEMP PROGRAM

Ken Junkert: Our shortfall was about \$59,000 to run that program. We have 39 applicants for the hemp program. We are in excess of 2000 acres in the applications.

Chairman Monson: The Ag Commission put an emergency clause on that?

Ken Junkert: It retains the \$150 fee for the application and the grower pays \$25 per acre. Both have pay to go through a criminal investigation which is about \$42.75. The amendments that went forward on 1240 cover the fee changes and go under the commissioner's operating fund. We only need to have the spending authority.

Chairman Monson: If we fund you at \$130,000 that would make you whole on the program? Get together with Levi to get the wording so you have the authority to spend what you have. We might need to make you whole by \$60,000 so you can keep your program viable

BEES

Samantha Brunner State Bee Inspector: 46:36 (attachment 2) We are operating with 1 ½ FTEs and 2 temporary summer FTE s.

Chairman Monson: What are you doing with the foulbrood disease?

Ms. Brunner: We secured \$20,000 to test for the disease and the authority has been added in.

Rep Schmidt: You have licensing fees that go directly into the general fund. What if we took those fees and put them back into the program?

Ms. Brunner: We've estimated that that would equal about \$180,000 a biennium.

Rep Schmidt: What would that mean as far as FTEs?

Ms. Brunner: We could cover our current FTEs plus add 2 additional summer temps to be more proactive to deal with some of the problems we haven't been able to address.

Rep Schmidt: Seems to me it would be a lot simpler and we do this with other agencies, why can't we do it here?

Chairman Monson: The general fund would be counting on that. If we put it back in to the bee program, we create a \$180,000 hole in general funds. Levi, if we gave them authority to keep their funds, where do we show that?

Ken Junkert: You would have to go into sec 4.11606 and sec 4.1 1607 to put language in that says the fees would go in to the commissioner's operating fund in order to access them.

Levi Kinnischtzke LC: So then we would have to add a section to the bill.

Chairman Monson: We'd have to add a line item to the bill.

Ken Junkert: I don't think you would have to. All you would have to do is increase the authority within the lines where we spend it. That would be in the salaries line for temporary salaries and in the operating line for operations with no increase of FTEs. It would all be special funds.

Rep Schmidt: I think we should make that switch. Let them use the funds they generate.

Chairman Monson: O.k. committee, you are comfortable with that. Levi, make it happen.55:16

WILDLIFE DEPREDATION

Chairman Monson: Wildlife depredation is not getting better. I saw whole herds on top of haystacks, eating away.

John Paulson State Director of USDA Wildlife Services: I, too, am a federal employee. In terms of depredation our agency deals with beaver damage and predator damage (mainly coyotes). The State Game and Fish Dept. deals with deer depredation. We also deal with blackbird management and goose depredation. About 60% of our budget is federal and 40% is state funded. A portion, \$250,000 per biennium, of that is from the water commission, from the Game and Fish Dept. we receive about \$384,000, and general funds are about \$398,000. We also get \$384,400 from EARP funding. I have a print out of the historic funding. (see attachment 3) 59:32

Rep Schmidt: When it comes to beaver problems my commission says that it is a local issue. That's why we have a 4 mill levy. I think that money is better spent on water entities. I don't think the Water Commission should be giving \$250,000 to this project, which wouldn't do a whole lot for it, but it would do a lot for a rural water entity or flood damage.

Chairman Monson: We have a problem these days finding someone that can use explosives. This man is an explosive expert. The water Commission never contributed to this until 2011. If you don't get this money what will it affect?

Mr. Paulson: This isn't just for beaver, if we don't get the money we will have a blackbird problem because about 80% of that money goes for salaries and we will have to cut personnel.

Rep Boe: My problem with pushing this on local control, is that not all areas are the same. I for one live in a forested area. I think the ag department is the appropriate entity to protect ag land. I think game and Fish should not get funds for this on their own land. They should pay for problems on their land.

Chairman Monson: 1:09:10 We are at \$384,000. Game and Fish have all special and federal funds. The money still has to come into the ag department budget. We have to make them whole.

Rep Schmidt: This chart doesn't show where the money is spent. I don't think water projects should suffer because of this. I think they can live without it or find a way to replace it.

Mr. Paulson: There is no question that the mill levy in some counties is enough to take care of the problems, but we do most of our work in the Red River Valley. We do very little on Game and Fish land, but they do get requests that they refer to us. Since 911 it's hard to get explosives and there are a lot of regulations on it. It's hard to find professionals anymore. If you can't get in with a backhoe and there is a flooding situation. I've been doing this job for 20 years in ND. IN 2010 it was at the request of the water resources to the water commission for the \$250,000 for our program. We receive a lot of requests from water resource districts and we didn't have the funds.

Vice Chairman Streyle: We are not even half way through session. Let's take it out and move on.

Rep Schmidt: I agree with Rep Streyle. It was the water commission that came to us and said we need to get this money back. It wasn't generated from members of this committee.

Chairman Monson: I will not let this program go away. We need this even if we trim it. We need to decide whose budget gets this. We have Game and Fish and Ag. What has happened with your federal funding?

Mr. Paulson: We've been stagnant at best and taken a lot of cuts the past 3 years. I just don't see them increasing.

Rep Boe: I would say the \$250,000 will do a lot more in a budget of \$1.9 million than in a budget with all the money the water commission has. 1:17:40

EARP FUNDS

Chairman Monson: Levi, what are EARP funds and what are they used for?

Mr. Kinnischtzke: It stands for Environment and Rangeland Protection fund. EARP will have a budget of \$1.6 million for the 2017-19 biennium. The state department of Health has \$300,000, \$250,000 of it for ground water testing and \$50,000 for ND Stockmen Association. There are also expenses for crop protection, product registration board and various divisions in the Ag Commissioner's budget.

Chairman Monson: Ken, what fills up EARP?

Ken Junkert: Registration for Pesticide licensing makes up the bulk of it, about \$4.3 million we are estimating for the 2017-19 biennium, we have some weed free forage dollars which is about \$48,000, we have fertilizer registration, inspection and tonnage fees of \$1,080,000, there's commercial feed fees of \$727,500 that are deposited in it.

Chairman Monson: I see sunflower funds; I don't see barley council putting anything in. Evidently Game and Fish didn't put anything in because the general fund transferred money to Game and Fish fund. Levi how could we get a little more out of EARP for the depredation fund.

Ms. Deichert: Game and Fish is in government ops right now, it's not in our committee.

Mr. Kinnischtzke: On the second sheet of attachment one we need to discuss some additional lines.

Chairman Monson: 1:23:00- continues

Vice Chairman Streyle: What does that half million do on the game and fish section in sec 5?

Ken Junkert: The carryover balance is about \$3.5 million. It generates about 6.1 million in new revenue. The majority is wildlife health. The majority is used for the nontraditional livestock program. 1:29:00

Mr. Paulson: When we get requests for livestock damage one of our assessors goes out to come up with the most humane solution to the problem. We've put a bounty on coyotes at times but it doesn't alleviate the damage. We are limited by our funding. If our program wasn't in place, there would be a drastic increase.

Rep Schmidt: Bounties have never worked. Nature abhors a vacuum so eradication doesn't work.

Chairman Monson: If we take out the water commission's \$250,000 then we need to find a place to put some back. I will talk to Rep Brandenburg; we have all the pieces. We will find a way to put some back.

Vice Chairman Streyle: Can we just give the water commission their money back, put half back into Game and Fish and take it out of the EARP fund. Is there language in code that tightens up the EARP fund?

Chairman Monson: We can do that if there is enough in the EARP funds. This leverages federal funds, and we don't want to lose that. I will visit with Rep Brandenburg and the people here to come up with something. 1:36:00 continues

Ken Junkert: When the pipeline reclamation was funded for the current biennium. It is special funds but the language took the money out of a specific special fund. I don't believe we have the language to spend the fund unless you give us the authority to spend it.

Chairman Monson: Levi write up a sec to give them authority. The Genomic

Ken Junkert: We received a onetime funding for the genomic center. The \$250,000 was not in the Governor's budget so the commissioner asks you to consider funding for this. There was discussion in this committee on how to fund the genomic center. Whether it be through the extension service or NDSU.

Chairman Monson: That would be general funds-ouch! The corn growers put money into it. We will have the extension service next half.

Rep Sanford: How does the \$9.4 million general fund appropriation compare with the 13-15 budget?

Vice Chairman Streyle: I can tell you from IBARS. They requested \$9.5, in 13-15 it was \$9.3 general fund, in 11-13 it was \$11.5. the salary and wage line went from \$9.6 to \$12.9.

Chairman Monson: Can you print that up for us? Then we can compare it to the green sheet. The genome center and wildlife is what we have left to discuss. 1:44:16

2017 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Education and Environment Division Roughrider Room, State Capitol

HB 1009
2/13/2017
28260

- Subcommittee
 Conference Committee

Virginia L. Monson

Explanation or reason for introduction of bill/resolution:

To provide an appropriation for defraying the expenses of the agriculture commissioner; and to provide for transfers.

Minutes:

Attachment 1

Chairman Monson: called the committee to order on the budget worksheet for HB 1009. He asks for ag people in audience to interrupt for any questions or additions to the conversation. (see attachment 1) 1:22-34:18

9:15 Senate bill 2236 added wind restoration to this line that we have at \$200,000 but it didn't add any money. We will leave it at that until we get that bill.

Ken Junkert Dep of Ag: Rep Monson met with Commissioner Goehring this morning. We were talking about removing another FTE rather than having FTEs that don't have the operating funds to do anything because of the operating cut.

Chairman Monson: He would rather take out another FTE and balance the operating fund with it. We would give them back the authority in the salaries line. We would take out 4 FTEs rather than 3.

Becky Deichert OMB: 16:02 You might want to restore the \$312,936 or it will be another cut.

Rep Schmidt: 18:25 If we cut a program, they will have to cut salaries. They have 110 programs.

Chairman Monson: You are right; we haven't cut programs. I'm sure they will get rid of a program rather than pile too much work on their FTEs. So if we cut FTEs they will decide which program they can cut.

Vice Chairman Streyle: I agree with Rep Schmidt. But if we eliminate an FTE we also eliminate a lot of long term expenses such as retirement. Some of these, like travel are way too high and need to come down.

Rep Boe: The senate bill on the wind towers actually adds another program, so I don't see how we can eliminate programs.

Chairman Monson: 23:20 When we change some of these over to special funds we're saying they can do more without using taxpayer money. What do you do with the money in sec 6?

Ken Junkert: It is vet fees for nontraditional livestock like the lions, tigers, and bears that the board of animal health works on, and part goes in to the wildlife depredation fund.

Chairman Monson: 30:46 Do we need to add hemp to this?

Ken Junkert: Yes, we are looking for \$140,000 of authority to use the fees that we will get. We are up to 42 proposals for hemp and over 3000 acres. The interest in hemp is skyrocketing.

Chairman Monson: We'll do \$300,000. This gives them authority to spend the fees they take in so if it is more than expected they won't have to go back to request more spending authority. Otherwise the money sets there and they can't spend it. If someone wants to make a motion that we adopt everything that is on this sheet subject to the changes we see on the final version?

Vice Chairman Streyle: So moved.

Rep Schmidt: Once again we have a line for other funds, but don't know where they came from. I think other funds should be identified. If I were a bee producer, I would want the public to know that it is my fees that fund the program.

Vice Chairman Streyle: I would absolutely agree and I think that legislative management needs to address that next session. There has to be a column that says "federal funds", another that says "fees and other funds". We know what they are, but nobody on the floor knows.

Chairman Monson: Rep Streyle made a motion to accept the amendments to HB 1009 and Rep Martinson seconded it. Voice vote and ayes carry. Rep Martinson made a motion to "Do Pass" "As Amended" and Rep Sanford seconded it. Roll called, 7 yes, motion carried, Rep Boe will be the carrier. We are done with Ag until full committee. 38:27

2017 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

HB1009
2/15/2017
Recording Job# 28393

- Subcommittee
 Conference Committee



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the agriculture commissioner; and to provide for transfers.

Minutes:



Chairman Delzer: Called the committee back to order.

Representative Boe: Explained HB1009.

Representative Monson: Game and fish went up to a total contribution of \$500,000.00; they were \$384,000.00. The water commission received the net gain.

Representative Boe continued with his explanation.

Representative Kempenich: On crop harmonization, where are we at in that life cycle? What is it doing now?

Representative Brandenburg: The crop harmonization dealing with pesticide, is functioning very well. We have members on there doing good work.

Representative J. Nelson: In section 9, that \$1 million that's in the SIIF Fund for the environmental law impact review, what was done with that in the last two years and with the change in administration, do we need to put \$1 million into that anymore?

Representative Boe: We talked about that and the possibility of not needing it; but being it's still an unknown quantity, we felt we should leave the \$1 million for at least another biennium.

Representative Boe continued with his discussion.

Representative Boe: Made a motion to move amendment 17.0494.01003.

Representative Monson: Seconded the motion.

Representative Monson: I have to point out that we reduced the FTE's by four. We asked each of the departments to reduce or come up with a plan to reduce their salaries and wages line item in the general fund section by 7%.

Voice Vote made.

Motion Carried.

Representative Boe: Made a motion for a "Do Pass as Amended".

Representative Monson: Seconded the motion.

Roll Call Vote: 17 Yeas 2 Nays 2 Absent

Motion carried.

Representative Boe carried the bill.

Chairman Delzer: Closed the discussion.

Handwritten:
CANC
2/15/17
LGS

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1009

Page 1, line 2, remove "and"

Page 1, line 2, replace "transfers" with "a transfer; and to amend and reenact sections 4.1-16-06 and 4.1-16-07 of the North Dakota Century Code, relating to beekeeper license fees"

Page 1, replace lines 12 through 24 with:

"Salaries and wages	\$12,534,265	(\$146,594)	\$12,387,671
Operating expenses	6,419,121	1,025,215	7,444,336
Capital assets	8,000	5,000	13,000
Grants	8,392,774	545,000	8,937,774
Board of animal health	1,006,773	(141,055)	865,718
Wildlife services	1,401,257	6,743	1,408,000
Crop harmonization board	75,000	0	75,000
Pipeline restoration and reclamation oversight program	<u>400,000</u>	<u>(200,000)</u>	<u>200,000</u>
Total all funds	\$30,237,190	\$1,094,309	\$31,331,499
Less estimated income	<u>20,276,053</u>	<u>1,938,380</u>	<u>22,214,433</u>
Total general fund	\$9,961,137	(\$844,071)	\$9,117,066
Full-time equivalent positions	77.00	(4.00)	73.00

SECTION 2. HEALTH INSURANCE INCREASE. The appropriation in section 1 of this Act includes the sum of \$208,923, of which \$114,802 is from the general fund, for increases in employee health insurance premiums from \$1,130 to \$1,249 per month."

Page 2, replace lines 4 through 7 with:

"Information technology analysis	\$100,222	\$0
Department web redesign	50,000	0
National genomics center	711,138	120,000
Federal environmental law impact review	<u>0</u>	<u>1,000,000</u>
Total all funds	\$861,360	\$1,120,000
Less estimated income	<u>0</u>	<u>1,120,000</u>
Total general fund	\$861,360	\$0

The 2017-19 one-time funding amounts are not a part of the entity's base budget for the 2019-21 biennium. The agriculture commissioner shall report to the appropriations committees of the sixty-sixth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2017, and ending June 30, 2019."

Page 2, line 13, replace "\$6,403,714" with "\$6,446,503"

Page 2, line 18, replace "\$499,585" with "\$614,430"

Page 2, line 22, replace "\$250,000" with "\$125,000"

Page 2, after line 24, insert:

245

"SECTION 8. WATERBANK PROGRAM - MATCHING FUNDS. The salaries and wages line item in section 1 of this Act includes \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.

SECTION 9. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - FEDERAL ENVIRONMENTAL LAW IMPACT REVIEW FUND - ESTIMATED INCOME. The estimated income line item in section 1 of this Act includes a sum of \$1,000,000, which the office of management and budget shall transfer from the strategic investment and improvements fund to the federal environmental law impact review fund for the use by the agriculture commissioner, for the biennium beginning July 1, 2017, and ending June 30, 2019.

SECTION 10. ESTIMATED INCOME - PIPELINE RESTORATION AND RECLAMATION. The estimated income line item in section 1 of this Act includes the sum of \$200,000 from the abandoned oil and gas well plugging and site reclamation fund for the purpose of defraying the expenses of the pipeline restoration and reclamation program, for the biennium beginning July 1, 2017, and ending June 30, 2019.

SECTION 11. AMENDMENT. Section 4.1-16-06 of the North Dakota Century Code is amended and reenacted as follows:

4.1-16-06. License fee.

The fee for a beekeeper's license is five dollars. All fees collected must be deposited in the agriculture commissioner operating fund.

SECTION 12. AMENDMENT. Section 4.1-16-07 of the North Dakota Century Code is amended and reenacted as follows:

4.1-16-07. Colony assessment.

In addition to the license fee required by section 4.1-16-06, an applicant for a license must submit a colony assessment in an amount equal to fifteen cents multiplied by the maximum number of colonies listed in the application. All fees collected must be deposited in the agriculture commissioner operating fund."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1009 - Department of Agriculture - House Action

	Base Budget	House Changes	House Version
Salaries and wages	\$12,534,265	(\$146,594)	\$12,387,671
Operating expenses	6,419,121	1,025,215	7,444,336
Capital assets	8,000	5,000	13,000
Grants	8,392,774	545,000	8,937,774
State Board of Animal Health	1,006,773	(141,055)	865,718
Wildlife services	1,401,257	6,743	1,408,000
Crop Harmonization Board	75,000		75,000
Pipeline restoration and reclamation	400,000	(200,000)	200,000
Total all funds	\$30,237,190	\$1,094,309	\$31,331,499
Less estimated income	20,276,053	1,938,380	22,214,433
	\$9,961,137	(\$844,071)	\$9,117,066

30/5

General fund			
FTE	77.00	(4.00)	73.00

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

	Adjusts Funding for Base Payroll Changes ¹	Adds Funding for Health Insurance Increases ²	Restores Funding for Salaries ³	Removes 4 FTE Positions ⁴	Adjusts Base Level Funding ⁵	Adjusts Funding for Waterbank Program ⁶
Salaries and wages	(\$233,687)	\$208,923	\$312,936	(\$653,028)	\$81,500	
Operating expenses					(138,023)	
Capital assets					5,000	
Grants					125,000	300,000
State Board of Animal Health					(140,300)	
Wildlife services					16,143	
Crop Harmonization Board						
Pipeline restoration and reclamation						
Total all funds	(\$233,687)	\$208,923	\$312,936	(\$653,028)	(\$50,680)	\$300,000
Less estimated income	109,507	94,121	0	(52,724)	277,631	300,000
General fund	(\$343,194)	\$114,802	\$312,936	(\$600,304)	(\$328,311)	\$0
FTE	0.00	0.00	0.00	(4.00)	0.00	0.00

	Reduces Funding for Pipeline Restoration Program ⁷	Reduces Water Commission Transfer for Wildlife Services ⁸	Adjusts Game and Fish Transfer for Wildlife Services ⁹	Adds Funding for Bee Program ¹⁰	Adds Funding for Industrial Hemp Program ¹¹	Adds One-Time Funding for Environmental Law Impact Review ¹²
Salaries and wages				\$102,762	\$34,000	
Operating expenses				77,238	86,000	1,000,000
Capital assets						
Grants						
State Board of Animal Health			(755)			
Wildlife services		(125,000)	115,600			
Crop Harmonization Board						
Pipeline restoration and reclamation	(200,000)					
Total all funds	(\$200,000)	(\$125,000)	\$114,845	\$180,000	\$120,000	\$1,000,000
Less estimated income	(200,000)	(125,000)	114,845	180,000	120,000	1,000,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds One-Time Funding for Genomics Center ¹³	Total House Changes
Salaries and wages		(\$146,594)
Operating expenses		1,025,215
Capital assets		5,000
Grants	120,000	545,000
State Board of Animal Health		(141,055)
Wildlife services		6,743
Crop Harmonization Board		
Pipeline restoration and reclamation		(200,000)
Total all funds	\$120,000	\$1,094,309
Less estimated income	120,000	1,938,380
General fund	\$0	(\$844,071)
FTE	0.00	(4.00)

4 of 5

¹ Funding is adjusted for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.

² Funding is added for increases in health insurance premiums from \$1,130 to \$1,249 per month.

³ Funding is added for salaries reduced due to 2015-17 budget reductions.

⁴ The following FTE positions and related funding are removed:

	<u>FTE Positions</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Administrative assistant I	(1.00)	(\$109,268)	\$0	(\$109,268)
Public information specialist I	(1.00)	(123,023)	(52,724)	(175,747)
Senior agriculture program inspector	(1.00)	(217,332)	0	(217,332)
Agriculture marketing specialist I	(1.00)	(150,681)	0	(150,681)
Total	(4.00)	(\$600,304)	(\$52,724)	(\$653,028)

⁵ Base level funding is adjusted as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Increases federal funding for the food and drug residue program	\$0	\$229,500	\$229,500
Adjusts funding for information technology operating expenses	(296,836)	67,225	(229,611)
Adjusts funding for other operating expenses	10,525	(141,094)	(130,569)
Reduces funding for energy development oil mediation expenses	(50,000)	0	(50,000)
Removes funding for computer scanner	0	(8,000)	(8,000)
Adds funding for copier	8,000	5,000	13,000
Adjusts funding for grants, including an increase in specialty crop block grants of \$156,500	0	125,000	125,000
Total	(\$328,311)	\$277,631	(\$50,680)

⁶ Funding is adjusted for the waterbank program. Section 8 identifies \$50,000 from the general fund in the salaries and wages line item for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.

⁷ Funding is reduced by \$200,000 for the pipeline restoration and reclamation program to provide a total appropriation of \$200,000 from the abandoned oil and gas well plugging and site reclamation fund.

⁸ Funding is reduced by \$125,000 for the State Water Commission transfer to the Agriculture Commissioner for wildlife services to provide a total transfer of \$125,000.

⁹ Funding is adjusted for the Game and Fish Department transfer to the Agriculture Commissioner for wildlife services to provide a total transfer of \$614,430.

¹⁰ Funding is added for bee programs. Sections 11 and 12 amend North Dakota Century Code Sections 4.1-16-06 and 4.1-16-07 to require beekeeper fees and colony assessment fees collected to be deposited in the Agriculture Commissioner operating fund.

¹¹ Funding is added for the industrial hemp program for salaries and operating expenses from the Agriculture Commissioner operating fund.

¹² One-time funding is added for environmental law impact review from the federal environmental law impact review fund.

¹³ One-time funding is added for the National Agricultural Genotyping Center from the environment and rangeland protection fund.

_____ This amendment also:

SAS

- Adds Section 2 detailing the amount of funding provided to the agency for employee health insurance premium increases.
- Adjusts Section 5 to provide the estimated income line in Section 1 includes \$6,446,503 from the environment and rangeland protection fund for agriculture programs during the 2017-19 biennium.
- Adjusts Section 6 to increase the transfer from the Game and Fish Department operating fund by \$114,845 to a total of \$614,430 for agriculture programs during the 2017-19 biennium.
- Adjusts Section 7 to decrease the transfer from the State Water Commission by \$125,000 to a total of \$125,000 for the wildlife services program.
- Adds Section 8 to provide the salaries and wages line item in Section 1 includes \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided by the waterbank program.
- Adds Section 9 to require the Office of Management and Budget to transfer \$1 million from the strategic investment and improvements fund to the federal environmental law impact review fund for operating expenses.
- Adds Section 10 to provide the estimated income line item in Section 1 includes \$200,000 from the abandoned oil and gas well plugging and site reclamation fund for the pipeline restoration and reclamation oversight program.
- Adds Sections 11 and 12 to amend Sections 4.1-16-06 and 4.1-16-07 to require fees collected on beekeeper's licenses and bee colony assessments be deposited in the Agriculture Commissioner operating fund. These changes will result in a decrease in 2017-19 estimated general fund revenues of \$180,000.

Date: 2-13-2017
Roll Call Vote #: 1

**2017 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1009**

House Appropriations - Education and Environment Division Committee

Subcommittee

Amendment LC# or Description: accept budget with changes 17.0494.01003

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 Streyle Seconded By Rep Martinson

Representatives	Yes	No	Representatives	Yes	No
Chairman Monson			Rep Boe		
Vice Chairman Streyle					
Rep Martinson					
Rep Sanford					
Rep Schatz					
Rep Schmidt					

Total (Yes) all ayes No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
adopt the Ag budget worksheet as amended
Motion carried.

Date: 2-13-2017
Roll Call Vote #: 2

**2017 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB1009**

House Appropriations - Education and Environment Division 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 Martinson Seconded By Rep Sanford

Representatives	Yes	No	Representatives	Yes	No
Chairman Monson	✓		Rep Boe	✓	
Vice Chairman Streyle	✓				
Rep Martinson	✓				
Rep Sanford	✓				
Rep Schatz	✓				
Rep Schmidt	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Representative Boe

If the vote is on an amendment, briefly indicate intent:
to accept the big budget as amended

Date: 2/15/2017
 Roll Call Vote #: 1

**2017 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. HB1009**

House Appropriations Committee

Subcommittee

Amendment LC# or Description: 17.0494.01003

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 Representative Boe Seconded By Representative Monson

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer					
Representative Kempenich			Representative Streyle		
Representative: Boehning			Representative Vigesaa		
Representative: Brabandt					
Representative Brandenburg					
Representative Kading			Representative Boe		
Representative Kreidt			Representative Delmore		
Representative Martinson			Representative Holman		
Representative Meier					
Representative Monson					
Representative Nathe					
Representative J. Nelson					
Representative Pollert					
Representative Sanford					
Representative Schatz					
Representative Schmidt					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Motion Carried

Date: 2/15/2017
 Roll Call Vote #: 2

**2017 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. HB1009**

House Appropriations 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 Representative Boe Seconded By Representative Monson

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X				
Representative Kempenich	X		Representative Streyle	X	
Representative: Boehning	X		Representative Vigesaa	X	
Representative: Brabandt	X				
Representative Brandenburg	X				
Representative Kading		X	Representative Boe	X	
Representative Kreidt	A		Representative Delmore	X	
Representative Martinson	X		Representative Holman	X	
Representative Meier	X				
Representative Monson	X				
Representative Nathe	X				
Representative J. Nelson		X			
Representative Pollert	X				
Representative Sanford	X				
Representative Schatz	A				
Representative Schmidt	X				

Total (Yes) 17 No 2

Absent 2

Floor Assignment Representative Boe

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

MOTION CARRIES

REPORT OF STANDING COMMITTEE

HB 1009: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (17 YEAS, 2 NAYS, 2 ABSENT AND NOT VOTING). HB 1009 was placed on the Sixth order on the calendar.

Page 1, line 2, remove "and"

Page 1, line 2, replace "transfers" with "a transfer; and to amend and reenact sections 4.1-16-06 and 4.1-16-07 of the North Dakota Century Code, relating to beekeeper license fees"

Page 1, replace lines 12 through 24 with:

"Salaries and wages	\$12,534,265	(\$146,594)	\$12,387,671
Operating expenses	6,419,121	1,025,215	7,444,336
Capital assets	8,000	5,000	13,000
Grants	8,392,774	545,000	8,937,774
Board of animal health	1,006,773	(141,055)	865,718
Wildlife services	1,401,257	6,743	1,408,000
Crop harmonization board	75,000	0	75,000
Pipeline restoration and reclamation oversight program	<u>400,000</u>	<u>(200,000)</u>	<u>200,000</u>
Total all funds	\$30,237,190	\$1,094,309	\$31,331,499
Less estimated income	<u>20,276,053</u>	<u>1,938,380</u>	<u>22,214,433</u>
Total general fund	\$9,961,137	(\$844,071)	\$9,117,066
Full-time equivalent positions	77.00	(4.00)	73.00

SECTION 2. HEALTH INSURANCE INCREASE. The appropriation in section 1 of this Act includes the sum of \$208,923, of which \$114,802 is from the general fund, for increases in employee health insurance premiums from \$1,130 to \$1,249 per month."

Page 2, replace lines 4 through 7 with:

"Information technology analysis	\$100,222	\$0
Department web redesign	50,000	0
National genomics center	711,138	120,000
Federal environmental law impact review	0	<u>1,000,000</u>
Total all funds	\$861,360	\$1,120,000
Less estimated income	0	<u>1,120,000</u>
Total general fund	\$861,360	\$0

The 2017-19 one-time funding amounts are not a part of the entity's base budget for the 2019-21 biennium. The agriculture commissioner shall report to the appropriations committees of the sixty-sixth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2017, and ending June 30, 2019."

Page 2, line 13, replace "\$6,403,714" with "\$6,446,503"

Page 2, line 18, replace "\$499,585" with "\$614,430"

Page 2, line 22, replace "\$250,000" with "\$125,000"

Page 2, after line 24, insert:

"SECTION 8. WATERBANK PROGRAM - MATCHING FUNDS. The salaries and wages line item in section 1 of this Act includes \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.

SECTION 9. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - FEDERAL ENVIRONMENTAL LAW IMPACT REVIEW FUND - ESTIMATED INCOME. The estimated income line item in section 1 of this Act includes a sum of \$1,000,000, which the office of management and budget shall transfer from the strategic investment and improvements fund to the federal environmental law impact review fund for the use by the agriculture commissioner, for the biennium beginning July 1, 2017, and ending June 30, 2019.

SECTION 10. ESTIMATED INCOME - PIPELINE RESTORATION AND RECLAMATION. The estimated income line item in section 1 of this Act includes the sum of \$200,000 from the abandoned oil and gas well plugging and site reclamation fund for the purpose of defraying the expenses of the pipeline restoration and reclamation program, for the biennium beginning July 1, 2017, and ending June 30, 2019.

SECTION 11. AMENDMENT. Section 4.1-16-06 of the North Dakota Century Code is amended and reenacted as follows:

4.1-16-06. License fee.

The fee for a beekeeper's license is five dollars. All fees collected must be deposited in the agriculture commissioner operating fund.

SECTION 12. AMENDMENT. Section 4.1-16-07 of the North Dakota Century Code is amended and reenacted as follows:

4.1-16-07. Colony assessment.

In addition to the license fee required by section 4.1-16-06, an applicant for a license must submit a colony assessment in an amount equal to fifteen cents multiplied by the maximum number of colonies listed in the application. All fees collected must be deposited in the agriculture commissioner operating fund.

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1009 - Department of Agriculture - House Action

	Base Budget	House Changes	House Version
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Pipeline restoration and reclamation	400,000	(200,000)	200,000
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Less estimated income	20,276,053	1,938,380	22,214,433
General fund	\$9,961,137	(\$844,071)	\$9,117,066
FTE	77.00	(4.00)	73.00

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

	Adjusts Funding for Base Payroll Changes ¹	Adds Funding for Health Insurance Increases ²	Restores Funding for Salaries ³	Removes 4 FTE Positions ⁴	Adjusts Base Level Funding ⁵	Adjusts Funding for Waterbank Program ⁶
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Operating expenses					(138,023)	
Capital assets					5,000	

Grants				125,000	300,000	
State Board of Animal Health				(140,300)		
Wildlife services				16,143		
Crop Harmonization Board						
Pipeline restoration and reclamation						
Total all funds	(\$233,687)	\$208,923	\$312,936	(\$653,028)	(\$50,680)	\$300,000
Less estimated income	109,507	94,121	0	(52,724)	277,631	300,000
General fund	(\$343,194)	\$114,802	\$312,936	(\$600,304)	(\$328,311)	\$0
FTE	0.00	0.00	0.00	(4.00)	0.00	0.00
	Reduces Funding for Pipeline Restoration Program⁷	Reduces Water Commission Transfer for Wildlife Services⁸	Adjusts Game and Fish Transfer for Wildlife Services⁹	Adds Funding for Bee Program¹⁰	Adds Funding for Industrial Hemp Program¹¹	Adds One-Time Funding for Environmental Law Impact Review¹²
Salaries and wages				\$102,762	\$34,000	
Operating expenses				77,238	86,000	1,000,000
Capital assets						
Grants						
State Board of Animal Health			(755)			
Wildlife services		(125,000)	115,600			
Crop Harmonization Board						
Pipeline restoration and reclamation	(200,000)					
Total all funds	(\$200,000)	(\$125,000)	\$114,845	\$180,000	\$120,000	\$1,000,000
Less estimated income	(200,000)	(125,000)	114,845	180,000	120,000	1,000,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds One-Time Funding for Genomics Center¹³	Total House Changes
Salaries and wages		(\$146,594)
Operating expenses		1,025,215
Capital assets		5,000
Grants	120,000	545,000
State Board of Animal Health		(141,055)
Wildlife services		6,743
Crop Harmonization Board		
Pipeline restoration and reclamation		(200,000)
Total all funds	\$120,000	\$1,094,309
Less estimated income	120,000	1,938,380
General fund	\$0	(\$844,071)
FTE	0.00	(4.00)

¹ Funding is adjusted for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.

² Funding is added for increases in health insurance premiums from \$1,130 to \$1,249 per month.

³ Funding is added for salaries reduced due to 2015-17 budget reductions.

⁴ The following FTE positions and related funding are removed:

	FTE Positions	General Fund	Other Funds	Total
Administrative assistant I	(1.00)	(\$109,268)	\$0	(\$109,268)
Public information specialist I	(1.00)	(123,023)	(52,724)	(175,747)
Senior agriculture program inspector	(1.00)	(217,332)	0	(217,332)
Agriculture marketing specialist I	(1.00)	(150,681)	0	(150,681)
Total	(4.00)	(\$600,304)	(\$52,724)	(\$653,028)

⁵ Base level funding is adjusted as follows:

	General Fund	Other Funds	Total
Increases federal funding for the food and drug residue program	\$0	\$229,500	\$229,500
Adjusts funding for information technology operating expenses	(296,836)	67,225	(229,611)
Adjusts funding for other operating expenses	10,525	(141,094)	(130,569)
Reduces funding for energy development oil mediation expenses	(50,000)	0	(50,000)
Removes funding for computer scanner	0	(8,000)	(8,000)
Adds funding for copier	8,000	5,000	13,000
Adjusts funding for grants, including an increase in specialty crop block grants of \$156,500	<u>0</u>	<u>125,000</u>	<u>125,000</u>
Total	(\$328,311)	\$277,631	(\$50,680)

⁶ Funding is adjusted for the waterbank program. Section 8 identifies \$50,000 from the general fund in the salaries and wages line item for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.

⁷ Funding is reduced by \$200,000 for the pipeline restoration and reclamation program to provide a total appropriation of \$200,000 from the abandoned oil and gas well plugging and site reclamation fund.

⁸ Funding is reduced by \$125,000 for the State Water Commission transfer to the Agriculture Commissioner for wildlife services to provide a total transfer of \$125,000.

⁹ Funding is adjusted for the Game and Fish Department transfer to the Agriculture Commissioner for wildlife services to provide a total transfer of \$614,430.

¹⁰ Funding is added for bee programs. Sections 11 and 12 amend North Dakota Century Code Sections 4.1-16-06 and 4.1-16-07 to require beekeeper fees and colony assessment fees collected to be deposited in the Agriculture Commissioner operating fund.

¹¹ Funding is added for the industrial hemp program for salaries and operating expenses from the Agriculture Commissioner operating fund.

¹² One-time funding is added for environmental law impact review from the federal environmental law impact review fund.

¹³ One-time funding is added for the National Agricultural Genotyping Center from the environment and rangeland protection fund.

This amendment also:

- Adds Section 2 detailing the amount of funding provided to the agency for employee health insurance premium increases.
- Adjusts Section 5 to provide the estimated income line in Section 1 includes \$6,446,503 from the environment and rangeland protection fund for agriculture programs during the 2017-19 biennium.
- Adjusts Section 6 to increase the transfer from the Game and Fish Department operating fund by \$114,845 to a total of \$614,430 for agriculture programs during the 2017-19 biennium.
- Adjusts Section 7 to decrease the transfer from the State Water Commission by \$125,000 to a total of \$125,000 for the wildlife services program.
- Adds Section 8 to provide the salaries and wages line item in Section 1 includes \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided by the waterbank program.
- Adds Section 9 to require the Office of Management and Budget to transfer \$1

million from the strategic investment and improvements fund to the federal environmental law impact review fund for operating expenses.

- Adds Section 10 to provide the estimated income line item in Section 1 includes \$200,000 from the abandoned oil and gas well plugging and site reclamation fund for the pipeline restoration and reclamation oversight program.
- Adds Sections 11 and 12 to amend Sections 4.1-16-06 and 4.1-16-07 to require fees collected on beekeeper's licenses and bee colony assessments be deposited in the Agriculture Commissioner operating fund. These changes will result in a decrease in 2017-19 estimated general fund revenues of \$180,000.

2017 SENATE APPROPRIATIONS

HB 1009

2017 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1009
3/10/2017
Job 29019

- Subcommittee
 Conference Committee

Committee Clerk Signature

Jenabellanus for Rose Loring

Explanation or reason for introduction of bill/resolution:

To provide an appropriation for defraying the expenses of the agriculture commissioner.

Minutes:

Testimony Attached # 1 – 2.

Legislative Council: Levi Kinnischtzke
OMB: Becky Deichert

Senator Bowman called the committee to order on HB 1009.

(0:00:50-0:42:26) Doug Goehring, Commissioner, Department of Agriculture
Testimony Attached # 1.

(0:10:50) Senator Robinson: Will we have a Pride of Dakota showcase during this session? What's involved in wine development and promotion. I know we have several orchards across the state, are there more online, or are the current ones getting larger?

Doug Goehring: Pride of Dakota has the major showcases called Holiday Showcases that take place across the state in Grand Forks, Bismarck, Fargo, Minot, Dickinson, and used to do Williston. But had issues with the Williston Showcase, for the cost of funding and lack of vendor and customer attraction. Looking at trying to reschedule and reformat in to the program dependent on funding.

Senator Robinson: Haven't we had one at the Capitol during session?

Doug Goehring: Out of 500+ members of the Pride of Dakota, we'd have 20-30 that participate in events in the Bismarck area. Usually done a couple of times, it's next Wednesday. We have approximately 7 or 8 wineries, close to 71 vineyards and its growing. Might be over 80. The vineyards grow the grapes and wineries produce themselves. The program includes those that do fruit wines and grape wines. Doing research, marketing and promotion in conjunction with associations money to do more.

Senator Robinson: The industry is doing well?

Doug Goehring: It's growing and from what others have spoken about, the wine is improving.

Senator G. Lee: Marketing and information division, says it administers to several programs. Can you explain a little about those programs?

Doug Goehring: A lot of those programs are associated with federal grants and we administer the programs. We generally have the materials, and work with USDA on materials and guidelines and then we administer the grants.

Senator G. Lee: What's an orchard grant for example?

Doug Goehring: Grants available to those that want to establish an orchard in a park or next to a school. Enjoy the habitat and work with the kids to nurture plants and use in school programs. There is an educational part to it and different trees and shrubs into the plants. Some in the community distributed or used that fruit in school to make jams and jellies for distribution.

Senator G. Lee: Would the trees and shrubs be a part of that or just educational pieces provided?

Doug Goehring: We don't provide the trees, just the grant dollars, which the legislature gives us the authority to use those dollars. We oversee the grant program itself to make sure the funds are being used properly, are used for their intended use, and provide the guidelines to be used under the grant provisions. The specialty crop block grants work in much the same way. USDA sends \$2.5M annually to use for a specialty crop production, research, and marketing promotion. Because North Dakota is so diversified, we have many that are qualified within the program. The committee reviews all of the applications and makes a recommendation to help support research and marketing.

Senator Bowman: As people take advantage of this, is it profitable? Or are they just trying something different.

Doug Goehring: It is amazing how much work is being done. Researchers are actually accessing the program. I would say, close to 50% of money goes to research of different types. We oversee it and also get audited by the federal government.

(0:20:40) Doug Goehring: Continued with information from written testimony.

(0:26:50) Senator Erbele: Were the FTEs open positions or live bodies?

Doug Goehring: 2 were open positions. When we had to meet the first cut, we didn't fill the positions. The other two are current positions, we found it was the only place for us to make the cuts. Some said to get rid of programs, but much of what we do is by statute. If we were to defund a program, got audited, and be found out of compliance. Only thing we could offer is bodies and then everyone else will cross train.

Senator Sorvaag: On the bottom of page 12, restore the funding for 2015-2017 allotment. Explain what you did there.

Doug Goehring: Was a problem we had just before crossover, going to defer to Ken Junkert.

(0:30:00) Ken Junkert, Director, Administrative Services Division: This is a decision made on the House Appropriation side. They restored our allotment of \$312,936 so it wouldn't be part of an ongoing cut.

Becky Deichert: Because we use different basis, the agency worked off 2015-17 appropriations, but the budget in the bill was post allotment. That adjustment is to get them to the base of their budget.

(0:31:18) Doug Goehring: Anything that came from the House, when we first came to the podium, we had two different documents, and where do you start. And now we have even larger cuts if it's not addressed. It was my suggestion to add bottom piece of explaining how you can get rid of FTE instead of operating cut. Continuation of testimony.

(0:33:10) Senator Bowman: Are the grants carryover, or need to be used in specific time?

Doug Goehring: We have another conflict or dilemma, certain federal grants come at different times. Some follow their own appropriation and come in April or May. It's October 1 for the federal government and our fiscal timeline is July 1. That's how we're tracking this. Some grants are federal, but always work off of what the legislature appropriates for us to spend. Testimony continued.

(0:40:35) Senator Bowman: Windfarms regulations?

Doug Goehring: Meet with landowner and see issues, work with easement or contracts. Meet with company and mediate, may need reclamation.

(0:42:34) Senator Erbele: a lot of the agencies that come before us have the line that ways, the House did this and we'd like you to restore.

Doug Goehring: I thought about it, but you have challenges in what you need to do. Would I like a few things restored, yes, but we can't stand too many more cuts because we are statutorily regulated. If there was any way possible that you could restore a FTE and some of the funds, I'd greatly appreciate it. But if you can't, please don't take anymore, I don't have much more to give, but will work with what you give me.

(0:44:30-0:48:55) Bart Schott, Public Policy Committee, National Corn Growers Association: Testified in favor of HB 1009. Testimony Attached # 2. Spoke in support of the National Agricultural Genotyping Center (NAGC) funding.

(0:48:56) Senator G. Lee: This is a valuable thing for our state and the nation. It's listed as a national program, is it expected to be self-supporting? All the commodity groups that are involved with it rather than drawing from the state.

Bart Schott: Yes, I think so. This is a maintenance item that we need for one year to keep it going.

Senator Krebsbach: You indicated a partnership with Los Alamos? What happened with that partnership?

Bart Schott: There is only one other lab like this in the US and that's the Los Alamos lab. In the beginning, it was a split off, but now we have a building, a lab and can do everything in Fargo.

Senator G. Lee: How big is the budget for the lab and where does the funding comes from outside of what the state provides?

(0:51:35) Pete Snyder, President and CEO of National Agricultural Genotyping Center: In genotyping, we are rifling in specific areas or traits. We leave it to the research institutions, the land grant universities to identify the whole genome and up to us can rifle in on specific markers. We can create assets or tests; the partnership is still there. National Corn Growers and Los Alamos have permanent seats on our board. We expect to break even by July of 2018. The technology committee or board directs what we want to do. We go out and take a look at research. Ex. Kansas has done research of respiratory diseases of cattle. We can create a test for it, their paper is an academic view. We take that view, commercialize it and make it available to farmer. A long gulf to making it available to public. The University of Texas Medical Center did research on prions. We step in and saw we can make it available for agriculture. They have a research protocol and we have to figure out how to make it work in agriculture. It's a longer process, the published papers show there are 1800 hours of research.

Senator G. Lee: Where does your money come from? Federal or NDSU?

Pete Snyder: We make money in four different ways. Through grants, through memberships in the NAGC, fee for service (ND Soybean has contracted them) and over the transom retail sales. Have check for honeybee assay we developed. The membership income, the grant income will go down as retail sales go up. What are we bringing to market? We have a much later start than anticipated, the facility took 14 months to build. In January last year I was complaining that we still didn't have heat in the lab in Fargo. We just got heat on January 23. In reality we've been working since January 23 of last year and in that time we have identified an assay for honey bees. Gave example of the work they do with honey bees.

The next product was chronic wasting disease. The research done has taken 1800 hours. We can offer as live test. For the corn growers, their top priority is Goss's Wilt. We must see the disease, assay the disease and then put it in their test. All will be ready by late June of this year. We have board meeting on Monday and learn what our new priorities are going to be. We are also not-for-profit. Other honey bee tests can be sent to Maryland. Their cost is \$75 for 7 markers. Ours is \$50 for 11 markers.

(1:02:24) Senator Kilzer: Animal health division, is there any overlapping with facilities in NDSU. Thinking of disease that used to be in cattle, would your department be responsible

for diagnoses or send to NDSU? What about the epidemiology? What about finances, do you have contracts with NDSU laboratories to avoid overlap?

Doug Goehring: We work as a partnership with NDSU. There are no duplications given the fact that we are the regulatory agency. We have a research facility that is working on these. In conjunction, the work is done if there is an issue, and have we authority through the state veterinarian and the ag department to address issues. We also work with NDSU, sometimes there is regulatory and may need quarantine. When it comes to testing and sending things to lab, NDSU doesn't necessarily have everything we need. We try to utilize them as much as possible, in other cases, we send to SD or maybe some other state. I don't believe we have an overlap. If there is it's very minor.

Senator Kilzer: Would your office be able to tell any rancher that his cattle have vibriosis and that he can't sell any bulls?

Beth Carlson, Deputy State Veterinarian, North Dakota Agriculture Department: All diseases are categorized as reportable, non-reportable, and quarantinable. Vibriosis is a disease that is reportable, but not quarantinable. Because it's a disease that's able to vaccinate against and take care of, we follow up.

(1:07:00) Merlin Leithold, North Dakota Weed Control Association: Testified in favor of HB 1009. We get funding from the Ag Department. The main funding is LAP, Landowners Assistance Program, that provides cost share from the state to the county, to the local level landowner. What we've used in the past, we could use more, but just asking to maintain. Hopefully next biennium, we can adjust our levels. When we talk to some counties, they aren't using their funds like they could. We want to get the weed boards active, some county commissioners take over the weed board. There are new weeds coming into the state, but more of a cropland weed. We have so many rangeland weeds out there. As far as funding, keep us in mind, we don't want to lose anymore. We have 1 FTE in noxious weeds and used to have 3 between the oil booms. Don't want to lose the one we have.

Senator Bowman: Leafy Spurge used to be the big buzz word. Have we got a better handle than the problem than we did 6 years ago?

Merlin Leithold: Yes and no. Falls back to educating the landowner. Have the longest running field day in the same sight, a lot of spurge there and still is. It's another tool in the tool box. Some places bio control doesn't work. If it's properly used it's a good tool, I recommend they use it close to trees. We had special funding for bio control at one time, we still get some funding through tag money and can use for bio control in your county.

Senator Bowman: Closed the hearing on HB 1009

2017 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1009
3/21/2017
JOB #29527

- Subcommittee
 Conference Committee

Committee Clerk Signature

Sandy Baumgardner for Alice Decker

Explanation or reason for introduction of bill/resolution:

A Subcommittee hearing for the Agriculture Commissioner.

Minutes:

No testimony submitted

Chairman Bowman called the Subcommittee to order on HB 1009 at 2:45 pm on Tuesday, March 21, 2017 in the Harvest Room. Let the record show that all subcommittee members were present: Chairman Bowman, Senators Wanzek and Grabinger. Becky Deichert, OMB and Adam Mathiak, Legislative Council were also present. Later in the hearing Levi Kinnischtzke, Legislative Council came into the hearing.

Chairman Bowman: We will start to go over the ag. department's budget. I was reviewing this, they changed some of the funding sources from federal funds to general funds is that pretty close to accurate?

Ken Junkert: Director, Administrative Services: Did you have some more specific in terms of the funding source?

Chairman Bowman: I was looking under the testimony that you have an increase funding in some of the areas that were federal funds and not general funds.

Ken Junkert: I will start on page 5 of their testimony from first hearing. In the administrative service budget, you will see that there is an increase from federal funds of \$295,843 to \$330,286. That was an increase in a request that we had for the ND Mediation Service. We have a program called Credit Counseling that is allowable to the grant in due to the problem with produces getting access to working capital. We have a program that we have a series of 10 or 12 contractors that will help producers that are having troubles getting operating loans and things like that. And that is fully allowed in the federal grant so we asked for an increase in that.

Chairman Bowman: On the Plant Industry Division under general funds they increased that and decreased the amount of federal funds. Can you explain that?

Ken Junkert: The federal fund decrease was a decrease in their federal grant. They have primary USDA grants there. That was a decrease in their federal grant. The general fund increase, I'd need to check into that more. If we move over to page 7.

Senator Grabinger: Back on p. 5, the pipeline reclamation. We have a bill for \$3m in another budget for abandoned mines and pipelines. Do you work with them? It seems to me we might be doubling up on that.

Ken Junkert: Our pipeline reclamation program, I am actually the program manager for that. This biennium we were funded \$400,000 out of the abandon well reclamation fund or special funds. This biennium in the current budget, it is only funded at the \$200,000 level. We work with just reclamation for gathering lines. We don't work with anything with the well head, it is just pipeline. What we do is if the land owner has a reclamation problem, we send out an ombudsman person. They will work with the land owner and the pipeline company to get a plan, a timeline and a solution to help that reclamation issue be resolved.

Senator Wanzek: Is that kind of like a conflict mediation?

Ken Junkert: It's a form of alternative dispute resolution. An ombudsman is really neutral. We have them go out and document the problem, take pictures, talk to the land owner, go to the company. They work between the land owner and pipeline company. We had 64 cases. We work on 61 active cases right now. We have had a positive response. One was a person that testified in front of the House Natural Resources Committee. I believe he had 25 miles of line in his land. He had issues that took out 300 acres that was taken out of production from his fields last year that he was not compensated for. Our program came in and helped resolve the problems. That's a lot of cash. It is a positive impact. I think a lot of our land owners have their land turned back to where it was before the pipeline. Our desire is to get it back to what it was.

Chairman Bowman: Under marketing, is there any issues?

Ken Junkert: The federal funds on page 8, that increased. That is solely do our specially Crop Federal Block Grant Program. That is one of the federal funding programs where money has increased. We grant that out to a number of organizations to do research work on these specially crops in order to get an expansion of those crops within ND. That is a positive program and there is more money available through a Farm Bill Dollars' Program. I think that describes what happened there. If we go to page 9, the Animal Health Division, Dr. Susan Keller. Federal funds are down slightly, down about 5.5%. There is a slight general cut due to the requests that were made.

Chairman Bowman: If there is an issue on what the house did, be sure and write that down and bring that up.

Ken Junkert: On page 10, Pesticide & Fertilizer Division, there are no general funds in this budget. They operate on federal fund and ERP funds. This actually increased a little bit through EPA for the programs. There seems to be a little more funds through the EPA division. The special funds seem very flat, so this budget seems very stable right now. That would be a quick review on the divisional budgets. We have 4 FTEs positions cut. Two of

those would be in the Marketing and Information Division. One of the other positions would have been in administrative services and one in livestock.

Chairman Bowman: Were they people that were hired?

Ken Junkert: Two left so they were vacant. One is retiring in June 2017 that helped in this situation. We have one that just found a new job.

Chairman Bowman: When you lose an employee do you give other employees that more responsibility to pick up that slot?

Ken Junkert: That is right. When you lose these positions, Tom, the deputy commissioner, the head HR person, will evaluate the job descriptions. He will pick out critical job duties and spread those critical job duties out to others.

Tom Bodine, Ag. Department Deputy Commissioner: For example if they go voluntarily after a conversation like in our dairy industry. Our dairy industry has been declining. Through inspection we were able to find other employees where we shifted some of the responsibilities over and then made people be full time employed to as well. This actually made us create deficiencies for the department when we had to look at more cuts.

Chairman Bowman: Should we review the budget itself as far as what the House took out and what they put in? How you are going to handle it?

Senator Grabinger: I know ag. dept. director goes on trips, there's quite a bit of travel involved some overseas and everything. Where is that in the budget? What is that in budget and what is the line item? I know it is kind of expensive when he does and I am just trying to follow up on that.

Tom Bodine: Looking at the commissioners travel it would be in the administrative budget. Giving an example, he is gone this week to the Philippines on a trade mission. A lot of these costs is associated with the ND Trade Office or USDA. Some of those expenses are picked up by those groups as well. So it is sort of a cost share between all the entities to be able to lead those types of missions that the commissioner is on.

Senator Grabinger: So you are saying it is in the operating budget of administrative services which in this bill is \$1,628,000?

Tom Bodine: This encompasses a lot of other things in administrative services more than the commissioner. All the fiscal management staff would be in there. Our policy analysis, ND Mediation Service and so there is a number of things that lump up in and we break those down further within the budget. It encompasses the hold division budget, not just the commissioner.

Senator Grabinger: You don't break that down for our information?

Tom Bodine: We can provide that. One of the things that Mr. Junkert also reminded they the Federal Environmental Ligation Committee Fund was successful in defending the waters

of the United States. That used to go through OMB budget, this time around \$1m was transferred in to administrative services which looks like a huge increase, but those dollars will be going towards litigation towards us to defend waters of the US.

Senator Grabinger: That is what the increase of a million is?

Becky Deichert: OMB: That funding was using SIFF funds, not general funds.

Senator Grabinger: You will give us a breakdown of the \$648,000 that was utilized?
Thank you.

Chairman Bowman: It looks like that budget had a huge increase, but it is really pass through dollars that in the operating line in administrative services.

Senator Grabinger: The \$1,628,000 includes the 1 million for the litigation fund. So if you are comparing apples to apples it is 635 to 628 for the operating expenses. Was it general fund money last time and now it is SIFF money?

Becky Deichert: Some funding was put in OMB's bill general funds. There was a transfer over into their special funds. It would have been general funds this current biennium.

Chairman Bowman: This year we are getting it out of strategic investment? (Correct)

Senator Wanzek: We had last biennium we had a one-time funding project to study the economic impact of the ag industry. It was like \$240,000, did we do anything there?

Tom Bodine: It was in our budget. It gave the commissioner authority to raise those dollars to pay for economic study. We are still working through that process. We have had commodity groups, but nothing has been pulled through.

Senator Wanzek: So there is still between now and the end of the biennium that you are still looking at something. Was it to study the impact or the financial economic impact?

Tom Bodine: It was looking at agriculture to see what the economic impact of brings to the state of ND. It was not for just one particular commodity.

Senator Wanzek: It's a big impact. Adam, would you go through the budget again generally? I didn't see this subcommittee meeting on the board until you mentioned it on the floor. If he could just brush through the changes that are in the executive budgets and what the House did. Refresh our memory.

Adam Mathiak, Legislative Council: This is not my budget, but I'll walk through the green sheet, if you have the one from cross over we did highlight the changes that the house made compared to the executive. So you would have the executive budget highlights. We did update that with the original. So, there was the standard salary changes, Gov. Burgum made some additional changes. He had suggested that the employees pay for 5% of their health insurance. In the end, the house did not provide for the salary increases and did not require the employees to pay 5% of insurance. That was a standard change for all the agencies.

The governor had also recommended some restoration of some funding for salaries that were reduced during the August 16 special session. The House didn't make any changes there so they did include that. Number 3 in the green sheet was the governor had recommended removing 2 FTE positions. The House did remove those two and looks like they also removed an additional two FTE positions. For a total of 4 FTE's

Senator Grabinger: They removed 4, how did they come up with that figure? The two that were removed before was \$292,000 and then the House decided to remove 2 more. Then all of a sudden it is \$653,000. How do they come up with that? If you add the two together you don't come up with that. Did they pick what jobs they were doing away with to come up with that amount?

Adam Mathiak: On the total reduction is the \$653,000, \$600, 000 of general fund and the other funds as well. If you were to look at the actual amendment from the bill, those are identified in the statement of purpose of amendment. There were specific positions, 4 of them. An administrative assistant was one position that was approximately \$109,000 associated with that. A public information specialist, one approximately \$123,000 from the general fund and \$53,000 of other funds for a total of \$176 reduction. Another position was the Senior Ag Inspector. That was approximately \$217,00 all general funds. Then ag marketing specialist was approximately \$151,000. So the total was just over \$600,000 general funds and approximately \$53,000 of general funds. The total was \$653,000 reduction.

Chairman Bowman: I am looking at the front page on the green sheet, the major increases or decreases in on-going general appropriations. Are all these what's now in the House bill? This is after the bill came over to us. On the front page, it says remove one FTE for \$140,000 and add one FTE for research analysis for \$131,000. Then add ½ FTE for \$96,000. What is that all about?

Adam Mathiak: The page you are looking at is from the first one. Those are previous changes. There was an additional sheet that we provided this time around to help give context given the current budget situation. We were asked to include that information as you as legislators were looking for places to potentially find deficiencies you would be able to review major increases and decreases that had happened previously. Those were ones from the 11-13 biennium.

Chairman Bowman: Basically there was 3 major shifts, the \$312,000, the \$292,000 and the \$190,000.

Adam Mathiak: Those would be a portion of the general fund changes. So that information there again, if you are looking at that historic one for information, is specific to ongoing general fund appropriations. Those two items were reflections of the executive budget and the two positions, ended up being 4 positions for about \$600,000 and that \$312,000 was added back. Again that is only a portion of the changes not inclusive of the changes made by the House. Those were major ones.

Chairman Bowman: The last page of the summary page, the figures in that summary page in general funds, special funds federal funds and the total is that the final version from the House? Is that the dollars we are working with?

Senator Wanzek: The total dollars are the numbers on the final engrossed bill from the House.

Chairman Bowman: Do we have any other questions on the total dollars?

Senator Grabinger: On those 4 FTEs that they eliminated, were they vacant positions, full positions, are they vacant?

Tom Bodine: Going into this budget, we have two FTE's open positions that we left open. That is why we included it in the original governor's bill. When we got over to the House they asked us to look deeper, and that is why we identified one of our senior dairy inspectors who was going to retire. So he was one of those positions. In there was also one in the marketing division. In order to assist the commissioner, it was one of those that is not a requirement within the department so that was the other one. Since then that employee did find other options. So it will be open.

Chairman Bowman: What would you like to do when we meet again? That will be next week some time when the ag commissioner gets back.

Senator Grabinger: I want to see the breakdown of the travel expenses.

Senator Wanzek: I have a couple of questions. There is 2 different transfers, the game and fish transfer of \$614,000. It is for defraying expenses of various ag programs. Then also the water commission, the \$125,000 for wildlife services which I think I understand. How about the \$614,000 program, what does it target? I can't remember what we do with that.

Ken Junkert: The game & fish transfer dollars are used in two areas. About \$100,00 is used by the Board of Animal Health. And that is to help fund assistant state veterinarian with some non-traditional livestock work and things like that. The balance of the funds goes to help support wildlife services, beaver problems and things like that.

Senator Wanzek: With the Water Bank Program, we are including \$50,000 from the general fund for matching funds from the Outdoor Heritage Fund. This last weekend my son wanted me to come and see a program that they were applying to the Outdoor Heritage Fund, where if we square off some of our land to grass you would get a payment for that plus a payment for the wetland that you would be surrounding. Is that part of the Water Bank Program?

Ken Junkert: Yes, it is. The first part of the question on the \$50,000 of general fund, the law prohibits general funds to be used as match for Outdoor Heritage Fund grants. We have to have legislative authorization to match general fund dollars as a portion of our match for our larger Outdoor Heritage Fund grant that we received for the Water Bank Program. It is not additional. We will use part of an employee's time that works with the program that is pay by general funds. We will use that portion of the dollars is matched.

Senator Wanzek: The Outdoor Heritage Fund would go for habitats payments.

Ken Junkert: The grant was for 1.2 million dollars. That will be paid in about a 10-year period. We ask for authority for \$300,000 for the next biennium. The contract payments are made over multiple biennia, so that 1.2 million will spread for 10 years. We ask for \$300,000 of check blanks for special fund authority to pay out \$200,000 of that 1.2 million this next biennium. And then we'll come back in 2021, as we move down the line. Tom can explain the Water Bank Program.

Tom Bodine: (0.36.35) Yes, we just got through announcing our deadline was Friday for landowners to get it in. The whole concept is to help farmers with problems with inundated water. They make them square off fields, up to 160 acres or less that are difficult to farm into this program. We not only pay for water but upland. We don't compete with the private industry. It creates a habitat. We go under the program, one of the application asks if you would be willing to go to the PLOTS program. And if the answer is yes then we supply information to the game and fish. Maybe there will be an opportunity for public access.

Chairman Bowman: The ERP fund money what is that about? What is the money used for and total dollars left and what we spent the money on?

Ken Junkert: Levi was working on that fund. The revenue that is generated that goes into the fund is the following resources. Pesticide registration fees, over 10,000 plus pesticide, are registered in North Dakota. Some revenue comes in for Weed Seed Forage. Inspectors go out and certify forage and landowners pay a fee and that revenue goes into the fund. We have fertilizer registration and tonnage fees that goes into the fund. The Ag commissioners budget, the obnoxious weed program, that grant goes out for control officials. The pesticide and fertilizer division and Project Safe Center are funded through the program. We have Farmer's Market Ag in the Classroom and our computer mapping program is funded out of that. We have livestock development funded out of that. Animal Health Division is funded for a vet out of the program. Wildlife Services receives funding out of that. We pay rent for our secondary location. Levi probably has the new balances. I think there is a positive balance which keeps the fund going.

Levi Kinnischtzke: The balance is \$1.7m projected at the end of the 17-19 biennium.

Chairman Bowman: What would you like to see at our next meeting?

Senator Wanzek: Not really, where we were at when we ended our testimony at the original hearing.

Ken Junkert: I believe the House made some deep cuts. However, he would be able to live with the House cuts. He understood the budget situation that the legislature is in now. He plans to be a great partner. The House was great to work with but they were just going deeper. What I heard from Commissioner Goehring, I am not standing for any other restorations at this time.

Senator Wanzek: What is in the budget for the GEMO Center?

Ken Junkert: Correct. The funding source is special funds. The hemp program of \$120,000 is expanding. The commissioner right now is in the process of reviewing all the producer applications that have applied to be part of the research bill. Interest is extremely high. We are looking at 3000 acres for industrial hemp that will be approved by the ag commissioner. We have to do a lot of testing, a lot of oversight, and deal with a lot of fed regulatory controls. Tom has to have an electric lock because he stored seed, and he has to have security patrols to access his office.

Chairman Bowman: What's the market for the grower?

Tom Bodine: We are working with processors in the state. We only had 6 growers with 70 acres. (0.47.15) He paid \$1.00 a pound. Most ended up netting \$800 an acre. We were able to export more. We made sure standards were required. The market now is 65-80 cents a pound this coming year. It is up to the processor on what they will offer this year.

Chairman Bowman: Is there a demand for the product for those that produce it?

Tom Bodine: Yes, there is a demand for that.

Senator Grabinger: Do we do anything across the border with Canada on that?

Tom Bodine: We cannot export seed, as long as we can meet their standards. It's up to D & A to process that. We've stated that we are moving through. If it is not a viable seed, it can be exported. It looks like how the feds will regulate us. We are moving industrial hemp, exporting from out of country into our state, but we can't export out. I know our producers want us to run with it, they are working with us. We want to do things right.

Senator Wanzek: I am still trying to find which line would be GEOmics, on our green sheet, the House version.

Levi Kinnischtzke: The GMOmics center would be in the grant fine item. It should also be in the on-time funding section of the bill as well.

Chairman Bowman: Any other questions before we have our next meeting? Hope the commissioner gets back safe and sound and we can get on with our business. The hearing was closed on HB 1009.

2017 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1009
3/27/2017
Job # 29731

Subcommittee
 Conference Committee

Committee Clerk Signature

Jana Bellamy for Rose Laning

Explanation or reason for introduction of bill/resolution:

To provide an appropriation for defraying the expenses of the agriculture commissioner.

Minutes:

Testimony Attached # 1.

Legislative Council: Alex Cronquist
OMB: Becky Deichert

Senator Bowman called the sub-committee to order on HB 1009. **Senator Wanzek** and **Senator Grabinger** were also present.

Senator Bowman: asked for any concerns.

Senator Grabinger: I was given a breakdown of the operating budget, which spelled out where the funding was going and I didn't have that. I wanted a breakdown showing what the travel budget was, where the money was going.

(0:00:50-0:01:58) Doug Goehring, Commissioner, ND Department of Agriculture:

I don't think people understand or know the ag department or the responsibilities, so I thought I'd share a lit bit of that with you so that they are in the record. Maybe future legislators or anyone else that is interested will have a chance to go back and see some of it. Read the information from attachment #1.

(0:02:03-0:09:45) Doug Goehring: Here are just some of my responsibilities and the meetings I attend across the state, the region, and the nation, and when it comes to my trade missions almost a majority of those are paid for by companies. I don't actually pay for those. There are only a few occasions that I do, when I'm asked to attend with the USDA. But I have the Ag Business Rail Council. APUC, Agronomy Seed Farm, Centers for Ag Policy and Trade Studies. I attend meetings there.

I have meetings with NDSU, ND Trade Office, Pesticide Control Board, Northern Crops Institute, SBARE, Seed Commission, Upper Great Plains Transportation Institute. Red River Basin Commission, which is Manitoba, ND, and Minnesota, plus a little bit of SD. Assiniboine Commission is an international commission that the governor must have had

me appointed to, because I got a letter on it last year that I was a part of the Assiniboine Commission because the Mouse River flows into the Assiniboine, or at least into their water shed. Tri National Accord, which I've chaired on a few occasions.

(0:03:17) Senator Grabinger: Are you a board member on them?

Doug Goehring: Yes. I have National Association of State Departments of Agriculture, plus MASA, which is the Midwest Association of State Departments of Agriculture. I have chaired and been the president of the Food Export Midwest (12 states that support food and commodities).

Policy that we've done work on is with water and also with FSMA (Food Safety Modernization Act) which prevented us from having our sunflowers regulated in a way, much like tree nuts would be. Region 8 EPA, attend those meetings as we're asked to. I attend meetings with EPA and FDA in Washington, DC. AC-21, to which I was appointed by the Secretary of Agriculture, it's the Advisory Council on 21st century agriculture.

We had 6 years that we were charged with doing certain types of coexistent work between conventional agriculture, biotechnology, and organic agriculture. We did all the precursor and the final work on that and finished it up in September of 2016.

I also attend meetings with ag groups when asked, and go to Washington, DC on federal lands, forest service, crop insurance, specialty crop block grants, and commodity title and conservation work. I do trade missions, the majority of those are paid for by companies or the trade office to attend. I do regulatory work with government agencies concerning vital sanitary duties, tariffs, non-tariff trade barriers, where they're trying to prevent stuff from coming in, or working to develop partnerships so that when we move commodities into a market they can add value to them and create jobs. It's food security for them, economic security for us.

Do town hall meetings and also meet with the public and most land owners, farmers, and ranchers across the state. The majority of the area where I spend most of those meetings one on one are reclamation issues in oil producing counties. It's not with the pipelines, it's more because of my position on the Industrial Commission. I'm going out to where they did a poor job with reclamation on a site itself and maybe tank batteries are a problem, maybe grass didn't get replanted or a fence didn't get put back up right, those types of issues. Also have had numerous meetings with ND Port Service, BNSF, NCP, primarily working on rail issues with service, not only for our 392 elevators that exist in ND, but also for our trans load facilities where we're moving products that are being trans-loaded back into box cars. Or oil field service work, plus in some cases in the past have been dealing with some of the unit trains that are delivering crude oil into the marketplace.

Numerous meetings with ag groups and commodities groups, generally on their specific and personal issues separate from Washington, DC or other regulatory meetings. We host foreign visitors and government officials. This would be different from our reverse trade missions. I also participate and host some of them. And some of these cases we actually have to rent a plane if it means taking them to different parts of the state, making sure they

get a chance to not only see our farms, the process, and some of the practices that are going on.

I also meet with civic groups on education, outreach, and advocacy work. I chair the Natural Areas Acquisition Committee, granted, we only have those every once in a while, but that's part of that. I meet with the Ag Association, the grain dealers, frequently. The ND Livestock Alliance Group, I'm still an active member of, but no longer chair that as they're working on their own. I've also worked on beneficial uses for produced water. That was a daunting task, but over the last couple of years, we've worked with the energy industry to find beneficial uses to benefit agriculture, but also to benefit ag. ND is in the most unique situation, in that our produced water is about 10 times saltier than sea water and it's also probably one of the states with the highest grade of salt, more than most produced water in the United States that's coming from oil production. Also work on water quality issues, not just with EPA

But also with the ND Department of Health. We do water quality survey work, but it also means going out and about, working on the regulatory side and the policy side.

Plus, I serve on the USDA Rural Development Council and on the National Ag Statistics Service Board. That's just some of it. My staff also participates. I was surprised when we started breaking this down. We do it all for about a \$173,000 in a biennium and with all of the travel across the state, we actually pull that off.

Senator Bowman: Would it be fair to sum what you just said up, you're doing the vision and mission of the Department of Agriculture. It's all inclusive as to why you travel, what you're promoting, and agriculture is always number one. That's exactly why you do what you do, and that's what you're elected to do.

Doug Goehring: The nature of our department and the visions are regulatory by nature. Means a lot of inspectors and time on the road. You'll never bring in a harvest if you look at the tractor from the kitchen window in the spring. You've got to go plant and harvest later.

Senator Wanzek: Agriculture for ND needs to be represented. The whole world impacts us. A lot of our farmers don't want to be the one to travel so we send our representative. I do understand why the travel would be an extensive cost to make sure our North Dakota agriculture is being represented.

Senator Grabinger: I had the information already but the million dollars was part of the question from the SIIF fund. I found out all of that.

Senator Bowman: The point of the discussion is that you understand why the budget is like it is. Now I'd like to go over the reductions that the House made to see if we want to make any amendments or pass it out the way it is and not go over to the House and have a conference committee, sometimes they get ugly.

(0:12:25) Alex Cronquist: Read through the line item details and changes that were made. Questions and comments throughout the walk through are marked with time codes.

(0:14:13) Senator Wanzek: Is there any significance or specific to any FTEs. Burgum's budget shows the reduction of 2 FTE's and the House took 4 FTEs. I'm assuming they're different.

Alex Cronquist: The 4 FTE's that the house removed, one was an administrative assistant, a public information specialist, a senior agricultural program inspector, and an agricultural marketing specialist.

Doug Goehring: Two positions were open. To meet the reductions, we didn't fill them. Rolled those dollars up to meet the requests, governor took them. When the House needed to additional cuts, I had to give people instead of programs because statutorily and constitutionally I have responsibilities I have to fill and if I just defund a program, if I get audited, could show I'm not doing my job.

Senator Grabinger: The two are still employed, but you would have to cut them. What are the two positions?

Doug Goehring: One is an inspector in the meat program and the other is an ag marketing specialist, work with policy and does ag marketing, outreach education, to help in the domestic and international markets.

Senator Grabinger: Those two would be the easiest for you, if we gave you the leeway to decide, are these the two you would decide? With some dept. heads, we've given them the leeway.

Doug Goehring: This is probably going to be the least painfully; I believe I'd start to harm programs.

(0:18:03) Alex Cronquist: Continued going down the list of changes.

(0:18:45-0:20:38) Discussion with Legislative Council on the operating expenses increase and decreases from different funds, being changed in the different budgets.

Ken Junkert, Director, Administrative Services, ND Department of Agriculture: A lot of it is going to be travel and operating fees and services. Used to use contractors for the mediation program. Since oil work has gone down, we'll reduce the amount of contractors in that program.

(0:21:16) Alex Cronquist: Continued with the changes.

(0:22:56) Senator Wanzek: With the large decrease that pretty much eliminated the project, right?

Doug Goehring: We can do the program for \$200,000. When this program was created last session, it was appropriated at \$400,000. Now that we've been in the program for a while, we can do it for \$200,000.

Alex Cronquist: Continued with the changes.

Senator Wanzek: I'm a little confused by the reduction of \$125,000. In the engrossed House bill, section 7, which says the estimated income, includes some from the water commission for wildlife services, where does it show up?

Alex Cronquist: Prior to that change from the house there was \$250,000 from the water commission. Continued describing the changes.

Senator Bowman: After we heard the budget and you said, you could probably live with this budget. Are you comfortable with this budget? We can put something in and go to the House. Willing to do that if there's something you'd really like to have put back.

Doug Goehring: I think you have a tough job to do. We don't need to make this any tougher. I only have one request, in the event, that the next biennium looks better, could there be a trigger established that if we have some money we could provide salary increases to our employees, 1% or 2%. You'd have to build some triggers.

Senator Grabinger: There is an amendment being prepared as we speak that would address that. Legal counsel has already taken up how to do it, if funding is there, and its approved, it would be taken care of.

Senator Wanzek: You say you can live with this budget; can you live with something less? Might they try to take more in conference committee?

Doug Goehring: Spent many weeks with the House on the budget. We would do what we could, the House was very good to work with. They let us identify what we needed, where we could, it's their budget.

Senator Wanzek: This is their negotiated budget. I've been asked about the special funded study. Will it be possible to continue that into the next biennium or will it be difficult to do?

Doug Goehring: The legislature gave authority for fundraising and do the comprehensive study on the agriculture industry in ND. The money has now been secured and will take 22 months to complete the study.

Senator Wanzek: There was no money appropriated or special funds.

Doug Goehring: Just the authority to do the fundraising.

Senator Wanzek: Do we have to give them continuing authority if they don't get the study done until the next biennium.

Alex Cronquist: They need to have carryover authority or else have appropriation put back into the budget. Just want to make sure that you've secured the funds and can continue into the next biennium.

Doug Goehring: Those funds may be secured, but they will not be spent. There may need to be more money raised towards the end of the study. Maybe we need a continuing resolution that would allow if we needed to raise more funds for that.

Senator Wanzek: Commodity groups would like to see the study completed.

Doug Goehring: Ag just wants to be invited to the dance.

Senator Wanzek: Will that money be brought in or do directly to NDSU.

Ken Junkert: It would go to them; we wouldn't need the checkbook or special fund authority.

Doug Goehring: It's going to be directly to NDSU and not directly to use. If you need to raise the money. Questioned by APUC as to doing the comprehensive study.

Ken Junkert: Commissioner goes and raises money. That money will travel directly from the organization directly to NDSU. That's where you need the special fund authority.

Doug Goehring: I'd forego that then because they could write a check directly to NDSU. Just work with each organization and wouldn't need any amendments.

Senator Wanzek: Just about can't spend \$1 without having legislative authority.

Senator Grabinger: You said you'd go along or make this work. Those 2 FTE's, is there something in here that help you keep the FTEs?

Doug Goehring: I really appreciate the sentiments on this. Wondered how to approach this and don't have much wiggle room in operations. One of the things we've struggled with is, if I keep an employee I don't have the operating money to put them out on the road to do the work they need to do. Then I have a warm body sitting at a computer and not serving the people like he'd like. Maybe in two years, we could get things back.

(0:39:31) Senator Bowman: The last forecast was low, but hope things will come back.

Doug Goehring: We'd thank you and appreciate your support.

Alex Cronquist: The only change in this budget would be health insurance.

Senator Grabinger: Move to draft an amendment with the health insurance change.

Senator Wanzek: Seconded the motion.

Senator Bowman: All in favor - Voice vote carried.

Closed the hearing on HB 1009.

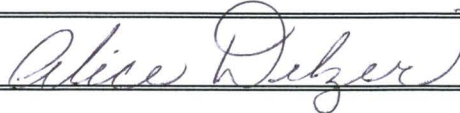
2017 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1009
3/28/2017
JOB # 29741

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A DO PASS AS AMENDED for the Ag. Department

Minutes:

1. Proposed Amendment # 17.0494.02001

Chairman Holmberg: called the Committee to order on HB 1009. All committee members were present. Lori Laschkewitsch, OMB and Chris Kadmas, Legislative Council were also present.

Chairman Holmberg: asked Senator Bowman if he would make a motion to adopt the amendment.

V. Chairman Bowman: moved the amendment to correct the health insurance provisions in 1009. Amendment # 17.0494.02001. 2nd by Senator Grabinger.

Chairman Holmberg: Would you call the roll on the proposed amendment?

A Roll Call vote was taken. Yea: 14; Nay: 0; Absent: 0.

Chairman Holmberg: Could we have a motion for a Do Pass as Amended on HB 1009?

V. Chairman Bowman: Moved a Do Pass as Amended. 2nd by Senator Grabinger.

A Roll Call vote was taken. Yea: 14; Nay: 0; Absent: 0. V. Chairman Bowman will carry the bill.

The hearing was closed on HB 1009.

CU
 3/28/17
 1 of 2

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1009

Page 1, remove lines 13 through 23

Page 2, replace line 1 with:

"Salaries and wages	\$12,534,265	(\$161,316)	\$12,372,949
Operating expenses	6,419,121	1,025,215	7,444,336
Capital assets	8,000	5,000	13,000
Grants	8,392,774	545,000	8,937,774
Board of animal health	1,006,773	(141,055)	865,718
Wildlife services	1,401,257	6,743	1,408,000
Crop harmonization board	75,000	0	75,000
Pipeline restoration and reclamation oversight program	<u>400,000</u>	<u>(200,000)</u>	<u>200,000</u>
Total all funds	\$30,237,190	\$1,079,587	\$31,316,777
Less estimated income	<u>20,276,053</u>	<u>1,931,623</u>	<u>22,207,676</u>
Total general fund	\$9,961,137	(\$852,036)	\$9,109,101"

Page 2, line 4, replace "\$208,923" with "\$188,477"

Page 2, line 4, replace "\$114,802" with "\$101,972"

Page 2, line 5, replace "\$1,249" with "\$1,241"

Page 2, line 6, after "FUNDING" insert "- EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-SIXTH LEGISLATIVE ASSEMBLY"

Page 2, line 7, after "biennium" insert "and the 2017-19 biennium one-time funding items included in the appropriation in section 1 of this Act"

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1009 - Department of Agriculture - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$12,534,265	\$12,387,671	(\$14,722)	\$12,372,949
Operating expenses	6,419,121	7,444,336		7,444,336
Capital assets	8,000	13,000		13,000
Grants	8,392,774	8,937,774		8,937,774
State Board of Animal Health	1,006,773	865,718		865,718
Wildlife services	1,401,257	1,408,000		1,408,000
Crop Harmonization Board	75,000	75,000		75,000
Pipeline restoration and reclamation	400,000	200,000		200,000
Total all funds	\$30,237,190	\$31,331,499	(\$14,722)	\$31,316,777
Less estimated income	<u>20,276,053</u>	<u>22,214,433</u>	<u>(6,757)</u>	<u>22,207,676</u>
General fund	\$9,961,137	\$9,117,066	(\$7,965)	\$9,109,101
FTE	77.00	73.00	0.00	73.00

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

CR
3/28/17
20P2

	Adjusts Funding for Health Insurance Increases ¹	Total Senate Changes
Salaries and wages	(\$14,722)	(\$14,722)
Operating expenses		
Capital assets		
Grants		
State Board of Animal Health		
Wildlife services		
Crop Harmonization Board		
Pipeline restoration and reclamation		
Total all funds	(\$14,722)	(\$14,722)
Less estimated income	(6,757)	(6,757)
General fund	(\$7,965)	(\$7,965)
FTE	0.00	0.00

¹ Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month. Section 2 of the bill is also adjusted to reflect the revised premium rate.

**2017 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1009**

Senate Appropriations 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 draft an amendment that includes the health care change.

Motion Made By Senator Grabinger Seconded By Senator Wanzek

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg			Senator Mathern		
Vice Chair Krebsbach			Senator Grabinger		
Vice Chair Bowman			Senator Robinson		
Senator Erbele					
Senator Wanzek					
Senator Kilzer					
Senator Lee					
Senator Dever					
Senator Sorvaag					
Senator Oehlke					
Senator Hogue					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Voice Vote – all in favor.

Date: 3-28-17

Roll Call Vote #: 1

**2017 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1009**

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: 17.0494.02001

- 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 Bowman Seconded By Grabinger

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		Senator Mathern	✓	
Vice Chair Krebsbach	✓		Senator Grabinger	✓	
Vice Chair Bowman	✓		Senator Robinson	✓	
Senator Erbele	✓				
Senator Wanzek	✓				
Senator Kilzer	✓				
Senator Lee	✓				
Senator Dever	✓				
Senator Sorvaag	✓				
Senator Oehlke	✓				
Senator Hogue	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment _____

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

Date: 3-28-17

Roll Call Vote #: 2

**2017 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1009**

Senate Appropriations 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 Bowman Seconded By Grabinger

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		Senator Mathern	✓	
Vice Chair Krebsbach	✓		Senator Grabinger	✓	
Vice Chair Bowman	✓		Senator Robinson	✓	
Senator Erbele	✓				
Senator Wanzek	✓				
Senator Kilzer	✓				
Senator Lee	✓				
Senator Dever	✓				
Senator Sorvaag	✓				
Senator Oehlke	✓				
Senator Hogue	✓				

Total (Yes) 12 No 0

Absent 0

Floor Assignment Bowman

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

REPORT OF STANDING COMMITTEE

HB 1009, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1009 was placed on the Sixth order on the calendar.

Page 1, remove lines 13 through 23

Page 2, replace line 1 with:

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Renumber accordingly

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House Bill No. 1009 - Department of Agriculture - Senate Action

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Salaries and wages	\$12,534,265	\$12,387,671	(\$14,722)	\$12,372,949
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General fund	\$9,961,137	\$9,117,066	(\$7,965)	\$9,109,101
FTE	77.00	73.00	0.00	73.00

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

Adjusts Total Senate

	Funding for Health Insurance Increases ¹	Changes
Salaries and wages	(\$14,722)	(\$14,722)
Operating expenses		
Capital assets		
Grants		
State Board of Animal Health		
Wildlife services		
Crop Harmonization Board		
Pipeline restoration and reclamation		
Total all funds	(\$14,722)	(\$14,722)
Less estimated income	(6,757)	(6,757)
General fund	(\$7,965)	(\$7,965)
FTE	0.00	0.00

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2017 TESTIMONY

HB 1009

Att 1 HB 1009
1-9-2017



North Dakota
Department of Agriculture

Doug Goehring, Commissioner

**BUDGET
PRESENTATION
FOR THE
2017-19 BIENNIUM**

HB 1009 & HB 1069

NORTH DAKOTA HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE

EDUCATION AND ENVIRONMENT DIVISION

REPRESENTATIVE DAVID MONSON, CHAIRMAN

JANUARY 9, 2017

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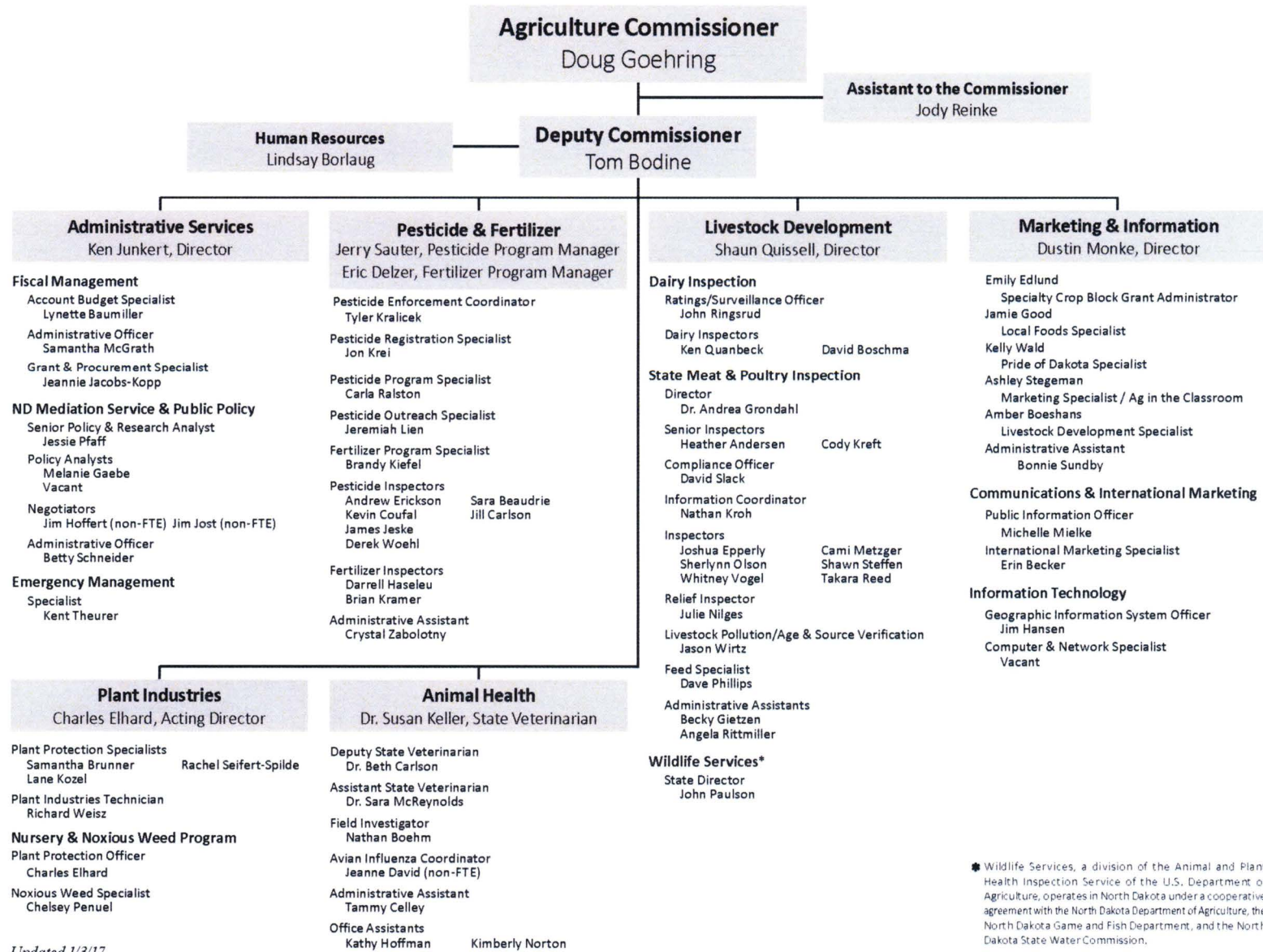
Vision

To provide North Dakota agriculture with the services and leadership necessary to make North Dakota the trusted provider of the highest quality food in the world with prosperous farms, thriving rural communities and world class stewardship of resources.

Mission

The North Dakota Department of Agriculture fosters the long-term well-being of North Dakota by promoting a healthy economic, environmental and social climate for agriculture and the rural community through leadership, advocacy, education, regulation and other services. To carry out its mandate, the Department of Agriculture is committed to the following responsibilities:

- Serving as an advocate for farmers, ranchers and our rural communities.
- Providing services that ensure safe, high-quality and marketable agricultural products.
- Developing and expanding markets for agricultural products.
- Reducing the risk of financial loss to agricultural producers and to buyers and sellers of agricultural commodities.
- Ensuring compliance with the law through understandable regulations, information, education and even-handed enforcement.
- Ensuring human safety and protecting the environment through proper use of pesticides.
- Providing services to reduce agricultural losses from noxious weeds, animal depredation, insects and diseases.
- Ensuring the quality and availability of pesticides, fertilizers, veterinary medicines and animal feeds through testing and registration.
- Protecting and improving the health, welfare, quality and marketability of livestock and other domestic animals.
- Gathering and disseminating information concerning agriculture to the general public.
- Providing fair and timely dispute resolution services to agricultural producers, creditors and others.



Updated 1/3/17

* Wildlife Services, a division of the Animal and Plant Health Inspection Service of the U.S. Department of Agriculture, operates in North Dakota under a cooperative agreement with the North Dakota Department of Agriculture, the North Dakota Game and Fish Department, and the North Dakota State Water Commission.

Ken Junkert, Director

Administrative Services Division

Administrative Services includes the fiscal management, policy development, emergency management and human resources in the North Dakota Department of Agriculture (NDDA). The division also administers the North Dakota Mediation Service and the Pipeline Reclamation Pilot Program.

Fiscal Management

- Oversees the development and tracking of the department's budget.
- Processes payroll.
- Pays all bills and deposits all revenues.
- Reviews and approves contracts.
- Ensures compliance with state and federal laws relating to the department's finances; including expenditure tracking and filing of required reports to federal agencies.
- Responsible for procurement of goods and services for the department.

Policy Development

- Researches and analyzes agriculture, energy, water, infrastructure and trade policy for the agriculture commissioner.
- Responds to public information requests.

Emergency Management

- Plan, implement and evaluate strategic emergency management plans.
- Develop and conduct training and education on risk management, loss control and general safety issues.

Human Resources

- Responsible for human resource activities, including recruitment and training.

	HB 1009	HB 1069
Salaries	\$2,359,131	\$2,665,076
Operating	635,815	1,683,872
Pipeline Rec	400,000	0
Total	\$3,394,946	\$4,348,948
General	\$2,532,324	\$2,477,501
Federal	295,843	565,305
Special	566,779	1,306,142
Total	\$3,394,946	\$4,348,948

North Dakota Mediation Service

- Offers negotiation and mediation services to resolve differences among creditors, farmers and others.
- Offers assistance for beginning farmer loan applications and farm program paperwork.
- Provides financial counseling.
- Offers mediation to address energy-related issues.
- Offers conflict resolution services to resolve deer depredation disputes.

Pipeline Reclamation Pilot Program

- Connects landowners and tenants experiencing pipeline reclamation issues with an ombudsman to help reach reasonable resolutions.
- Provides technical education, support and outreach on pipeline-related matters.

Charles Elhard, Acting Director Plant Industries Division

Plant Industries includes the noxious weeds, plant protection, apiary, waterbank and industrial hemp programs.

Noxious Weeds

- Distributes state and federal funds for noxious weed control to weed boards.
- Manages federal grants for noxious and invasive weeds.
- Coordinates statewide biological weed control and obtains and distributes biological weed agents.
- Assists county and city weed boards in field days and weed management.
- Assists the general public with weed identification and control.
- Trains and assists weed boards with GPS/GIS mapping technology.
- Administers the Weed Seed Free Forage program.

Plant Protection

- Surveys for exotic pests such as exotic moths, nematodes and emerald ash borer that threaten North Dakota agriculture and horticulture.
- Surveys for pests, various diseases, insects and nematodes including: Japanese beetle, Karnal bunt, dwarf bunt, cereal leaf beetle, soybean cyst nematode, potato cyst nematode and clubroot in canola to enable export of agricultural products.
- Licenses and inspects nursery dealers and growers.
- Provides export certification/phytosanitary services for export of agricultural products.
- Reviews biotechnology permits.

	HB 1009	HB 1069
Salaries	\$1,178,549	\$1,175,629
Operating	830,089	793,091
Grants	1,448,174	1,750,274
Total	\$3,456,812	\$3,718,994
General	\$884,736	\$987,571
Federal	726,418	598,102
Special	1,845,658	2,133,321
Total	\$3,456,812	\$3,718,994

Special Programs

- Conducts the State Waterbank program.
- Administers the industrial hemp program.

Apiary

- Licenses beekeepers.
- Registers and maps apiary locations.
- Inspects bees and issues health certificates for migratory movement.
- Investigates and responds to bee complaints.
- Visits apiaries and ensures compliance with the bee law.
- Administers the Honey Fund.
- Oversees the pollinator plan to enhance communication and emphasize best management practices for stakeholders.

Shaun Quissell, Director Livestock Development Division

Livestock Development includes livestock licensing, dairy/poultry, livestock pollution prevention, wildlife services, state meat & poultry inspection, livestock development and feed.

Livestock Licensing

- Licenses and establishes bonds for livestock dealers and auction markets.
- Monitors financial conditions of dealers and auction markets.

Dairy/Poultry

- Inspects dairy farms for sanitation, facilities, equipment, water purity and proper drug usage and storage.
- Inspects dairy processing plants and milk transfer stations for sanitation facilities equipment.
- Samples dairy products.
- Monitors financial conditions of milk buyers.
- Conducts Grade A survey work.
- Inspects manufacturing grade plants and transfer stations under agreement with USDA.
- Inspects distribution facilities, milk bulk trucks and samplers/haulers.
- Inspects licensed commercial egg producers.
- Licenses and sets bonds for hatcheries.

Livestock Pollution Prevention

- Helps livestock producers install manure containment systems through cost-share funding assistance.
- Advises producers on nutrient management, project planning, regulations and manure containment.

Wildlife Services

- Reduces wildlife depredation and damage to property (conducted by USDA Wildlife Services in cooperation with NDDA, State Water Commission and ND Game and Fish Department).

State Meat & Poultry Inspection

- Trains, certifies and inspects meat processing facilities participating in the program.
- Inspects custom-exempt processing plants.

	HB 1009	HB 1069
Salaries	\$3,440,246	\$3,443,242
Operating	1,551,823	1,592,489
Grants	1,050,000	1,050,000
Wildlife Services	1,401,257	1,417,400
Total	\$7,443,326	\$7,503,131
General	\$2,842,991	\$2,720,720
Federal	2,941,172	3,151,688
Special	1,659,163	1,630,723
Total	\$7,443,326	\$7,503,131

- Inspects retail outlets for country-of-origin labeling.
- Enforces meat and poultry processing regulations.
- Grades livestock carcasses at official state and/or federal establishments as requested.
- Provides consultation and education to the meat and poultry industry.
- Ensures proper label use by the industry.

Livestock Development

- Conducts age/source verification.
- Assists producers and processors in expanding and promoting the state's livestock industry.
- Works with the North Dakota Dairy Coalition to expand the state's dairy industry.

Feed

- Registers all pet food sold in the state.
- Maintains a label file of commercial feeds sold in the state.
- Licenses commercial feed manufacturers and retailers.
- Samples feed products to ensure that nutritional content matches label claims.
- Inspects medicated feed plants.
- Verifies manufacturer and producer compliance with federal requirements to prevent bovine spongiform encephalopathy (BSE).
- Implement the state animal drug residue program.
- Provide producer outreach for the Veterinarian Feed Directive.

Dustin Monke, Director

Marketing & Information Division

Marketing and Information provides education, promotion and market enhancement programs to increase sales of North Dakota agricultural commodities and value-added agricultural products in international, domestic and local markets.

Marketing

- Administers the Pride of Dakota (POD) program, including Holiday Showcases, annual meeting and other events.
- Provides trade show assistance to ND companies.
- Oversees wine development and promotion.
- Administers the Turkey Fund.
- Conducts and participates in international trade events.
- Supports and coordinates with Food Export-Midwest Association.
- Conducts market research for ND companies to help them expand their business domestically and internationally.
- Conducts exporter training programs around the state for ND companies.
- Administers community orchard grants.
- Administers local foods initiative.
- Administers farm-to-school programs.
- Administers specialty crop grants.
- Administers organics program.
- Administers organic certification reimbursement grants.
- Operates the mobile food processing unit.
- Organizes the annual meeting of the agriculture commissioner and the commodity councils.
- Organizes an annual local foods conference.

Public Information

- Writes and edits department publications, including news releases, brochures and reports.
- Responds to public information requests.

	HB 1009	HB 1069
Salaries	\$1,783,058	\$1,621,773
Operating	1,774,692	1,640,551
Capital Assets	8,000	13,000
Grants	5,894,600	6,023,500
Total	\$9,460,350	\$9,298,824
General	\$2,233,046	\$1,952,937
Federal	6,283,722	6,307,436
Special	943,582	1,038,451
Total	\$9,460,350	\$9,298,824

Agriculture in the Classroom

- Helps K-12 teachers integrate agriculture information into science, math, social studies and language curricula.
- Supports Project Food, Land & People which provides hands-on lessons to help students better understand the relationships between the world's environment, agriculture and people.
- Publishes the Ag Mag three times a year for third-, fourth- and fifth-graders.
- Underwrites FFA Foundation mini-grants for agriculture-related projects, units and lessons used by school-age children.

Information Technology

- Maintains desktop support contract with ITD.
- Maintains all desktop and wireless phones.
- Maintains department websites, email and intranet.
- Conducts GIS mapping for other department programs and works with other agencies to provide GIS mapping technology and expertise.

Dr. Susan Keller, State Veterinarian Animal Health Division

The Animal Health Division protects the health of domestic animals and non-traditional livestock, and administers all rules and orders of the State Board of Animal Health (BOAH).

- Monitors and regulates animal imports and exports.
- Traces animal movements as part of disease investigations.
- Issues and maintains records of official USDA tags and official state certificates of veterinary inspection.
- Conducts a Johne's disease control program.
- Conducts the National Scrapie Eradication program.
- Investigates suspected cases of foreign animal and emerging diseases.
- Responds to complaints of inhumane treatment of animals.
- Coordinates pet sheltering during disasters.
- Conducts tuberculosis, brucellosis and other disease investigations.
- Reviews testing information and granting status for tuberculosis-accredited herds, brucellosis-certified herds statuses and Brucella ovis-free flocks.
- Administers non-traditional livestock and farmed elk regulations.
- Issues permits to possess, propagate or domesticate live protected birds or animal species for North Dakota Game and Fish Department.
- Provides chronic wasting disease testing training and oversight.
- Oversees feral swine investigations.
- Works with ND Department of Health on zoonotic disease issues.
- Provides oversight on proper carcass disposal.
- Inspects auction markets and approves veterinarians to provide market services.

	HB 1009	HB 1069
Salaries	\$1,475,132	\$1,405,271
BOAH	1,006,773	866,473
Total	\$2,481,905	\$2,271,744
General	\$1,468,040	\$1,384,776
Federal	737,054	607,503
Special	276,811	279,465
Total	\$2,481,905	\$2,271,744

- Monitors for novel swine enteric coronavirus diseases.
- Provides inspection services at the ND State Fair.
- Registers feedlots.
- Licenses rendering facilities.
- Registers veterinary medicines used in the state.
- Licenses dealers of modified live vaccines.
- Conducts avian influenza testing through USDA Avian Health Co-op Agreement.
- Coordinates the National Poultry Improvement Plan in the state.
- Trains and coordinates a Reserve Veterinary Corps to assist in emergency situations.
- Participates in animal emergency preparedness and response on state, regional and national levels.
- Cooperates with other state and federal animal health officials regionally and nationally to guide national animal health policy.
- Monitors and reports diseases on state and national levels.
- Provides education and outreach for practicing veterinarians and the livestock industry.
- Maintains the state's animal traceability database.

Jerry Sauter & Eric Delzer, Program Managers Pesticide & Fertilizer Division

The Pesticide and Fertilizer Division regulates pesticides, fertilizers and anhydrous ammonia to protect human health and the environment.

Pesticides

- Conducts inspections of pesticide dealers, users and repackaging facilities to ensure compliance with laws and regulations.
- Provides outreach to inform the public of state and federal pesticide requirements.
- Prepares and submits emergency and special local needs exemption requests to ensure North Dakota producers have access to necessary pest management tools - i.e. Section 18 and 24(c) requests.
- Registers all pesticides—herbicides, fungicides, rodenticides, insecticides, avicides and disinfectants—sold in ND and approves product labeling.
- Conducts Project Safe Send; an annual, statewide collection of unusable pesticides.
- Works with EPA on national pesticide regulatory and policy issues.
- Conducts risk assessments, receives public input, and offers data and recommendations to EPA to mitigate risk of pesticides to threatened and endangered species as part of the ND Endangered Species Protection Plan.
- Investigates and responds to pesticide contamination of groundwater and surface water resources.
- Investigates complaints of pesticide misuse and other violations.
- Administers and enforces the federal Worker Protection Standard to protect workers who handle and use pesticides.

	HB 1009	HB 1069
Salaries	\$2,298,149	\$2,350,643
Operating	1,626,702	1,756,095
Harmonization Bd	75,000	75,000
Total	\$3,999,851	\$4,181,738
General	\$0	\$0
Federal	831,376	865,669
Special	3,168,475	3,316,069
Total	\$3,999,851	\$4,181,738

Fertilizer

- Licenses fertilizer distributors.
- Registers fertilizer products and approves product labeling.
- Samples fertilizer products to ensure claims match labels.
- Licenses anhydrous ammonia storage facilities.
- Conducts inspections of anhydrous ammonia storage facilities and nurse tanks to ensure compliance with federal requirements.
- Administers the Risk Management Program for agricultural anhydrous ammonia facilities and inspects facilities to ensure compliance with federal requirements.
- Provides outreach and compliance assistance to the fertilizer industry and anhydrous ammonia users.
- Audits fertilizer distributors to ensure compliance with annual fertilizer tonnage reporting.

Ongoing Funding Increases/Decreases

request

2013-2015 Biennium

Amount

ITD desktop support (General Funds)	\$48,000
Oil mediation (General Funds)	100,000
Specialty Crop Block Grant (Federal Funds)	625,000
Wine research/promotion grants (General Funds)	<u>80,000</u>
TOTAL:	\$853,000

2015-2017 Biennium

Amount

Monitoring/inspecting apiary/EAB/Japanese beetle (General Funds)	\$82,297
ITD desktop support (General Funds)	352,912
Specialty Crop Block Grant (Federal Funds)	<u>3,827,946</u>
TOTAL:	\$4,263,155

2015-17 Biennium Adjusted Appropriation

Line Item	Original Approp	Special Session Reductions	Emerg Comm Adjustments	Adjusted Approp	% Authority Remaining (Dec. 2016)
Salaries	\$12,847,201	(\$312,936)	\$81,500	\$12,615,765	31%
Operating	6,877,069	(307,726)	148,000	6,717,343	49%
Capital Assets	8,000	0	0	8,000	4%
Grants	10,640,774	(94,862)	0	10,545,912	55%
BOAH	1,033,665	(26,892)	0	1,006,773	54%
Wildlife Services	1,417,400	(16,143)	0	1,401,257	50%
Pipeline Reclamation	400,000	0	0	400,000	61%
Crop Harmonization Board	<u>75,000</u>	<u>0</u>	<u>0</u>	<u>75,000</u>	39%
Totals	\$33,299,109	(\$758,559)	\$229,500	\$32,770,050	

Effects of the Reductions on the 2015-17 Budget

- The salary line was cut by over \$300,000; therefore, the Department wasn't able to fill some positions and delayed hiring others.
- The operating line was cut by over \$300,000. This included \$100,000 reduction for the department website redesign and the information technology study.
- The grant line was cut by almost \$100,000 impacting grants to wine and grape producers, apiary researchers, and the National Agricultural Genotyping Center.
- The Board of Animal Health line item cut by almost \$30,000 reduced the amount of Johnes testing, Reserve Corps Veterinarians training, and travel.
- The Wildlife Services program was cut by over \$16,000. This cut provided decreased services to reduce wildlife depredation and damage to property.

Major Variances in Spending Authority

The primary variance in the operating line item is due to decreased travel, advertising, printing, service contracts, cell phones, and miscellaneous supplies. The primary variance in the grants line is due to the timing of grant payments. The bulk of the grant line payments will occur near the end of the current biennium for programs associated with local support of weed control, Specialty Crop Block grants, and livestock pollution control. Also, the BOAH line item has extra spending authority due to unexpended avian influenza federal funds.

2017-19 Reductions to Meet 90% Budget

Salary Line

- Cut 1 FTE (Position No. 6335; Administrative Assistant I, Class 0041).
- Cut 2 temporary employees (Plant Protection Specialist and Marketing Specialist Intern).

Operating Line

- Reduced travel.
- Reduced printing, postage, supplies, meeting space rental, data processing, cell phones, and IT equipment.
- Eliminated the Williston Pride of Dakota Holiday Showcase.

Board of Animal Health Line Item

- Reduced IT software and miscellaneous supplies.
- Reduced Johnes testing and other disease testing costs.

2017-19 Executive Budget Changes

Salary Line

- Cut additional FTE (Position No. 6340; Ag Program Coordinator, Class 6021).

Operating Line

- Added \$1 million from the Strategic Investment and Improvements Fund to the Federal Environmental Law Impact Review Fund for the purpose of covering expenses related to the waters of the United States lawsuit.

Pipeline Reclamation Pilot Program Line Item

- Cut \$400,000 to zero out line item due to sunset of the program.

2013-15 Biennium Audit Report

The audit for the biennium ended June 30, 2015 contained no formal audit recommendations.

Federal Funding Changes

The Department of Agriculture is not aware of any potential changes in the level of federal funding at this time. The upcoming administration change may play a role in federal funding availability. The Department's ongoing frustration with federal funding revolves around delayed notice of final grant awards every fiscal year. Notification of grant awards can be delayed as long as eight months into the federal fiscal year.

Additional Requests

National Agricultural Genotyping Center (NAGC)

This optional funding request provides a grant for NAGC located in Fargo. Grant funds will be used to establish a separate prion testing laboratory to better serve chronic wasting disease program needs, develop honeybee disease panel assays and other assays as needed to support the apiary industry, develop agronomic tests to sugarbeet, corn, and soybean producers, and provide general operating support. Funding will also continue to support cost effective methods of utilizing existing research infrastructure to collaborate with United States Department of Agriculture, Los Alamos National Laboratories, North Dakota State University, and other research scientists. Priority is given to hiring NDSU graduates; thereby keeping researchers skilled in genetics, microbiology, biotechnology and molecular biology in the state.

Total request: \$250,000 (grant line item)

Industrial Hemp Program

This optional funding request provides operating support for the expanding industrial hemp program. Industrial hemp may be grown in the state only by authorization of the agriculture commissioner through the Industrial Hemp Pilot Program or by institutions of higher education for agricultural or academic research authorized by the Agricultural Act of 2014. In order to properly monitor industrial hemp production as required by law, state funds are needed to cover costs associated with field monitoring, including laboratory testing and other associated operating costs.

Total request: \$64,000 (operating line item)

Grants Line Item Spending Authority Adjustment

HB 1009 does not contain any special fund authority for the Waterbank program in the Grants Line Item. The State Waterbank Program focuses on managing water in wet conditions and compensating landowners for flooded acres and their surrounding areas. Eligible lands for the program include flooded agricultural land and naturally occurring wetlands. Up to \$1.2 million will be made available to landowners over the next several biennia. Funding has been made available through the North Dakota Outdoor Heritage Fund.

Total request: \$300,000 (grant line item)

Waterbank Program—Matching Funds

The Department is requesting language from Section 7 of HB 1069 to be included in the final appropriations bill. This authority allows the Department to use up to \$50,000 from the general fund for matching funds for the North Dakota Outdoor Heritage Fund grant provided for the Waterbank Program.

Summary

Agriculture Commissioner's Budget

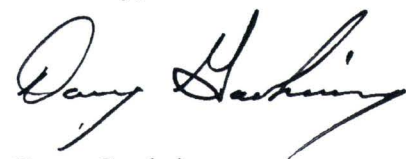
	<u>HB 1009</u>	<u>HB 1069</u>
Sources:		
General Funds	\$9,961,137	\$9,523,505
Federal Funds	11,815,585	\$12,095,703
Special Funds	8,460,468	\$9,704,171
Total	\$30,237,190	\$31,323,379
FTEs	77	75

The work of the North Dakota Department of Agriculture is vital to our state's most important industry. Although the department is one of the smallest of its kind in the United States, its personnel administer and deliver a wide variety of programs and services for the benefit of the state's rural community and all of our citizens.

This budget presentation was designed to help members of the North Dakota Legislature determine spending priorities for the 2017-2019 biennium.

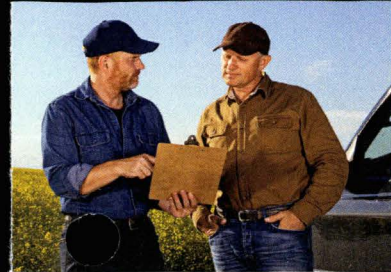
My staff and I welcome the interest and questions of the Legislature and all North Dakota citizens regarding the work of the North Dakota Department of Agriculture.

Sincerely,



Doug Goehring
Agriculture Commissioner

Att 2 - HB 1009 HB 1069
1-9-2017



PIPELINE RESTORATION AND RECLAMATION OVERSIGHT PILOT PROGRAM

The North Dakota Department of Agriculture's pipeline restoration and reclamation oversight program connects landowners and tenants experiencing pipeline reclamation and restoration issues with an independent ombudsman, a third party resource to help reach a reasonable resolution.

The program also provides educational outreach to help landowners/tenants consider things such as pipeline pathways, type of pipeline installation, soil impacts, type of vegetation being reestablished, timelines and other issues before signing agreements.

Vision Statement

The ombudsmen are the recognized lead facilitators for promoting fairness when resolving pipeline reclamation and restoration issues, concerns, and disputes.

Mission Statement

To enhance landowner trust and cooperation in North Dakota's energy development future by providing timely, effective, and impartial complaint management between surface owners/tenants and pipeline companies.

Values

These values guide activities and actions of the pilot program. They demonstrate the agriculture commissioner's belief that the manner in which the pilot program is administered must be purposeful in progressing the goals North Dakota is trying to achieve by creating the pilot program.

The pilot program values:

- Fairness
- Respect
- Integrity
- Equity

This pilot program also values a working environment that fosters innovation and collaboration.



AGRICULTURE COMMISSIONER
DOUG GOEHRING

PILOT PROGRAM PROCESS

The ombudsmen proceed by way of independent and impartial examinations initiated upon complaints by surface owners/tenants. The ombudsman's objective is to develop a service culture characterized by fairness, dedication, openness, and accountability. The ombudsmen may use informal facilitation or recommend mediation to avoid actions that can be costly and damaging to the surface owner/tenant and the pipeline company.

NDDA will:

Establish methods for surface owners/tenants to issue complaints

Complaints will be taken by:

Phone

Email

Web

Personal interview

Establish a method to track and assign complaint cases to an ombudsmen

Prepare periodic reports to the agriculture commissioner regarding pilot program activity

Contract with qualified ombudsmen

The ombudsman will:

Make initial contact with the surface owner/tenant within 48 hours of receiving the complaint

Conduct a site examination with the surface owner/tenant and document all issues associated with the complaint

Meet with surface owner/tenant and pipeline company on site to review reclamation/restoration issues

Work with surface owner/tenant and pipeline company to develop a plan and timeline to address the complaint

Periodically monitor agreed upon reclamation/restoration site work

Provide final report to the agriculture commissioner



Site prior to reclamation



Same site after reclamation

The ombudsman will not:

Provide legal counsel or assistance in negotiating an easement

Interfere with or supersede any agreements between surface owners/tenants and pipeline companies

Conduct any regulatory functions

Investigate any pipeline installed before January 1, 2006

Investigate any pipeline regulated by the Public Service Commission under North Dakota Century Code Title 49.

THE OMBUDSMAN

Ombudsman

Noun [om•buds•man]

Definition: One who investigates, reports on, and helps settle complaints.

The ombudsman will manage complaint cases by receiving, reviewing, and attempting to resolve complaints from surface owners/tenants. In addition, the ombudsman will analyze complaint data and provide the agriculture commissioner with recommendations for the improvement of the pilot program. The ombudsman will have frequent contact with surface owners/tenants, and representatives from pipeline companies by conducting outreach and managing complaints.

Knowledge, Skills, and Abilities

To be an effective ombudsman, the individual must have the following attributes:

- Concern for fairness
- Effective consensus-building and facilitator skills
- Good listening skills
- Established analytical ability
- Effective stress management skills
- General knowledge of subject matter
- Keep professionally current by pursuing continuing education and training

Primary Functions

An ombudsman has the following primary functions:

- Problem prevention
- Conflict resolution
- Communication facilitation

Functional Description

The ombudsman will:

- Serve as a designated neutral resource for surface owners and tenants to raise concerns and request assistance to informally resolve conflicts and problems
- Monitor and track inquiries, complaints, and disputes
- Seek to provide effective and equitable conflict resolution
- Focus on customer service to provide an identifiable and accessible process for receiving complaints and resolving disputes
- Direct surface owners/tenants to the correct process or agency (outside the ombudsman program) when appropriate
- Make recommendations to the agriculture commissioner if a general problem trend is identified

PILOT PROGRAM GOALS

- 1 Recognized Resource**
We are a resource that can evaluate issues and identify options after an impartial review of the complaint
- 2 Create Trust**
Create surface owner/tenant trust in working with pipeline companies by creating a venue to address concerns and enhance communication
- 3 Save Resources**
Save valuable resources by preventing disputes and resolving them in a timely manner in place of costly litigation
- 4 Balanced Approach**
Support surface owners/tenants and the energy industry by using a non-regulatory approach to balance land use needs and foster the relationship between land stakeholders

PILOT PROGRAM OBJECTIVE STATEMENTS

- Pipeline reclamation and restoration problems addressed in the early stages have a higher degree of resolution and can often be resolved before further erosion of confidence by the surface owner/tenant and before loss of productivity by both parties
- Effective education of key stakeholders regarding the goals of the program will create buy-in and cooperation
- The ombudsman does not necessarily have to identify the solution to a problem but will be most successful by helping surface owners/tenants and pipeline companies identify and carry out solutions
- The ombudsman must be an effective consensus-builder and facilitator

PROGRAM ASSESSMENT

NDDA will use customer satisfaction surveys and stakeholder interviews to complete an annual program assessment.

FOR FURTHER INFORMATION

North Dakota Department of Agriculture
600 E. Boulevard Ave., Dept. 602
Bismarck, ND 58505-0020
701-328-2231 or 800-242-7535
www.nd.gov/ndda



The North Dakota
Department of Agriculture
is an equal opportunity
employer and provider

May 2016



Reclamation

- Define goals/timeframes for successful land recovery
 - Vegetation restoration
 - Weed control
 - Topographic feature recovery
- Disturbed areas should be monitored and documented to ensure land recovery goals will be met
 - Determine the duration and frequency of monitoring and maintenance

Point of Contact

Clearly identify the pipeline company contact who will be working with you throughout the entire process.

To find pipeline company contacts, go to www.ndoil.org → Oil Can! → Easement Information Center → Pipeline Company Contact Information.

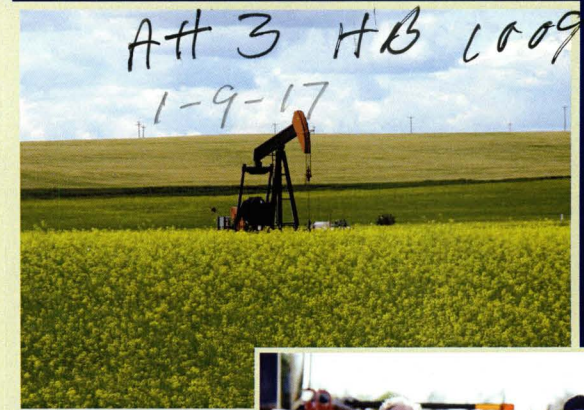
To request gathering line data, go to www.dmr.nd.gov → Oil and Gas Division Website → Gathering Pipelines → Request Information About Gathering Lines On Your Land.

Pipeline Reclamation Problems? WE CAN HELP!

The North Dakota Department of Agriculture's pipeline and reclamation oversight pilot program connects landowners and surface tenants experiencing pipeline reclamation issues with an independent ombudsman. The role of the ombudsman is to help surface owners/tenants and pipeline companies identify and bring resolution to pipeline reclamation issues.

Pipeline reclamation problems addressed in the early stages have a higher degree of resolution and can often be resolved before further erosion of confidence and loss of productivity by all parties.

If you are not getting an adequate response for pipeline reclamation problems directly from the pipeline company, contact the North Dakota Department of Agriculture at 1-800-242-7535 or go to our website at www.nd.gov/ndda to request assistance in resolving them.



LANDOWNER TIPS FOR SUCCESSFULLY WORKING WITH PIPELINE COMPANIES



AGRICULTURE COMMISSIONER
DOUG GOEHRING

NORTH DAKOTA DEPARTMENT OF AGRICULTURE

600 E. Boulevard Ave., Dept. 602

Bismarck, ND 58505-0020

(701) 328-2231

(800) 242-7535

FAX: (701) 328-4567

www.nd.gov/ndda

*The North Dakota Department of Agriculture
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Surface owners and tenants are in the best position to identify concerns or potential problems that may occur from pipeline installation. Consider the following as you work with the pipeline company to successfully site a pipeline on your land. Your efforts will improve communication and avoid many issues before problems occur.

Pipeline Route

If you have concerns with the pipeline route, work with the pipeline company to adjust, determine or evaluate an alternative route. Also, consider current and future land use needs which may be impacted by the pipeline route and easement restrictions.

Landowner Considerations:

- Document, inventory and photograph the landscape before and after pipeline installation. This will be helpful in determining your landscape recovery goals
- Identify current and future land use
 - Farmland
 - Hay land
 - Rangeland/pasture
 - Landowner/surface tenant access points
 - Livestock grazing (grazing periods/when in use)

2



- Fences/gates
- Corrals
- Outbuildings
- Sensitive areas (e.g. springs)
- Consider vegetation, soil and topography.
 - Present plant species
 - Future plant species
 - Noxious weed control
 - Topsoil depth
 - Subsoil properties
 - Landforms and water bodies
 - Slope

Easement

- Timeframe for construction
- Permanent easement width
- Construction easement width
 - Type of pipeline installation
 - ♦ Trenched
 - ♦ Plowed



- ♦ Backhoed
- Location of risers/surface structures

Pipeline Construction

Pipeline construction may affect the use of your land during and after construction. Consider the following:

- Construction timeline
- Number and size of pipes
- Pipe burial depth
- Type of pipeline
 - Oil
 - Gas
 - Water
- Erosion control
- Dust control
- Construction site cleanup
- Landowner/surface tenant easement access points

Complaint



Title 49



January 1, 2006



**Landowner/Surface
Tenant**



Ombudsman



Pipeline Company



**Reclamation
Problem Resolution**



2





H





Att 5 HB 1009
HB 1069

1/9/17

Testimony in Support of HB 1009 and 1069 and the National Agricultural Genotyping Center (NAGC)

Bart Schott, on behalf of the North Dakota Corn Growers Association

Good Morning Chairman Monson and members of the Education and Environment Division of the House Appropriations Committee. For the record my name is Bart Schott. I am a 3rd generation farmer from Kulm, ND and am former president of the National Corn Growers Association. I currently serve on the Public Policy Committee of the North Dakota Corn Growers Association. The North Dakota Corn Growers support HB 1009/HB 1069 to allow the Agriculture Department to increase their budget in support of the National Agricultural Genotyping Center (NAGC) funding.

The National Agricultural Genotyping Center (NAGC) started as a joint project of Los Alamos National Laboratories (LANL) and National Corn Growers Association (NCGA). The NAGC is now a stand-alone, not-for profit 501(c)5 corporation that specifically targets solutions for agriculture. NAGC is governed by a Board of Directors that are actively involved in agriculture production, many of which are located in North Dakota. North Dakota Corn currently holds two board seats and has committed significant funding towards this project. This producer funded enterprise has been established to benefit the producers and allows the client to request certain assays be developed, in addition to having control of their own data.

The National Laboratory is located in Fargo, ND at USDA ARS on the NDSU campus and is responsible for assay design, validation, conversion and higher level assay analysis. They are available for contract research and fee for service work.

NAGC is preparing to apply for ISO 17025 accreditation, which is a set of quality standards that applies to testing and calibration facilities. This list of requirements holds the laboratory to a higher standard of quality and testing that is internationally recognized and highly sought after by laboratories and consumers alike.

Below is a list that outlines each test that the lab currently offers and/or is currently validating in the lab in preparation to offer to producers.

1. Honey Bee Pathogen Multiplex Panel

The Honey Bee Pathogen Panel is currently offered to consumers on a fee for service basis. This test panel was developed by NAGC as a tool used to screen for the health of honey bees. NAGC's pathogen panel is specific for the following 11 viral and bacterial pathogens: Acute Bee Paralysis Virus, Black Queen Cell Virus, Kashmir Bee Virus, Lake Sinai Virus 1 and 2, American Foulbrood, Chronic Bee Paralysis Virus, Deformed Wing Virus, Israeli Acute Bee Paralysis Virus, Slow Bee Paralysis Virus, and European Foulbrood. This multi-target panel has been shown to be highly specific for each target using the unique DNA sequence from each pathogen. In addition to the cost savings, the utilization of a multiplex panel shortens the turnaround time which, in turn, heightens the throughput capacity of the laboratory.

In parallel to developing the multiplex panel for quick and reliable testing, NAGC has also conducted a 10 week study exploring storage conditions of honey bees to determine the acceptable parameters for storage, transit and detection. The preliminary data suggests that the pathogens were still detectable after 10 weeks stored at room temperature (~70F) without any decrease in sensitivity. These samples were compared to samples stored at the colder storage recommendations of -20C and 4C. NAGC also investigated higher than room temperature storage and those conditions are not recommended. They hope this new data will help support less stringent guidelines for testing and hopefully open the opportunity to testing for beekeepers that may not have access to cold transit shipping conditions.

2. Xanthomonas

The NAGC is working with the USDA and university labs to identify Xanthomonas in corn and in cotton. As the top corn producing country, there is a strong need to provide US farmers with reliable and early disease detection for a variety of pathogens, particularly for the recently confirmed Bacterial Leaf Streak Disease

(BLSD). BLSD is caused by a bacteria, *Xanthomonas vasicola* pathovar *vasculorum* (Xvv), which was thought to be restricted to South Africa. The first reported detection of Xvv in the US was in Nebraska last year (2016) and further surveying has confirmed its presence in several other states (Minnesota, South Dakota, Iowa, Colorado, Illinois, Kansas, Texas and Oklahoma) with more being added (USDA-APHIS, 2016, August 29 and Institute of Agriculture and Natural Resources, University of Nebraska-Lincoln. 2016, August 26). Symptoms of BLSD are similar to other diseases, making visual diagnosis difficult to impossible.

Due to its recent introduction to the US, the epidemiology (control and spread) of BLSD is largely unknown, but it is likely that foliar fungicides typically used against gray leaf spot will be ineffective against this bacterial disease.

Through the USDA's collaboration, the NAGC has been able to modify the initial assay to allow for a greater number of samples (high throughput) to be analyzed in a shorter period of time. This information gathered will allow for a better understanding of the transmission of the disease and protect producers from further spread within the US. There are only a few research labs that can support and are capable of developing high throughput assays using the latest molecular instrumentation that the NAGC possesses. This assay has the potential to screen other plants that may not yet be identified as alternative hosts (e.g. cotton, food crops or weeds) to the bacteria, which have been important sources in particular strains of Xv pathovars (Coutinho, et al., 2015).

Importantly, optimization of the assay will enable producers to test a variety of potential contaminated sources (farming equipment, seeds, soil), which can help market corn for exportation as well as assert liability of contamination from farming equipment that moves from field to field. Furthermore, this assay will provide a more reliable diagnosis, allowing producers to be more proactive in their management strategies.

3. Goss's Wilt

The Goss's Wilt assay is currently under development is for the specific detection of the bacterial pathogen that causes Goss's wilt and blight of corn. *Clavibacter*

michiganensis subsp. nebraskensis (Cmn), the causal organism of Goss's wilt, can infect a corn crop in any developmental stage, whether through wounds or transmitted directly through seed. Once the bacteria has colonized a crop, the surface-infested crop residue later becomes the main source of inoculum for future outbreaks of Goss's wilt and leaf blight.

NAGC is optimizing a test for high throughput capabilities, that was very recently developed by a group from the University of MN (in press, McNally et. al., 2016), which utilizes a PCR-based assay to detect, identify and quantify the causal agent of Goss's wilt (Cmn). With the expansion of the assay into a high-throughput, quantitative test, NAGC be able to provide an accurate, sensitive and affordable method for producers and researchers to assess the potential for developing Goss's wilt as a pre-screen of seed before purchase as well as detecting the organism in field samples to assess the bacterial lode in the field before planting to detecting the organism on symptomatic plant samples.

4. Fusarium

Corn has become an increasingly important crop within the state of North Dakota, where it is currently grown in every county; though the productivity and risk of production varies considerably from region to region (Ransom, 2004). Stalk and ear rot diseases of corn can be caused by many fungi and bacteria. Most of these pathogens occur commonly in the fields and behave opportunistically by primarily infecting senescing, injured or stressed plants. Several fungal species in the genus *Fusarium* are responsible for diseases such as root rot, stalk rot, ear rot, seedling blight and sudden death syndrome (Wang et al., 2015). Ear rot affects grain quality, limits the use of certain cultivars, and causes concern about toxins (fumonisin and trichothecene) in corn used for feed.

Fusarium verticillioides is reported to be the primary fungus species that causes *Fusarium* ear rot in the United States, but two other *Fusarium* species (*F. proliferatum* and *F. subglutinans*) also infect corn and cause ear rot disease. In all three species, the disease symptoms are similar, but only *F. verticillioides* and *F. proliferatum* produce fumonisins (Beck et al., 2005). The most agriculturally important *Fusarium* species that produce trichothecenes are *F. graminearum*, *F.*

culmorum, *F. sporotrichioides*, *F. poae* and *F. equiseti* (Bluhm, 2002; Jurado et al., 2005). All of these *Fusarium* species are also common fungal pathogens in cereals, particularly, head blight in small-grain crops. Thus, there is a strong need for rapid detection and identification of the *Fusarium* species, to provide guidance for corn producers on the use of fungicides either to pre-treat fields or as seed treatments.

Given the complex diversity of species and often confusing taxonomy, conventional methods to identify *Fusarium* are both labor intensive and time consuming (Bluhm et al., 2004; Demeke et al., 2005). As an alternative to conventional microbiological procedures in diagnosis, a molecular based technology offered by NAGC is a rapid and sensitive method to detect target DNA molecules.

NAGC has begun the development of a pathogen screening assay to detect *Fusarium* species in both seed and soil samples. The development of this high throughput, real-time PCR method would ultimately help establish a cost-effective monitoring regime for producers, which will help them proactively safeguard and manage their crops against future *Fusarium* outbreaks.

5. Aphid Resistance in Soybeans

In 2008, the economic loss for the soybean industry due to the presence of aphids was estimated to be approximately 4 billion U.S. dollars annually (Kim et al, 2008). Aphid infestation can decrease soybean yield as high as 50% (Wang et al., 1994; Ragsdale et al., 2007). High aphid populations can reduce crop production directly when their feeding causing severe damage such as stunting, leaf distortion, and reduced pod set (Sun et al., 1990). Although proper use of insecticides can greatly reduce the damaging effects of aphids on soybean yield, this approach is costly (~33 U.S. dollars/hectare), detrimental for the environment, and can lead to the development of insecticide resistant aphids. In addition, this practice could also adversely affect the population of insects that normally prey on aphids (Ragsdale et al., 2007).

Aphis glycines, and a close relative A. gossipii, are the only aphid species found colonizing soybean in the United States (Hill et al., 2004). To date, four soybean aphid biotypes are now known in relation to resistance genes. Depending on the type of soybean aphid, there are different resistance gene combinations from the soybean plant that offer tolerance to these pests.

The use of soybean lines naturally resistant to aphids is another management approach to control soybean aphids. NAGC is developing a test to aid in characterizing the resistance genes present in the plants to offer a strategy for optimal deployment of aphid resistant soybean is also needed to ensure sustainability of this technology. By selecting the varieties that are resistant to the biotypes of aphids most prevalent in ND, farmers will decrease aphid damage and decrease yield losses due to aphids. Farmers will decrease insecticide applications reducing costs and impact on the environment.

6. Phytophthora

Phytophthora root and stem rot (PRSR), caused by the soil-borne fungus Phytophthora sojae is a common disease found throughout the United States. PRSR has been ranked as a leading destructive soybean disease reportedly causing an annual loss of over 44 million bu from 1996-2009 (Koenning and Wrather, 2010; Wrather and Koenning, 2009).

The NAGC is developing a test that allows for the identification of the Phytophthora pathogen that will allow ND soybean producers to quickly (within 4 weeks once the sample reaches the lab) identify the Phytophthora pathogen. An accurate course for remediation can then be determined. It can also be an indicator of what soybean producers might expect in a particular field the following year.

7. Chronic Wasting Disease

Chronic wasting disease (CWD) is a naturally occurring transmissible spongiform encephalopathy (TSE) affecting members of the cervid species, including white-tailed and mule deer, wapiti, and moose. As with other TSEs, including scrapie of sheep, transmissible mink encephalopathy, bovine spongiform encephalopathy

(BSE or mad cow disease), and variant/sporadic Creutzfeldt-Jakob disease (CJD) in humans. CWD is characterized by identifying an abnormally folded protein. The cellular prion protein that is responsible for causing the disease, is identified by many labor intensive steps to detect the misfolded protein in the animal. This structural change renders it resistant to degradation that has led to the epidemic of the disease spreading through waterways, feeding pastures, and laterally to other cervid animals in the area.

Currently, the only recognized method by the USDA-APHIS is a technique that requires a brain biopsy (Immunohistochemistry or IHC), thus each animal tested is no longer living.

NAGC is optimizing two methods to detect CWD which will be able to survey living animals in addition to non-living animals in an effort to get ahead of the disease. By testing asymptomatic animals and using preventative measures, the identification of the disease can be established before the possible transmission to other animals and animal resources (food and water).

Thank you and I would be happy to answer any questions.

#6

HB 1009 HB 1069

1/9/17

Department 602 - Agriculture Commissioner
House Bill Nos. 1009 and 1069

Executive Budget Comparison to Prior Biennium Appropriations

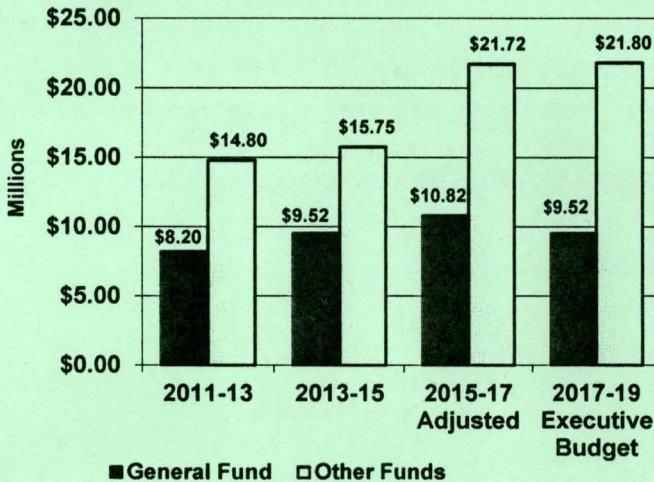
	FTE Positions	General Fund	Other Funds	Total
2017-19 Executive Budget	75.00	\$9,523,505	\$21,799,874	\$31,323,379
2015-17 Adjusted Legislative Appropriations ¹	77.00	10,822,497	21,718,053	32,540,550
Increase (Decrease)	(2.00)	(\$1,298,992)	\$81,821	(\$1,217,171)

¹The 2015-17 biennium agency appropriation amounts reflect general fund budget reductions made in August 2016, but does not include additional federal funds authority of \$229,500 resulting from Emergency Commission action during the 2015-17 biennium.

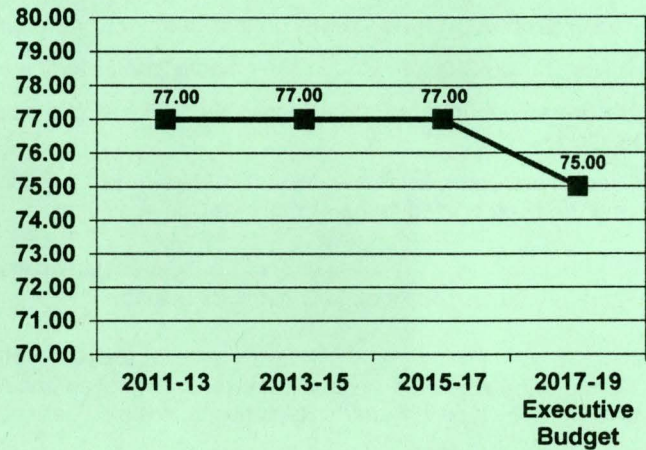
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 Executive Budget	\$9,523,505	\$0	\$9,523,505
2015-17 Adjusted Legislative Appropriations	9,961,137	861,360	10,822,497
Increase (Decrease)	(\$437,632)	(\$861,360)	(\$1,298,992)

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2017-19 Executive Budget	\$9,523,505	\$21,799,874	\$31,323,379
2017-19 Base Level	9,961,137	20,276,053	30,237,190
Increase (Decrease)	(\$437,632)	\$1,523,821	\$1,086,189

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$50,082 is for salary increases and \$208,923 is for health insurance increases	\$142,322	\$116,683	\$259,005
2. Restores funding for salaries reduced during the August 2016 special legislative session	\$312,936	\$0	\$312,936
3. Removes funding for 2 FTE positions	(\$292,385)	\$0	(\$292,385)
4. Adds federal funding for a food and drug residue program	\$0	\$229,500	\$229,500
5. Adjusts funding for grants, primarily due to a reduction in genomics research grants	\$6,000	(\$775,000)	(\$769,000)
6. Removes funding for the pipeline restoration program	\$0	(\$400,000)	(\$400,000)
7. Adds funding from the strategic investment and improvements fund for federal environmental law impact review	\$0	\$1,000,000	\$1,000,000

**Other Bill Sections Recommended to be Added in the Executive Budget
(As Detailed in House Bill No. 1069)**

Environment and rangeland protection fund transfer - Section 3 requires the agriculture commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund during the 2017-19 biennium.

Environment and rangeland protection fund - Section 4 provides the estimated income line item in Section 1 includes \$6,455,667 from the environment and rangeland protection fund for the purpose of defraying the expenses of various Department of Agriculture programs.

Game and Fish fund - Section 5 provides the estimated income line item in Section 1 includes \$498,830 from the Game and Fish Department operating fund for the purpose of defraying the expenses of various Department of Agriculture programs.

State Water Commission transfer - Section 6 requires the State Water Commission to transfer \$250,000 to the Agriculture Commissioner for the Wildlife Services Program.

Waterbank program - Section 7 provide the salaries and wages line item in Section 1 includes \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.

Agriculture Commissioner salary - Section 8 provides the statutory changes increasing the Agriculture Commissioner's salary. The Agriculture Commissioner's annual salary is increased from the current level of \$108,656 to \$109,743, effective July 1, 2018, to reflect the 1 percent recommended salary increase.

Environmental law impact review fund - Section 9 requires the Office of Management and Budget to transfer \$1,000,000 from the strategic investment and improvements fund to the federal environmental law impact review fund for expenses related to the federal Waters of the United States lawsuit.

Continuing Appropriations

Honey promotion fund - North Dakota Century Code Chapter 4.1-08 - Commodity checkoff for market development of honey.

Turkey fund - Chapter 4.1-12 - Commodity checkoff for market development of turkeys and turkey products.

Minor use pesticides fund - Section 4-35-06.3 - For studies, investigations, and evaluations regarding registration and use of pesticides.

Federal environmental law impact review fund - Section 4-01-35 - All funds in the federal environmental law impact review fund are appropriated to the Agriculture Commissioner.

Significant Audit Findings

There are no significant audit findings for this agency.

Major Related Legislation

House Bill No. 1131 - Provides for all federal meat and poultry inspection regulations effective as of August 1, 2016, as provided under title 9, Code of Federal Regulations, are incorporated by reference and made a part of this title.

Senate Bill No. 2026 - This bill is part of the agriculture law rewrite process.

Senate Bill No. 2027 - This bill is part of the agriculture law rewrite process.

Senate Bill No. 2028 - This bill is part of the agriculture law rewrite process.

Senate Bill No. 2029 - This bill is part of the agriculture law rewrite process.

Agriculture Commissioner - Budget No. 602
House Bill Nos. 1009 and 1069
Base Level Funding Changes

	<u>Executive Budget Recommendation</u>			
	<u>FTE</u>	<u>General</u>		
	<u>Position</u>	<u>Fund</u>	<u>Other Funds</u>	
			<u>Total</u>	
2017-19 Biennium Base Level	77.00	\$9,961,137	\$20,276,053	\$30,237,190
2017-19 Ongoing Funding Changes				
Base payroll changes		(\$343,194)	\$109,507	(\$233,687)
Salary increase - Performance		27,520	22,562	50,082
Health insurance increase		114,802	94,121	208,923
Restores funding for salaries		312,936		312,936
Removes 2 FTE positions	(2.00)	(292,385)		(292,385)
Adds funding for food and drug residue program			229,500	229,500
Adjusts funding for operating expenses		25,525	(21,094)	4,431
Adjusts funding for information technology operating		(296,836)	67,225	(229,611)
Removes funding for computer scanner			(8,000)	(8,000)
Adds funding for copier		8,000	5,000	13,000
Adjusts funding for grants		6,000	(775,000)	(769,000)
Continues 2015-17 one-time funding for Waterbank Program			1,200,000	1,200,000
Removes pipeline restoration program			(400,000)	(400,000)
Total ongoing funding changes	(2.00)	(\$437,632)	\$523,821	\$86,189
One-time funding items				
Adds funding for federal environmental law impact review			\$1,000,000	\$1,000,000
Total one-time funding changes	0.00	\$0	\$1,000,000	\$1,000,000
Total Changes to Base Level Funding	(2.00)	(\$437,632)	\$1,523,821	\$1,086,189
2017-19 Total Funding	75.00	\$9,523,505	\$21,799,874	\$31,323,379

Other Sections in Agriculture Commissioner - Budget No. 602

	<u>Executive Budget Recommendation</u>
Environment and rangeland protection fund transfer	Section 3 requires the agriculture commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund during the 2017-19 biennium.
Environment and rangeland protection fund	Section 4 provides the estimated income line item in Section 1 includes \$6,455,667 from the environment and rangeland protection fund for the purpose of defraying the expenses of various Department of Agriculture programs.
Game and Fish fund	Section 5 provides the estimated income line item in Section 1 includes \$498,830 from the Game and Fish Department operating fund for the purpose of defraying the expenses of various Department of Agriculture programs.
State Water Commission transfer	Section 6 requires the State Water Commission to transfer \$250,000 to the Agriculture Commissioner for the Wildlife Services Program.

Other Sections in Agriculture Commissioner - Budget No. 602

Executive Budget Recommendation

Waterbank program

Section 7 provide the salaries and wages line item in Section 1 includes \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.

Agriculture Comissioner salary

Section 8 provides the statutory changes increasing the Agriculture Commissioner's salary. The Agriculture Commissioner's annual salary is increased from the current level of \$108,656 to \$109,743, effective July 1, 2018, to reflect the 1 percent recommended salary increase.

Environmental law impact review fund

Section 9 requires the Office of Management and Budget to transfer \$1,000,000 from the strategic investment and improvements fund to the federal environmental law impact review fund for operating expenses.

Department 602 - Agriculture Commissioner

Appropriations Comparisons to the Original and Adjusted Base Budgets

General Fund Appropriations Adjustments (As a result of the August 2016 General Fund Budget Reductions)

	Ongoing	One-Time	Total
2015-17 original general fund appropriations	\$10,530,834	\$1,050,222	\$11,581,056
General fund reductions	(569,697)	(188,862)	(758,559)
Adjusted 2015-17 appropriations	\$9,961,137	\$861,360	\$10,822,497
Executive Budget changes	(437,632)	(861,360)	(1,298,992)
2017-19 Executive Budget	\$9,523,505	\$0	\$9,523,505

Summary of August 2016 General Fund Budget Reductions

	Ongoing	One-Time	Total
Reduced salaries and wages	(\$312,936)	\$0	(\$312,936)
Reduced operating expenses, including one-time funding for information technology analysis and website redesign	(207,726)	(100,000)	(307,726)
Reduced grants, including one-time funding related to the national genomics center	(6,000)	(88,862)	(94,862)
Reduced funding for the state board of animal health	(26,892)		(26,892)
Reduced funding for wildlife services	(16,143)		(16,143)
Total reductions	(\$569,697)	(\$188,862)	(\$758,559)
Percentage reduction to ongoing and one-time general fund appropriations	5.41%	17.98%	6.55%

2017-19 Executive Budget Changes to the Original and Adjusted Base Budgets

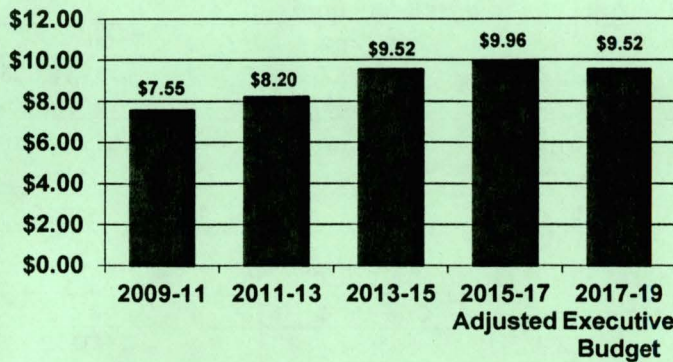
	Changes to Original Budget	Budget Reduction Adjustments	Changes to Adjusted Budget
Adds funding for recommended salary and benefit increases	\$142,322	\$0	\$142,322
Base payroll changes	(343,194)		(343,194)
Restores funding for salaries		312,936	312,936
Removes 2 FTE positions	(292,385)		(292,385)
Adjusts funding for operating expenses	(225,236)	250,761	25,525
Adjusts funding for information technology operating expenses	(296,836)		(296,836)
Adds funding for copier	8,000		8,000
Adjusts funding for grants		6,000	6,000
Total	(1,007,329)	\$569,697	(437,632)

Department 602 - Agriculture Commissioner

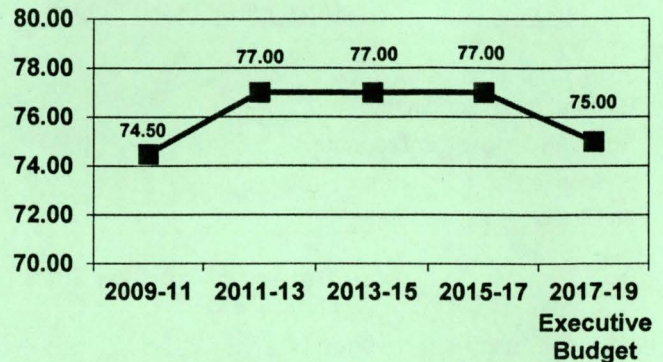
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2009-11

Agency Funding (in Millions)



FTE Positions



Ongoing General Fund Appropriations					
	2009-11	2011-13	2013-15	2015-17 Adjusted	2017-19 Executive Budget
Ongoing general fund appropriations	\$7,547,383	\$8,196,746	\$9,519,217	\$9,961,137	\$9,523,505
Increase (decrease) from previous biennium	N/A	\$649,363	\$1,322,471	\$441,920	(\$437,632)
Percentage increase (decrease) from previous biennium	N/A	8.6%	16.1%	4.6%	(4.4%)
Cumulative percentage increase (decrease) from 2009-11 biennium	N/A	8.6%	26.1%	32.0%	26.2%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2011-13 Biennium

1. Removed 1 pesticide registration specialist FTE position and related operating expenses (\$140,000)
2. Added 1 research analyst FTE position \$131,000
3. Added a 0.5 marketing specialist FTE position \$96,000
4. Adjusted the funding source for department rent expense and a grant to the Dairy Coalition from the general fund to the environment and rangeland protection fund (\$350,000)

2013-15 Biennium

1. Added funding to hire an emergency program specialist to fill an existing vacant FTE position \$30,000
2. Added funding for energy development mediation services \$100,000
3. Replaced a portion of funding from the game and fish fund with funding from the general fund \$100,000
4. Added funding for Information Technology Department desktop support services \$48,000
5. Added funding for grape and wine industry grants \$80,000

2015-17 Biennium

1. Added funding for monitoring, surveying, and inspecting for Japanese beetle, emerald ash borer, and other issues \$82,297
2. Added funding for Information Technology Department desktop support services \$352,912

2017-19 Biennium (Executive Budget Recommendation)

1. Restores funding for salaries reduced during the August 2016 special legislative session \$312,936
2. Removes 2 FTE positions (\$292,385)

att 1:

1-20-17 HB AH1
1009
1-20-17

Prepared by the Legislative Council staff for
House Appropriations - EE Division
January 20, 2017

HOUSE BILL NO. 1009
LISTING OF PROPOSED CHANGES TO BASE LEVEL

Agriculture Commissioner

Proposed funding changes:

Description	FTE	General Fund	Special Funds	Total
1 Reduce funding for pipeline restoration and reclamation oversight program			(\$200,000)	(\$200,000)
2 Transfer funding from the strategic investment and improvements fund to the federal environmental law impact review fund (Section 9 of House Bill No. 1069)			1,000,000	1,000,000
3 Reduce funding for salaries and wages line item, including a reduction of 3 FTE positions	(3.00)	(\$449,623)		(449,623)
4 Reduce funding for operating expenses, including a reduction of \$50,000 for energy development (oil) mediation		(65,000)		(65,000)
5				0
Total proposed funding changes		(\$514,623)	\$800,000	\$285,377

Other proposed changes:

- 1
- 2
- 3
- 4

att: 2 1-20-17
Ag dept AH2 1-20-17
HB 1009

Monson, David C.

From: Junkert, Ken S.
Sent: Tuesday, January 17, 2017 5:31 PM
To: Kinnischtzke, Levi; Monson, David C.; Cronquist, Alex J.
Cc: Baumiller, Lynette F.; Bodine, Thomas H.; Goehring, Doug C.; Monson, David C.
Subject: HB 1009 reductions (Agriculture Commissioner's Budget)

Importance: High

Rep. Monson and Levi,

Please use the following information to consider amendments to HB 1009 (Agriculture Commissioner's Budget):

- FTEs: -3; 77 FTEs reduced to 74
- Salary line item: (\$449,623)
- Operating line item: (\$65,000) Note: operating reduction for energy development (oil) mediation and general operating associated with reduced FTEs.
- Note: Requested 7% cut or a total cut of \$484,312; Commissioner Goehring is offering an additional \$30,311 reduction for a total cut of \$514,623.

Please let me know if you have any questions.

Kenneth S. Junkert
Director, Administrative Services Division
North Dakota Department of Agriculture
600 E. Boulevard Ave. Dept.602 | Bismarck, ND 58505-0020
(P) 701.328.4756 | (C) 701.426.3678
www.agdepartment.com

This email and any attachments may be subject to disclosure to a third party upon request under North Dakota open records law.

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1-27-2017

HB 1009

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Prepared by the Legislative Council staff for
House Appropriations - EE Division
January 27, 2017

HOUSE BILL NO. 1009
LISTING OF PROPOSED CHANGES TO BASE LEVEL

Agriculture Commissioner

Proposed funding changes:

Description	FTE	General Fund	Special Funds	Total
1 Reduce funding for pipeline restoration and reclamation oversight program			(\$200,000)	(\$200,000)
2 Transfer funding from the strategic investment and improvements fund to the federal environmental law impact review fund (Section 9 of House Bill No. 1069)			\$1,000,000	\$1,000,000
3 Reduce funding for salaries and wages, including a reduction of 3 FTE positions	(3.00)	(\$449,623)		(\$449,623)
4 Reduce funding for operating expenses, including a reduction of \$50,000 for energy development (oil) mediation		(\$65,000)		(\$65,000)
5 Add \$300,000 from the state waterbank fund for the waterbank program (Governor's Recommendation)			\$300,000	\$300,000
6 Increase federal funds for specialty crop block grants by \$156,500, to provide a total of \$5.6 million (Governor's Recommendation)			\$156,500	\$156,500
7 Increase funding from the environment and rangeland protection fund for operating fees and services for the project safe send program (Governor's Recommendation)			\$120,000	\$120,000
8 Add \$5,000 from the environment and rangeland protection fund for a copier (Governor's Recommendation)			\$5,000	\$5,000
Total proposed funding changes		<u>(\$514,623)</u>	<u>\$1,381,500</u>	<u>\$866,877</u>

Other proposed changes:

- 1 Provide \$50,000 for salaries and wages from the general fund as matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program (Section 7 of House Bill No. 1069)

att 2, 1-27-2017 HB 1009 a a.m

**Agriculture Commissioner - Budget No. 602
House Bill No. 1009
Base Level Funding Changes**

	Burgum Executive Budget Recommendation (Changes to Dalrymple Budget in Bold)				House Version				House Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2017-19 Biennium Base Level	77.00	\$9,961,137	\$20,276,053	\$30,237,190	77.00	\$9,961,137	\$20,276,053	\$30,237,190	0.00	\$0	\$0	\$0
2017-19 Ongoing Funding Changes												
Base payroll changes		(\$343,194)	\$109,507	(\$233,687)				\$0		\$343,194	(\$109,507)	\$233,687
Salary increase - Performance				0				0				0
Health insurance increase		114,802	94,121	208,923				0		(114,802)	(94,121)	(208,923)
Employee portion of health insurance		(60,140)	(49,306)	(109,446)				0		60,140	49,306	109,446
Restores funding for salaries		312,936		312,936				0		(312,936)		(312,936)
Removes 2 FTE positions	(2.00)	(292,385)		(292,385)				0	2.00	292,385		292,385
Adds funding for food and drug residue program			229,500	229,500				0			(229,500)	(229,500)
Adjusts funding for operating expenses		25,525	(21,094)	4,431				0		(25,525)	21,094	(4,431)
Adjusts funding for information technology operating expenses		(296,836)	67,225	(229,611)				0		296,836	(67,225)	229,611
Removes funding for computer scanner			(8,000)	(8,000)				0			8,000	8,000
Adds funding for copier		8,000	5,000	13,000				0		(8,000)	(5,000)	(13,000)
Adjusts funding for grants		6,000	(775,000)	(769,000)				0		(6,000)	775,000	769,000
Continues 2015-17 one-time funding for Waterbank Program			1,200,000	1,200,000				0			(1,200,000)	(1,200,000)
Removes pipeline restoration program			(400,000)	(400,000)				0			400,000	400,000
Reduce appropriations by 2 percent		(190,470)		(190,470)				0		190,470		190,470
Total ongoing funding changes	(2.00)	(\$715,762)	\$451,953	(\$263,809)	0.00	\$0	\$0	\$0	2.00	\$715,762	(\$451,953)	\$263,809
One-time funding items												
Adds funding for federal environmental law impact review			\$1,000,000	\$1,000,000				0			(1,000,000)	(1,000,000)
Total one-time funding changes	0.00	\$0	\$1,000,000	\$1,000,000	0.00	\$0	\$0	\$0	0.00	\$0	(\$1,000,000)	(\$1,000,000)
Total Changes to Base Level Funding	(2.00)	(\$715,762)	\$1,451,953	\$736,191	0.00	\$0	\$0	\$0	2.00	\$715,762	(\$1,451,953)	(\$736,191)
2017-19 Total Funding	75.00	\$9,245,375	\$21,728,006	\$30,973,381	77.00	\$9,961,137	\$20,276,053	\$30,237,190	2.00	\$715,762	(\$1,451,953)	(\$736,191)
										7.7%	(6.7%)	(2.4%)

Other Sections in Agriculture Commissioner - Budget No. 602

	Burgum Executive Budget Recommendation (Changes to Dalrymple Budget in Bold)	House Version
Environment and rangeland protection fund transfer	Section 3 requires the Agriculture Commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund during the 2017-19 biennium.	
Environment and rangeland protection fund	Section 4 provides the estimated income line item in Section 1 includes \$6,446,503 from the environment and rangeland protection fund for the purpose of defraying the expenses of various Department of Agriculture programs. (The Burgum budget recommendation reduces this section.)	

Other Sections in Agriculture Commissioner - Budget No. 602

**Burgum Executive Budget Recommendation
(Changes to Dalrymple Budget in Bold)**

House Version

Game and Fish fund

Section 5 provides the estimated income line item in Section 1 includes \$498,830 from the Game and Fish Department operating fund for the purpose of defraying the expenses of various Department of Agriculture programs.

State Water Commission transfer

Section 6 requires the State Water Commission to transfer \$250,000 to the Agriculture Commissioner for the Wildlife Services Program.

Waterbank program

Section 7 provide the salaries and wages line item in Section 1 includes \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.

Agriculture Comissioner salary

Section 8 provides the statutory changes increasing the Agriculture Commissioner's salary. The Agriculture Commissioner's annual salary is increased from the current level of \$108,656 to \$109,743, effective July 1, 2018, to reflect the 1 percent recommended salary increase. **(The Burgum budget recommendation removes this section.)**

Environmental law impact review fund

Section 9 requires the Office of Management and Budget to transfer \$1,000,000 from the strategic investment and improvements fund to the federal environmental law impact review fund for operating expenses.

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HB 1009

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Agriculture Commissioner - Budget No. 602
House Bill No. 1009
Base Level Funding Changes

	Burgum Executive Budget Recommendation (Changes to Dalrymple Budget in Bold)				House Version				House Changes to Revised Executive Budget Increase (Decrease) - Executive Budget			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2017-19 Biennium Base Level	77.00	\$9,961,137	\$20,276,053	\$30,237,190	77.00	\$9,961,137	\$20,276,053	\$30,237,190	0.00	\$0	\$0	\$0
2017-19 Ongoing Funding Changes												
Base payroll changes		(\$343,194)	\$109,507	(\$233,687)				\$0		\$343,194	(\$109,507)	\$233,687
Salary increase - Performance				0				0				0
Health insurance increase		114,802	94,121	208,923				0		(114,802)	(94,121)	(208,923)
Employee portion of health insurance		(60,140)	(49,306)	(109,446)				0		60,140	49,306	109,446
Restores funding for salaries		312,936		312,936				0		(312,936)		(312,936)
Removes 2 FTE positions	(2.00)	(292,385)		(292,385)				0	2.00	292,385		292,385
Reduces funding for salaries, including 3 FTE positions				0	(3.00)	(449,623)		(449,623)	(3.00)	(449,623)		(449,623)
Adds funding for food and drug residue program			229,500	229,500				0			(229,500)	(229,500)
Adjusts funding for operating expenses		25,525	(21,094)	4,431		(15,000)	120,000	105,000		(40,525)	141,094	100,569
Adjusts funding for information technology operating expenses		(296,836)	67,225	(229,611)				0		296,836	(67,225)	229,611
Reduces funding for energy development oil mediation				0		(50,000)		(50,000)		(50,000)		(50,000)
Removes funding for computer scanner			(8,000)	(8,000)				0			8,000	8,000
Adds funding for copier		8,000	5,000	13,000			5,000	5,000		(8,000)		(8,000)
Adjusts funding for grants		6,000	125,000	131,000			156,500	156,500		(6,000)	31,500	25,500
Adjusts funding for waterbank program			300,000	300,000			300,000	300,000				0
Adjusts funding for pipeline restoration program			(400,000)	(400,000)			(200,000)	(200,000)			200,000	200,000
Reduces appropriations by 2 percent		(190,470)		(190,470)				0		190,470		190,470
Removes Water Commission transfer for Wildlife Services				0			(250,000)	(250,000)			(250,000)	(250,000)
Total ongoing funding changes	(2.00)	(\$715,762)	\$451,953	(\$263,809)	(3.00)	(\$514,623)	\$131,500	(\$383,123)	(1.00)	\$201,139	(\$320,453)	(\$119,314)
One-time funding items												
Adds funding for federal environmental law impact review			\$1,000,000	\$1,000,000			1,000,000	1,000,000			0	0
Total one-time funding changes	0.00	\$0	\$1,000,000	\$1,000,000	0.00	\$0	\$1,000,000	\$1,000,000	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	(2.00)	(\$715,762)	\$1,451,953	\$736,191	(3.00)	(\$514,623)	\$1,131,500	\$616,877	(1.00)	\$201,139	(\$320,453)	(\$119,314)
2017-19 Total Funding	75.00	\$9,245,375	\$21,728,006	\$30,973,381	74.00	\$9,446,514	\$21,407,553	\$30,854,067	(1.00)	\$201,139	(\$320,453)	(\$119,314)
										2.2%	(1.5%)	(0.4%)

Other Sections in Agriculture Commissioner - Budget No. 602

	Burgum Executive Budget Recommendation (Changes to Dalrymple Budget in Bold)				House Version			
Environment and rangeland protection fund transfer								

Section 3 requires the Agriculture Commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund during the 2017-19 biennium.

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Other Sections in Agriculture Commissioner - Budget No. 602

**Burgum Executive Budget Recommendation
(Changes to Dalrymple Budget in Bold)**

House Version

Environment and rangeland protection fund

Section 4 provides the estimated income line item in Section 1 includes \$6,446,503 from the environment and rangeland protection fund for the purpose of defraying the expenses of various Department of Agriculture programs. **(The Burgum budget recommendation reduces this section.)**

Game and Fish fund

Section 5 provides the estimated income line item in Section 1 includes \$498,830 from the Game and Fish Department operating fund for the purpose of defraying the expenses of various Department of Agriculture programs.

State Water Commission transfer

Section 6 requires the State Water Commission to transfer \$250,000 to the Agriculture Commissioner for the Wildlife Services Program.

Waterbank program

Section 7 provides the salaries and wages line item in Section 1 includes \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.

Section 7 provides the salaries and wages line item in Section 1 includes \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.

Agriculture Commissioner salary

Section 8 provides the statutory changes increasing the Agriculture Commissioner's salary. The Agriculture Commissioner's annual salary is increased from the current level of \$108,656 to \$109,743, effective July 1, 2018, to reflect the 1 percent recommended salary increase. **(The Burgum budget recommendation removes this section.)**

Environmental law impact review fund

Section 9 requires the Office of Management and Budget to transfer \$1,000,000 from the strategic investment and improvements fund to the federal environmental law impact review fund for operating expenses.

Section 9 requires the Office of Management and Budget to transfer \$1,000,000 from the strategic investment and improvements fund to the federal environmental law impact review fund for operating expenses.

HB 1009

2-6-2017 am

Prepared by the Legislative Council staff for
House Appropriations - EE Division
February 6, 2017

HOUSE BILL NO. 1009
LISTING OF PROPOSED CHANGES TO BASE LEVEL

Agriculture Commissioner

Proposed funding changes:

Description	FTE	General Fund	Special Funds	Total
1 Reduce funding for pipeline restoration and reclamation oversight program (Committee request)			(\$200,000)	(\$200,000)
2 Transfer funding from the strategic investment and improvements fund to the federal environmental law impact review fund (Section 9 of House Bill No. 1069)			\$1,000,000	\$1,000,000
3 Reduce funding for salaries and wages, including a reduction of 3 FTE positions (Committee request for 7 percent budget reduction)	(3.00)	(\$449,623)		(\$449,623)
4 Reduce funding for operating expenses, including a reduction of \$50,000 for energy development (oil) mediation (Committee request)		(\$65,000)		(\$65,000)
5 Add \$300,000 from the state waterbank fund for the waterbank program (Governor Dalrymple)			\$300,000	\$300,000
6 Increase federal funds for specialty crop block grants by \$156,500, to provide a total of \$5.6 million (Governor Dalrymple)			\$156,500	\$156,500
7 Increase funding from the environment and rangeland protection fund for operating fees and services for the project safe send program (Governor Dalrymple)			\$120,000	\$120,000
8 Add \$5,000 from the environment and rangeland protection fund for a copier (Governor Dalrymple)			\$5,000	\$5,000
9 Remove transfer of \$250,000 from the State Water Commission for the wildlife services program (Committee request)			(\$250,000)	(\$250,000)
Total proposed funding changes	<u>(3.00)</u>	<u>(\$514,623)</u>	<u>\$1,131,500</u>	<u>\$616,877</u>

Other proposed changes:

- 1 Provide \$50,000 for salaries and wages from the general fund as matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program (Section 7 of House Bill No. 1069)

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HB 1009 am. 2-6-2017

COMMISSIONER
DOUG GOEHRING



ndda@nd.gov
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NORTH DAKOTA
DEPARTMENT OF AGRICULTURE
STATE CAPITOL
600 E BOULEVARD AVE DEPT 602
BISMARCK ND 58505-0020

Apiary Program

Beekeeping in North Dakota

	2010	2011	2012	2013	2014	2015	2016	Projected 2017
Registered Colonies	440,473	478,027	484,398	482,660	522,940	587,430	601,441	647,692
Apiaries	10,136	10,252	10,618	11,149	12,521	13,830	14,780	16,240
Licensed Beekeepers	182	197	201	206	228	264	277	306

North Dakota Pollinator Plan- Updated version

National Agricultural Genomics Center- Fargo, ND

- 2016
 - Collected 276 honey bee samples
 - Tested for 9 viruses, 2 bacterial pathogens
 - Results
 - 26%- NO PATHOGENS
 - 32%- European Foulbrood (bacterial infection-treatable)
 - 27%- Deformed Wing Virus (strongly related to Varroa Mite levels)
 - Other viruses found, symptoms are difficult to identify
 - 39%- Lake Sinai Virus-1
 - 17%- Black Queen Cell Virus
 - 7% - Lake Sinai Virus-2
 - 3%- Chronic Bee Paralysis Virus
 - 4 viruses and 1 pathogen were NOT found
 - American Foulbrood (bacterial infection- best treatment is burning of hive and equipment)
 - Acute Bee Paralysis Virus
 - Kashmir Bee Virus
 - Israeli Acute Bee Paralysis Virus

- Slow Bee Paralysis Virus
 - 2017
 - The Department was Granted \$20,000 from the Farm Bill to pay for genomics testing
 - Use 100% of funding to pay for sample testing – 400 Samples
 - Cover travel and supplies out of our budget
 - The lab is working on adding more honey bee pathogens to the list for testing and the ability to determine the quantity of the virus or pathogen that is present

Violations and Complaints

	2014	2015	2016
Complaints			
Total	25	97	53
Too close to roads		9	7
No landowner permission		18*	14*
No/improper ID		6	3
Bothersome		13	10
Unregistered		19	15
Other		32	5
Number of people who filed complaints	18	55	37
Violation letters			
Total number of locations	112	72	120
Number of beekeepers receiving violations		36	45
Types of violations			
No landowner permission (locations)	6	8	9
No/Improper ID (locations)		31	89
Unregistered (locations)	106	49	83
No Beekeeper License (beekeepers)	0	1	8

*Some beekeepers did not receive violations for no landowner permission because the issue had been settled to the landowner's satisfaction prior to further involvement by the department.

ND Bee Map

- Launched June 2016
- All locations were uploaded into the map
- Current Features
 - Beekeepers
 - Register hive locations
 - Apply for licenses

- Sign up for pesticide notifications
 - Differentiate between active and inactive locations
- Pesticide Applicators
 - Locate beekeepers near application areas
 - Send notifications through the map
 - Receive notifications on new bee locations
- Public
 - Locate hives
 - Identify beekeepers and contact information
- **Future Plans**
 - Mass upload of apiary locations and changes- will be able to edit spreadsheets and upload them
 - This feature should allow increased accuracy in hive locations and should assist in increasing communication between beekeepers, applicators and NDDA.

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WILDLIFE SERVICES HISTORIC FUNDING					
Biennium	Game and Fish Funds	EARP Funds	Water Comm Funds	General Funds	Total State Funds
1997-1999				\$ 779,694	\$ 779,694
1999-2001	\$ 100,000			\$ 779,694	\$ 879,694
2001-2003	\$ 400,000			\$ 375,707	\$ 775,707
2003-2005	\$ 550,000			\$ 250,000	\$ 800,000
2005-2007	\$ 680,000			\$ 250,000	\$ 930,000
2007-2009	\$ 680,000			\$ 240,000	\$ 920,000
2009-2011	\$ 968,800			\$ 298,600	\$ 1,267,400
2011-2013	\$ 868,800	2	\$ 250,000	\$ 298,600	\$ 1,417,400
2013-2015	\$ 384,400	\$ 384,400	\$ 250,000	\$ 398,600	\$ 1,417,400
2015-2017	\$ 384,400	\$ 384,400	\$ 250,000	\$ 398,600	\$ 1,417,400
2017-19	384,400	"	"	"	1,417,400
1 Does not include \$159,000 (EARP & Sunflower Council funds) appropriated for blackbird research.					
2 Legislature transferred \$300,000 general funds to Game and Fish to replace Game and Fish funds going to the BOAH (\$199,461) and Wildlife Services (\$100,539).					

**Agriculture Commissioner - Budget No. 602
House Bill No. 1009
Base Level Funding Changes**

	Burgum Executive Budget Recommendation (Changes to Dalrymple Budget in Bold)				House Version				House Changes to Revised Executive Budget Increase (Decrease) - Executive Budget			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2017-19 Biennium Base Level	77.00	\$9,961,137	\$20,276,053	\$30,237,190	77.00	\$9,961,137	\$20,276,053	\$30,237,190	0.00	\$0	\$0	\$0
2017-19 Ongoing Funding Changes												
Base payroll changes		(\$343,194)	\$109,507	(\$233,687)		(\$343,194)	\$109,507	(\$233,687)				\$0
Salary increase - Performance				0				0				0
Health insurance increase		114,802	94,121	208,923		114,802	94,121	208,923				0
Employee portion of health insurance		(60,140)	(49,306)	(109,446)				0		60,140	49,306	109,446
Restores funding for salaries		312,936		312,936				0		(312,936)		(312,936)
Removes 2 FTE positions	(2.00)	(292,385)		(292,385)				0	2.00	292,385		292,385
Reduces funding for salaries, including 3 FTE positions				0	(3.00)	(449,623)		(449,623)	(3.00)	(449,623)		(449,623)
Adds funding for food and drug residue program			229,500	229,500			229,500	229,500				0
Adjusts funding for operating expenses		25,525	(21,094)	4,431		10,525	(141,094)	(130,569)		(15,000)		(135,000)
Adjusts funding for information technology operating expenses		(296,836)	67,225	(229,611)		(296,836)	67,225	(229,611)				0
Reduces funding for energy development oil mediation				0		(50,000)		(50,000)		(50,000)		(50,000)
Removes funding for computer scanner			(8,000)	(8,000)			(8,000)	(8,000)				0
Adds funding for copier		8,000	5,000	13,000		8,000	5,000	13,000				0
Adjusts funding for grants		6,000	125,000	131,000			125,000	125,000		(6,000)		(6,000)
Adjusts funding for waterbank program			300,000	300,000			300,000	300,000				0
Adjusts funding for pipeline restoration program			(400,000)	(400,000)			(200,000)	(200,000)			200,000	200,000
Reduces appropriations by 2 percent		(190,470)		(190,470)		(110,470)		(110,470)		80,000		80,000
Reduces Water Commission transfer for Wildlife Services				0			(125,000)	(125,000)			(125,000)	(125,000)
Adjusts Game and Fish transfer for Wildlife Services				0			114,845	114,845			114,845	114,845
Adds funding for bee program				0			180,000	180,000			180,000	180,000
Total ongoing funding changes	(2.00)	(\$715,762)	\$451,953	(\$263,809)	(3.00)	(\$1,116,796)	\$751,104	(\$365,692)	(1.00)	(\$401,034)	\$299,151	(\$101,883)
One-time funding items												
Adds funding for federal environmental law impact review			\$1,000,000	\$1,000,000			1,000,000	1,000,000			0	0
Adds funding for genomics center				0		120,000		120,000		120,000		120,000
Total one-time funding changes	0.00	\$0	\$1,000,000	\$1,000,000	0.00	\$120,000	\$1,000,000	\$1,120,000	0.00	\$120,000	\$0	\$120,000
Total Changes to Base Level Funding	(2.00)	(\$715,762)	\$1,451,953	\$736,191	(3.00)	(\$996,796)	\$1,751,104	\$754,308	(1.00)	(\$281,034)	\$299,151	\$18,117
2017-19 Total Funding	75.00	\$9,245,375	\$21,728,006	\$30,973,381	74.00	\$8,964,341	\$22,027,157	\$30,991,498	(1.00)	(\$281,034)	\$299,151	\$18,117
										(3.0%)	1.4%	0.1%

take out pro staff

Other Sections in Agriculture Commissioner - Budget No. 602

	Burgum Executive Budget Recommendation (Changes to Dalrymple Budget in Bold)			
Health insurance increase				

House Version
Section 2 identifies the funding increase for health insurance premium increases included in the agency's appropriation.

Other Sections in Agriculture Commissioner - Budget No. 602

	Burgum Executive Budget Recommendation (Changes to Dalrymple Budget in Bold)	House Version
Environment and rangeland protection fund transfer	Section 3 requires the Agriculture Commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund during the 2017-19 biennium.	Section 4 requires the Agriculture Commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund during the 2017-19 biennium.
Environment and rangeland protection fund	Section 4 provides the estimated income line item in Section 1 includes \$6,446,503 from the environment and rangeland protection fund for the purpose of defraying the expenses of various Department of Agriculture programs. (The Burgum budget recommendation reduces this section.)	Section 5 provides the estimated income line item in Section 1 includes \$6,446,503 from the environment and rangeland protection fund for the purpose of defraying the expenses of various Department of Agriculture programs.
Game and Fish fund	Section 5 provides the estimated income line item in Section 1 includes \$498,830 from the Game and Fish Department operating fund for the purpose of defraying the expenses of various Department of Agriculture programs.	Section 6 provides the estimated income line item in Section 1 includes \$614,430 from the Game and Fish Department operating fund for the purpose of defraying the expenses of various Department of Agriculture programs.
State Water Commission transfer	Section 6 requires the State Water Commission to transfer \$250,000 to the Agriculture Commissioner for the Wildlife Services Program.	Section 7 requires the State Water Commission to transfer \$125,000 to the Agriculture Commissioner for the Wildlife Services Program.
Waterbank program	Section 7 provides the salaries and wages line item in Section 1 includes \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.	Section 8 provides the salaries and wages line item in Section 1 includes \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.
Agriculture Commissioner salary	Section 8 provides the statutory changes increasing the Agriculture Commissioner's salary. The Agriculture Commissioner's annual salary is increased from the current level of \$108,656 to \$109,743, effective July 1, 2018, to reflect the 1 percent recommended salary increase. (The Burgum budget recommendation removes this section.)	
Environmental law impact review fund	Section 9 requires the Office of Management and Budget to transfer \$1,000,000 from the strategic investment and improvements fund to the federal environmental law impact review fund for operating expenses.	Section 9 requires the Office of Management and Budget to transfer \$1,000,000 from the strategic investment and improvements fund to the federal environmental law impact review fund for operating expenses.
Pipeline restoration and reclamation oversight program		Section 10 provides the estimated income line item in Section 1 includes \$200,000 from the Agriculture Commissioner operating fund for the pipeline restoration and reclamation oversight program.
Beekeeper and colony assessment fees		Sections 11 and 12 amend North Dakota Century Code sections 4.1-16-06 and 4.1-16-07 to require fees collected on beekeeper's licenses and bee colony assessments be deposited in the Agriculture Commissioner operating fund rather than the general fund.

**Department 602 - Agriculture Commissioner
House Bill No. 1009**

Dalrymple Executive Budget Comparison to Prior Biennium Appropriations

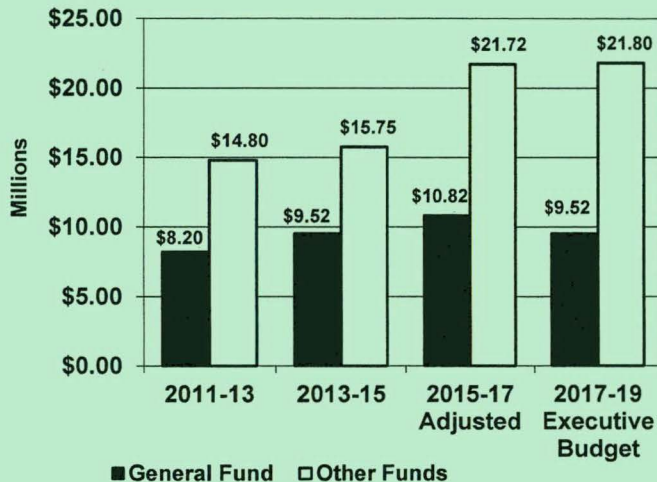
	FTE Positions	General Fund	Other Funds	Total
2017-19 Dalrymple Executive Budget	75.00	\$9,523,505	\$21,799,874	\$31,323,379
2015-17 Adjusted Legislative Appropriations ¹	77.00	10,822,497	21,718,053	32,540,550
Increase (Decrease)	(2.00)	(\$1,298,992)	\$81,821	(\$1,217,171)

¹The 2015-17 biennium agency appropriation amounts reflect general fund budget reductions made in August 2016, but does not include additional federal funds authority of \$229,500 resulting from Emergency Commission action during the 2015-17 biennium.

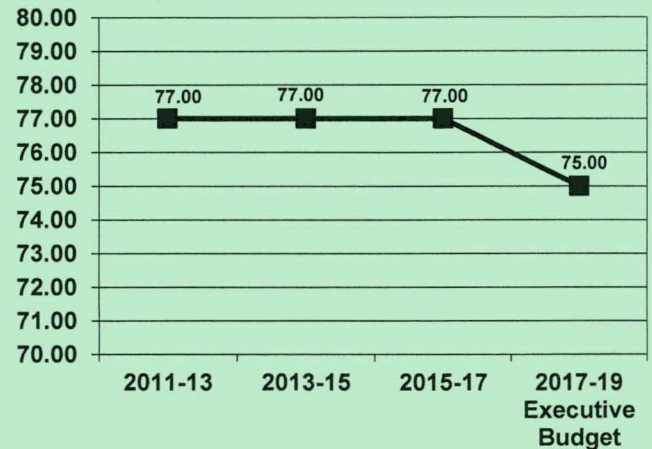
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 Dalrymple Executive Budget	\$9,523,505	\$0	\$9,523,505
2015-17 Adjusted Legislative Appropriations	9,961,137	861,360	10,822,497
Increase (Decrease)	(\$437,632)	(\$861,360)	(\$1,298,992)

Agency Funding



FTE Positions



Dalrymple Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2017-19 Dalrymple Executive Budget	\$9,523,505	\$21,799,874	\$31,323,379
2017-19 Base Level	9,961,137	20,276,053	30,237,190
Increase (Decrease)	(\$437,632)	\$1,523,821	\$1,086,189

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

**Dalrymple and Burgum Executive Budget Highlights
(With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$50,082 is for salary increases and \$208,923 is for health insurance increases. (The Burgum budget removed funding for salary increases and provided for employees to pay for a portion of health insurance.) The House removed funding for the salary increases.	\$142,322	\$116,683	\$259,005
2. Restores funding for salaries reduced during the August 2016 special legislative session	\$312,936	\$0	\$312,936

3. Removes funding for 2 FTE positions. The House removed 2 additional FTE positions, resulting in a total reduction of 4 FTE positions, a general fund reduction of \$600,304, and a reduction in federal funding of \$52,724.	(\$292,385)	\$0	(\$292,385)
4. Adds federal funding for a food and drug residue program	\$0	\$229,500	\$229,500
5. Adjusts funding for grants, primarily due to an increase in federal funds. The House did not approve the general fund portion of this recommendation.	\$6,000	\$125,000	\$131,000
6. Adjusts funding for grants for the waterbank program	\$0	\$300,000	\$300,000
7. Removes funding for the pipeline restoration program. The House restored funding of \$200,000 to provide an appropriation of \$200,000 for the pipeline restoration program.	\$0	(\$400,000)	(\$400,000)
8. Adds funding from the strategic investment and improvements fund for federal environmental law impact review	\$0	\$1,000,000	\$1,000,000
9. The Burgum budget reduced general fund appropriations by 2 percent. The House did not approve this recommendation.	(\$190,470)	\$0	(\$190,470)

Other Sections in House Bill No. 1009

Health insurance increase - Section 2 identifies the amount included in the agency appropriations relating to increases in employee health insurance premiums from \$1,130 to \$1,249 per month.

Environment and rangeland protection fund transfer - Section 4 requires the agriculture commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund during the 2017-19 biennium.

Environment and rangeland protection fund - Section 5 provides the estimated income line item in Section 1 includes \$6,446,503 from the environment and rangeland protection fund for the purpose of defraying the expenses of various Department of Agriculture programs.

Game and Fish fund - Section 6 provides the estimated income line item in Section 1 includes \$614,430 from the Game and Fish Department operating fund for the purpose of defraying the expenses of various Department of Agriculture programs.

State Water Commission transfer - Section 7 requires the State Water Commission to transfer \$125,000 to the Agriculture Commissioner for the Wildlife Services Program.

Waterbank program - Section 8 provides the salaries and wages line item in Section 1 includes \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.

Environmental law impact review fund - Section 9 requires the Office of Management and Budget to transfer \$1,000,000 from the strategic investment and improvements fund to the federal environmental law impact review fund for expenses related to the federal Waters of the United States lawsuit.

Pipeline restoration and reclamation - Section 10 provides the estimated income line item in Section 1 includes \$200,000 from the abandoned oil and gas well plugging and site reclamation fund for the pipeline restoration and reclamation oversight program.

Beekeeper and colony assessment fees - Sections 11 and 12 amend North Dakota Century Code Sections 4.1-16-06 and 4.1-16-07 to require fees collected on beekeeper's licenses and bee colony assessments be deposited in the Agriculture Commissioner operating fund rather than the general fund. The estimated beekeeper license and colony assessment fees for the 2017-19 biennium is \$180,000.

Continuing Appropriations

Honey promotion fund - Chapter 4.1-08 - Commodity checkoff for market development of honey.

Turkey fund - Chapter 4.1-12 - Commodity checkoff for market development of turkeys and turkey products.

Minor use pesticides fund - Section 4-35-06.3 - For studies, investigations, and evaluations regarding registration and use of pesticides.

Federal environmental law impact review fund - Section 4-01-35 - All funds in the federal environmental law impact review fund are appropriated to the Agriculture Commissioner.

Industrial hemp - Section 4-41-02 - House Bill No. 1240 would amend Section 4-41-02 to provide a continuing appropriation to the Agriculture Commissioner for an industrial hemp program.

Significant Audit Findings

There are no significant audit findings for this agency.

Major Related Legislation

House Bill No. 1131 - Provides for all federal meat and poultry inspection regulations effective as of August 1, 2016, as provided under title 9, Code of Federal Regulations, are incorporated by reference and made a part of this title.

House Bill No. 1240 - Provides a continuing appropriation to the Agriculture Commissioner for an industrial hemp program, including adding an applicant fee of \$150 and increases the per acre fee from \$5 to \$25.

House Bill No. 1255 - Creates an advisory committee for a large truck primary highway network and requires committee membership from the Agriculture Commissioner or a designee.

House Bill No. 1282 - Provides for a Legislative Management study of commodity groups during the 2017-18 interim.

Senate Bill No. 2026 - This bill is part of the agriculture law rewrite process.

Senate Bill No. 2027 - This bill is part of the agriculture law rewrite process.

Senate Bill No. 2028 - This bill is part of the agriculture law rewrite process.

Senate Bill No. 2029 - This bill is part of the agriculture law rewrite process.

Senate Bill No. 2236 - Identifies the names of surface owners and surface tenants who receive assistance under the pipeline restoration and reclamation oversight program to be exempt records as defined under Section 44-04-17.1.

Senate Bill No. 2313 - Requires the Agriculture Commissioner to create a wind energy reclamation program to provide technical education, support, and outreach to property owners on wind property reclamation and to contract with ombudsmen to provide technical support and followup on wind property issues.

Agriculture Commissioner - Budget No. 602
House Bill No. 1009
Base Level Funding Changes

	Burgum Executive Budget Recommendation (Changes to Dalrymple Budget in Bold)				House Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total
2017-19 Biennium Base Level	77.00	\$9,961,137	\$20,276,053	\$30,237,190	77.00	\$9,961,137	\$20,276,053	\$30,237,190
2017-19 Ongoing Funding Changes								
Base payroll changes		(\$343,194)	\$109,507	(\$233,687)		(\$343,194)	\$109,507	(\$233,687)
Salary increase - Performance				0				0
Health insurance increase		114,802	94,121	208,923		114,802	94,121	208,923
Employee portion of health insurance		(60,140)	(49,306)	(109,446)				0
Restores funding for salaries		312,936		312,936		312,936		312,936
Removes 2 FTE positions	(2.00)	(292,385)		(292,385)				0
Reduces funding for salaries, including 4 FTE positions				0	(4.00)	(600,304)	(52,724)	(653,028)
Adds funding for food and drug residue program			229,500	229,500			229,500	229,500
Adjusts funding for operating expenses		25,525	(21,094)	4,431		10,525	(141,094)	(130,569)
Adjusts funding for information technology operating expenses		(296,836)	67,225	(229,611)		(296,836)	67,225	(229,611)
Reduces funding for energy development oil mediation				0		(50,000)		(50,000)
Removes funding for computer scanner			(8,000)	(8,000)			(8,000)	(8,000)
Adds funding for copier		8,000	5,000	13,000		8,000	5,000	13,000
Adjusts funding for grants		6,000	125,000	131,000			125,000	125,000
Adjusts funding for waterbank program			300,000	300,000			300,000	300,000
Adjusts funding for pipeline restoration program			(400,000)	(400,000)			(200,000)	(200,000)
Reduces appropriations by 2 percent		(190,470)		(190,470)				0
Reduces State Water Commission transfer for Wildlife Services				0			(125,000)	(125,000)
Adjusts Game and Fish Department transfer for Wildlife Services				0			114,845	114,845
Adds funding for bee program				0			180,000	180,000
Adds funding for industrial hemp program				0			120,000	120,000
Total ongoing funding changes	(2.00)	(\$715,762)	\$451,953	(\$263,809)	(4.00)	(\$844,071)	\$818,380	(\$25,691)
One-time funding items								
Adds funding for federal environmental law impact review			\$1,000,000	\$1,000,000			1,000,000	1,000,000
Adds funding for genomics center				0			120,000	120,000
Total one-time funding changes	0.00	\$0	\$1,000,000	\$1,000,000	0.00	\$0	\$1,120,000	\$1,120,000
Total Changes to Base Level Funding	(2.00)	(\$715,762)	\$1,451,953	\$736,191	(4.00)	(\$844,071)	\$1,938,380	\$1,094,309
2017-19 Total Funding	75.00	\$9,245,375	\$21,728,006	\$30,973,381	73.00	\$9,117,066	\$22,214,433	\$31,331,499

Other Sections in Agriculture Commissioner - Budget No. 602

**Burgum Executive Budget Recommendation
(Changes to Dalrymple Budget in Bold)**

House Version

Health insurance increase		Section 2 identifies the funding increase for health insurance premium increases included in the agency's appropriation.
Environment and rangeland protection fund transfer	Section 3 requires the Agriculture Commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund during the 2017-19 biennium.	Section 4 requires the Agriculture Commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund during the 2017-19 biennium.
Environment and rangeland protection fund	Section 4 provides the estimated income line item in Section 1 includes \$6,446,503 from the environment and rangeland protection fund for the purpose of defraying the expenses of various Department of Agriculture programs. (The Burgum budget recommendation reduces this section.)	Section 5 provides the estimated income line item in Section 1 includes \$6,446,503 from the environment and rangeland protection fund for the purpose of defraying the expenses of various Department of Agriculture programs.
Game and fish fund	Section 5 provides the estimated income line item in Section 1 includes \$498,830 from the Game and Fish Department operating fund for the purpose of defraying the expenses of various Department of Agriculture programs.	Section 6 provides the estimated income line item in Section 1 includes \$614,430 from the Game and Fish Department operating fund for the purpose of defraying the expenses of various Department of Agriculture programs.
State Water Commission transfer	Section 6 requires the State Water Commission to transfer \$250,000 to the Agriculture Commissioner for the Wildlife Services Program.	Section 7 requires the State Water Commission to transfer \$125,000 to the Agriculture Commissioner for the Wildlife Services Program.
Waterbank program	Section 7 provides the salaries and wages line item in Section 1 includes \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.	Section 8 provides the salaries and wages line item in Section 1 includes \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.
Agriculture Commissioner salary	Section 8 provides the statutory changes increasing the Agriculture Commissioner's salary. The Agriculture Commissioner's annual salary is increased from the current level of \$108,656 to \$109,743, effective July 1, 2018, to reflect the 1 percent recommended salary increase. (The Burgum budget recommendation removes this section.)	
Environmental law impact review fund	Section 9 requires the Office of Management and Budget to transfer \$1,000,000 from the strategic investment and improvements fund to the federal environmental law impact review fund for operating expenses.	Section 9 requires the Office of Management and Budget to transfer \$1,000,000 from the strategic investment and improvements fund to the federal environmental law impact review fund for operating expenses.
Pipeline restoration and reclamation oversight program		Section 10 provides the estimated income line item in Section 1 includes \$200,000 from the abandoned oil and gas well plugging site reclamation fund for the pipeline restoration and reclamation oversight program.

Other Sections in Agriculture Commissioner - Budget No. 602

**Burgum Executive Budget Recommendation
(Changes to Dalrymple Budget in Bold)**

Beekeeper and colony assessment fees

House Version

Sections 11 and 12 amend North Dakota Century Code Sections 4.1-16-06 and 4.1-16-07 to require fees collected on beekeeper's licenses and bee colony assessments be deposited in the Agriculture Commissioner operating fund rather than the general fund. The anticipated beekeeper license and colony assessment fees for the 2017-19 biennium is \$180,000.

Department 602 - Agriculture Commissioner

Appropriations Comparisons to the Original and Adjusted Base Budgets

General Fund Appropriations Adjustments (As a result of the August 2016 General Fund Budget Reductions)

	Ongoing	One-Time	Total
2015-17 original general fund appropriations	\$10,530,834	\$1,050,222	\$11,581,056
General fund reductions	(569,697)	(188,862)	(758,559)
Adjusted 2015-17 appropriations	\$9,961,137	\$861,360	\$10,822,497
Dalrymple Executive Budget changes	(437,632)	(861,360)	(1,298,992)
2017-19 Dalrymple Executive Budget	\$9,523,505	\$0	\$9,523,505

Summary of August 2016 General Fund Budget Reductions

	Ongoing	One-Time	Total
Reduced salaries and wages	(\$312,936)	\$0	(\$312,936)
Reduced operating expenses, including one-time funding for information technology analysis and website redesign	(207,726)	(100,000)	(307,726)
Reduced grants, including one-time funding related to the national genomics center	(6,000)	(88,862)	(94,862)
Reduced funding for the state board of animal health	(26,892)		(26,892)
Reduced funding for wildlife services	(16,143)		(16,143)
Total reductions	(\$569,697)	(\$188,862)	(\$758,559)
Percentage reduction to ongoing and one-time general fund appropriations	5.41%	17.98%	6.55%

2017-19 Dalrymple Executive Budget Changes to the Original and Adjusted Base Budgets

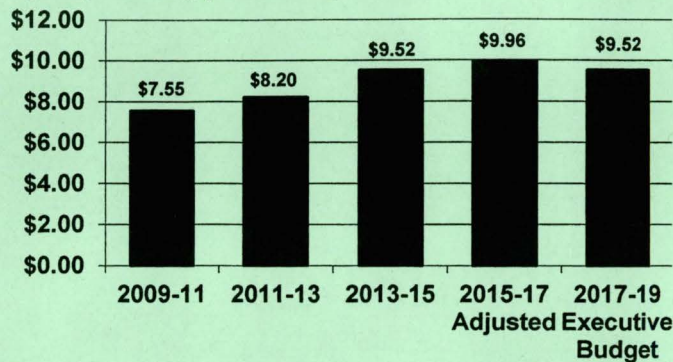
	Changes to Original Budget	Budget Reduction Adjustments	Changes to Adjusted Budget
Adds funding for recommended salary and benefit increases	\$142,322	\$0	\$142,322
Base payroll changes	(343,194)		(343,194)
Restores funding for salaries		312,936	312,936
Removes 2 FTE positions	(292,385)		(292,385)
Adjusts funding for operating expenses	(225,236)	250,761	25,525
Adjusts funding for information technology operating expenses	(296,836)		(296,836)
Adds funding for copier	8,000		8,000
Adjusts funding for grants		6,000	6,000
Total	(1,007,329)	\$569,697	(437,632)

Department 602 - Agriculture Commissioner

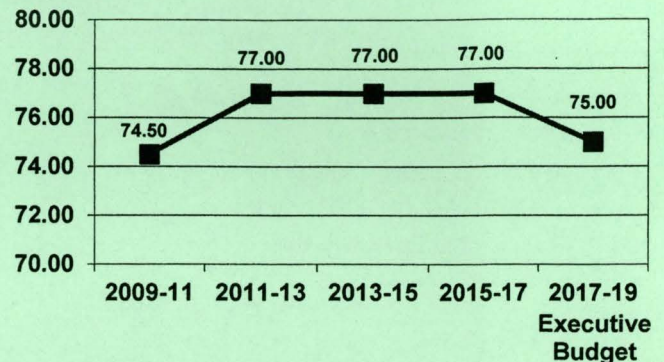
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2009-11

Agency Funding (in Millions)



FTE Positions



Ongoing General Fund Appropriations					
	2009-11	2011-13	2013-15	2015-17 Adjusted	2017-19 Dalrymple Executive Budget
Ongoing general fund appropriations	\$7,547,383	\$8,196,746	\$9,519,217	\$9,961,137	\$9,523,505
Increase (decrease) from previous biennium	N/A	\$649,363	\$1,322,471	\$441,920	(\$437,632)
Percentage increase (decrease) from previous biennium	N/A	8.6%	16.1%	4.6%	(4.4%)
Cumulative percentage increase (decrease) from 2009-11 biennium	N/A	8.6%	26.1%	32.0%	26.2%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2011-13 Biennium

1. Removed 1 FTE pesticide registration specialist position and related operating expenses (\$140,000)
2. Added 1 FTE research analyst position \$131,000
3. Added a 0.5 FTE marketing specialist position \$96,000
4. Adjusted the funding source for department rent expense and a grant to the Dairy Coalition from the general fund to the environment and rangeland protection fund (\$350,000)

2013-15 Biennium

1. Added funding to hire an emergency program specialist to fill an existing vacant FTE position \$30,000
2. Added funding for energy development mediation services \$100,000
3. Replaced a portion of funding from the game and fish fund with funding from the general fund \$100,000
4. Added funding for Information Technology Department desktop support services \$48,000
5. Added funding for grape and wine industry grants \$80,000

2015-17 Biennium

1. Added funding for monitoring, surveying, and inspecting for Japanese beetle, emerald ash borer, and other issues \$82,297
2. Added funding for Information Technology Department desktop support services \$352,912

2017-19 Biennium (Dalrymple and Burgum Executive Budget Recommendations)

1. Restores funding for salaries reduced during the August 2016 special legislative session \$312,936
2. Removes 2 FTE positions. **The House removed 2 additional FTE positions, resulting in a total reduction of 4 FTE positions, a general fund reduction of \$600,304, and a reduction in federal funding of \$52,724.** (\$292,385)
3. The Burgum budget reduced general fund appropriations by 2 percent. **The House did not approve this recommendation.** (\$190,470)



North Dakota
Department of Agriculture

Doug Goehring, Commissioner

HB 1009
3-10-17

#1

BUDGET PRESENTATION FOR THE 2017-19 BIENNIUM

HB 1009

NORTH DAKOTA SENATE
APPROPRIATIONS COMMITTEE

SENATOR RAY HOLMBERG, CHAIRMAN

MARCH 10, 2017

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Vision

To provide North Dakota agriculture with the services and leadership necessary to make North Dakota the trusted provider of the highest quality food in the world with prosperous farms, thriving rural communities and world class stewardship of resources.

Mission

The North Dakota Department of Agriculture fosters the long-term well-being of North Dakota by promoting a healthy economic, environmental and social climate for agriculture and the rural community through leadership, advocacy, education, regulation and other services. To carry out its mandate, the Department of Agriculture is committed to the following responsibilities:

- Serving as an advocate for farmers, ranchers and our rural communities.
- Providing services that ensure safe, high-quality and marketable agricultural products.
- Developing and expanding markets for agricultural products.
- Reducing the risk of financial loss to agricultural producers and to buyers and sellers of agricultural commodities.
- Ensuring compliance with the law through understandable regulations, information, education and even-handed enforcement.
- Ensuring human safety and protecting the environment through proper use of pesticides.
- Providing services to reduce agricultural losses from noxious weeds, animal depredation, insects and diseases.
- Ensuring the quality and availability of pesticides, fertilizers, veterinary medicines and animal feeds through testing and registration.
- Protecting and improving the health, welfare, quality and marketability of livestock and other domestic animals.
- Gathering and disseminating information concerning agriculture to the general public.
- Providing fair and timely dispute resolution services to agricultural producers, creditors and others.

Agriculture Commissioner
Doug Goehring

Assistant to the Commissioner
Jody Reinke

Human Resources
Lindsay Borlaug

Deputy Commissioner
Tom Bodine

Administrative Services
Ken Junkert, Director

Fiscal Management

Account Budget Specialist
Lynette Baumiller

Administrative Officer
Samantha McGrath

Grant & Procurement Specialist
Jeannie Jacobs-Kopp

ND Mediation Service & Public Policy

Senior Policy & Research Analyst
Jessie Pfaff

Policy Analysts
Melanie Gaebe
Vacant

Negotiators
Jim Hoffert (non-FTE) Jim Jost (non-FTE)

Administrative Officer
Betty Schneider

Emergency Management

Specialist
Kent Theurer

Pesticide & Fertilizer

Jerry Sauter, Pesticide Program Manager
Eric Delzer, Fertilizer Program Manager

Pesticide Enforcement Coordinator
Tyler Kralicek

Pesticide Registration Specialist
Jon Krei

Pesticide Program Specialist
Carla Ralston

Pesticide Outreach Specialist
Jeremiah Lien

Fertilizer Program Specialist
Brandy Kiefel

Pesticide Inspectors
Andrew Erickson Sara Beaudrie
Kevin Coufal Jill Carlson
James Jeske
Derek Woehl

Fertilizer Inspectors
Darrell Haseleu
Brian Kramer

Administrative Assistant
Crystal Zabolotny

Livestock Development
Shaun Quissell, Director

Dairy Inspection

Ratings/Surveillance Officer
John Ringsrud

Dairy Inspectors
Ken Quanbeck David Boschma

State Meat & Poultry Inspection

Director
Dr. Andrea Grondahl

Senior Inspectors
Heather Andersen Cody Kreft

Compliance Officer
David Slack

Information Coordinator
Nathan Kroh

Inspectors
Joshua Epperly Cami Metzger
Sherlynn Olson Shawn Steffen
Whitney Vogel Takara Reed

Relief Inspector
Julie Nilges

Livestock Pollution/Age & Source Verification
Jason Wirtz

Feed Specialist
Dave Phillips

Administrative Assistants
Becky Gietzen
Angela Rittmiller

Wildlife Services*

State Director
John Paulson

Marketing & Information
Dustin Monke, Director

Emily Edlund
Specialty Crop Block Grant Administrator

Jamie Good
Local Foods Specialist

Kelly Wald
Pride of Dakota Specialist

Ashley Stegeman
Marketing Specialist / Ag in the Classroom

Amber Boeshans
Livestock Development Specialist

Administrative Assistant
Bonnie Sundby

Communications & International Marketing

Public Information Officer
Michelle Mielke

International Marketing Specialist
Erin Becker

Information Technology

Geographic Information System Officer
Jim Hansen

IT Specialist
Scott Booth

Plant Industries

Charles Elhard, Interim Director

Plant Protection Specialists
Samantha Brunner Rachel Seifert-Spilde
Lane Kozel

Plant Industries Technician
Richard Weisz

Nursery & Noxious Weed Program

Plant Protection Officer
Charles Elhard

Noxious Weed Specialist
Chelsey Penuel

Animal Health

Dr. Susan Keller, State Veterinarian

Deputy State Veterinarian
Dr. Beth Carlson

Assistant State Veterinarian
Dr. Sara McReynolds

Field Investigator
Nathan Boehm

Avian Influenza Coordinator
Jeanne David (non-FTE)

Administrative Assistant
Tammy Celley

Office Assistants
Kathy Hoffman Kimberly Norton

* Wildlife Services, a division of the Animal and Plant Health Inspection Service of the U.S. Department of Agriculture, operates in North Dakota under a cooperative agreement with the North Dakota Department of Agriculture, the North Dakota Game and Fish Department, and the North Dakota State Water Commission.

Ken Junkert, Director

Administrative Services Division

Administrative Services includes the fiscal management, policy development, emergency management and human resources in the North Dakota Department of Agriculture (NDDA). The division also administers the North Dakota Mediation Service and the Pipeline Reclamation Pilot Program.

Fiscal Management

- Oversees the development and tracking of the department's budget.
- Processes payroll.
- Pays all bills and deposits all revenues.
- Reviews and approves contracts.
- Ensures compliance with state and federal laws relating to the department's finances; including expenditure tracking and filing of required reports to federal agencies.
- Responsible for procurement of goods and services for the department.

Policy Development

- Researches and analyzes agriculture, energy, water, infrastructure and trade policy for the agriculture commissioner.
- Responds to public information requests.

Emergency Management

- Plan, implement and evaluate strategic emergency management plans.
- Develop and conduct training and education on risk management, loss control and general safety issues.

Human Resources

- Responsible for human resource activities, including recruitment and training.

	2015-2017	HB 1009
Salaries	\$2,359,131	\$2,268,146
Operating	635,815	1,628,872
Pipeline Rec	400,000	200,000
Total	\$3,394,946	\$4,097,018
General	\$2,532,324	\$2,241,030
Federal	295,843	330,286
Special	566,779	1,525,702
Total	\$3,394,946	\$4,097,018

North Dakota Mediation Service

- Offers negotiation and mediation services to resolve differences among creditors, farmers and others.
- Offers assistance for beginning farmer loan applications and farm program paperwork.
- Provides financial counseling.
- Offers mediation to address energy-related issues.
- Offers conflict resolution services to resolve deer depredation disputes.

Pipeline Reclamation Pilot Program

- Connects landowners and tenants experiencing pipeline reclamation issues with an ombudsman to help reach reasonable resolutions.
- Provides technical education, support and outreach on pipeline-related matters.

Charles Elhard, Acting Director Plant Industries Division

Plant Industries includes the noxious weeds, plant protection, apiary, waterbank and industrial hemp programs.

Noxious Weeds

- Distributes state and federal funds for noxious weed control to weed boards.
- Manages federal grants for noxious and invasive weeds.
- Coordinates statewide biological weed control and obtains and distributes biological weed agents.
- Assists county and city weed boards in field days and weed management.
- Assists the general public with weed identification and control.
- Trains and assists weed boards with GPS/GIS mapping technology.
- Administers the Weed Seed Free Forage program.

Plant Protection

- Surveys for exotic pests such as exotic moths, nematodes and emerald ash borer that threaten North Dakota agriculture and horticulture.
- Surveys for pests, various diseases, insects and nematodes including: Japanese beetle, Karnal bunt, dwarf bunt, cereal leaf beetle, soybean cyst nematode, potato cyst nematode and clubroot in canola to enable export of agricultural products.
- Licenses and inspects nursery dealers and growers.
- Provides export certification/phytosanitary services for export of agricultural products.
- Reviews biotechnology permits.

	2015-2017	HB 1009
Salaries	\$1,178,549	\$1,342,786
Operating	830,089	956,329
Grants	1,448,174	1,868,174
Total	\$3,456,812	\$4,167,289
General	\$884,736	\$913,799
Federal	726,418	673,832
Special	1,845,658	2,579,658
Total	\$3,456,812	\$4,167,289

Special Programs

- Conducts the State Waterbank program.
- Administers the industrial hemp program.

Apiary

- Licenses beekeepers.
- Registers and maps apiary locations.
- Inspects bees and issues health certificates for migratory movement.
- Investigates and responds to bee complaints.
- Visits apiaries and ensures compliance with the bee law.
- Administers the Honey Fund.
- Oversees the pollinator plan to enhance communication and emphasize best management practices for stakeholders.

Shaun Quissell, Director Livestock Development Division

Livestock Development includes livestock licensing, dairy/poultry, livestock pollution prevention, wildlife services, state meat & poultry inspection, livestock development and feed.

Livestock Licensing

- Licenses and establishes bonds for livestock dealers and auction markets.
- Monitors financial conditions of dealers and auction markets.

Dairy/Poultry

- Inspects dairy farms for sanitation, facilities, equipment, water purity and proper drug usage and storage.
- Inspects dairy processing plants and milk transfer stations for sanitation facilities equipment.
- Samples dairy products.
- Monitors financial conditions of milk buyers.
- Conducts Grade A survey work.
- Inspects manufacturing grade plants and transfer stations under agreement with USDA.
- Inspects distribution facilities, milk bulk trucks and samplers/haulers.
- Inspects licensed commercial egg producers.
- Licenses and sets bonds for hatcheries.

Livestock Pollution Prevention

- Helps livestock producers install manure containment systems through cost-share funding assistance.
- Advises producers on nutrient management, project planning, regulations and manure containment.

Wildlife Services

- Reduces wildlife depredation and damage to property (conducted by USDA Wildlife Services in cooperation with NDDA, State Water Commission and ND Game and Fish Department).

State Meat & Poultry Inspection

- Trains, certifies and inspects meat processing facilities participating in the program.
- Inspects custom-exempt processing plants.

	2015-2017	HB 1009
Salaries	\$3,440,246	\$3,384,160
Operating	1,551,823	1,587,489
Grants	1,050,000	1,050,000
Wildlife Services	1,401,257	1,408,000
Total	\$7,443,326	\$7,429,649
General	\$2,842,991	\$2,699,214
Federal	2,941,172	3,130,672
Special	1,659,163	1,599,763
Total	\$7,443,326	\$7,429,649

- Inspects retail outlets for country-of-origin labeling.
- Enforces meat and poultry processing regulations.
- Grades livestock carcasses at official state and/or federal establishments as requested.
- Provides consultation and education to the meat and poultry industry.
- Ensures proper label use by the industry.

Livestock Development

- Conducts age/source verification.
- Assists producers and processors in expanding and promoting the state's livestock industry.
- Works with the North Dakota Dairy Coalition to expand the state's dairy industry.

Feed

- Registers all pet food sold in the state.
- Maintains a label file of commercial feeds sold in the state.
- Licenses commercial feed manufacturers and retailers.
- Samples feed products to ensure that nutritional content matches label claims.
- Inspects medicated feed plants.
- Verifies manufacturer and producer compliance with federal requirements to prevent bovine spongiform encephalopathy (BSE).
- Implement the state animal drug residue program.
- Provide producer outreach for the Veterinarian Feed Directive.

Dustin Monke, Director

Marketing & Information Division

Marketing and Information provides education, promotion and market enhancement programs to increase sales of North Dakota agricultural commodities and value-added agricultural products in international, domestic and local markets.

Marketing

- Administers the Pride of Dakota (POD) program, including Holiday Showcases, annual meeting and other events.
- Provides trade show assistance to ND companies.
- Oversees wine development and promotion.
- Administers the Turkey Fund.
- Conducts and participates in international trade events.
- Supports and coordinates with Food Export-Midwest Association.
- Conducts market research for ND companies to help them expand their business domestically and internationally.
- Conducts exporter training programs around the state for ND companies.
- Administers community orchard grants.
- Administers local foods initiative.
- Administers farm-to-school programs.
- Administers specialty crop grants.
- Administers organics program.
- Administers organic certification reimbursement grants.
- Operates the mobile food processing unit.
- Organizes the annual meeting of the agriculture commissioner and the commodity councils.
- Organizes an annual local foods conference.

Public Information

- Writes and edits department publications, including news releases, brochures and reports.
- Responds to public information requests.

	2015-2017	HB 1009
Salaries	\$1,783,058	\$1,575,370
Operating	1,774,692	1,635,551
Capital Assets	8,000	13,000
Grants	5,894,600	6,019,600
Total	\$9,460,350	\$9,243,521
General	\$2,233,046	\$1,856,163
Federal	6,283,722	6,337,776
Special	943,582	1,049,582
Total	\$9,460,350	\$9,243,521

Agriculture in the Classroom

- Helps K-12 teachers integrate agriculture information into science, math, social studies and language curricula.
- Supports Project Food, Land & People which provides hands-on lessons to help students better understand the relationships between the world's environment, agriculture and people.
- Publishes the Ag Mag three times a year for third-, fourth- and fifth-graders.
- Underwrites FFA Foundation mini-grants for agriculture-related projects, units and lessons used by school-age children.

Information Technology

- Maintains desktop support contract with ITD.
- Maintains all desktop and wireless phones.
- Maintains department websites, email and intranet.
- Conducts GIS mapping for other department programs and works with other agencies to provide GIS mapping technology and expertise.

Dr. Susan Keller, State Veterinarian Animal Health Division

The Animal Health Division protects the health of domestic animals and non-traditional livestock, and administers all rules and orders of the State Board of Animal Health (BOAH).

- Monitors and regulates animal imports and exports.
- Traces animal movements as part of disease investigations.
- Issues and maintains records of official USDA tags and official state certificates of veterinary inspection.
- Conducts a Johne's disease control program.
- Conducts the National Scrapie Eradication program.
- Investigates suspected cases of foreign animal and emerging diseases.
- Responds to complaints of inhumane treatment of animals.
- Coordinates pet sheltering during disasters.
- Conducts tuberculosis, brucellosis and other disease investigations.
- Reviews testing information and granting status for tuberculosis-accredited herds, brucellosis-certified herds statuses and Brucella ovis-free flocks.
- Administers non-traditional livestock and farmed elk regulations.
- Issues permits to possess, propagate or domesticate live protected birds or animal species for North Dakota Game and Fish Department.
- Provides chronic wasting disease testing training and oversight.
- Oversees feral swine investigations.
- Works with ND Department of Health on zoonotic disease issues.
- Provides oversight on proper carcass disposal.
- Inspects auction markets and approves veterinarians to provide market services.

	2015-2017	HB 1009
Salaries	\$1,475,132	\$1,519,060
BOAH	1,006,773	865,718
Total	\$2,481,905	\$2,384,778
General	\$1,468,040	\$1,406,860
Federal	737,054	701,862
Special	276,811	276,056
Total	\$2,481,905	\$2,384,778

- Monitors for novel swine enteric coronavirus diseases.
- Provides inspection services at the ND State Fair.
- Registers feedlots.
- Licenses rendering facilities.
- Registers veterinary medicines used in the state.
- Licenses dealers of modified live vaccines.
- Conducts avian influenza testing through USDA Avian Health Co-op Agreement.
- Coordinates the National Poultry Improvement Plan in the state.
- Trains and coordinates a Reserve Veterinary Corps to assist in emergency situations.
- Participates in animal emergency preparedness and response on state, regional and national levels.
- Cooperates with other state and federal animal health officials regionally and nationally to guide national animal health policy.
- Monitors and reports diseases on state and national levels.
- Provides education and outreach for practicing veterinarians and the livestock industry.
- Maintains the state's animal traceability database.

Jerry Sauter & Eric Delzer, Program Managers

Pesticide & Fertilizer Division

The Pesticide and Fertilizer Division regulates pesticides, fertilizers and anhydrous ammonia to protect human health and the environment.

Pesticides

- Conducts inspections of pesticide dealers, users and repackaging facilities to ensure compliance with laws and regulations.
- Provides outreach to inform the public of state and federal pesticide requirements.
- Prepares and submits emergency and special local needs exemption requests to ensure North Dakota producers have access to necessary pest management tools - i.e. Section 18 and 24(c) requests.
- Registers all pesticides—herbicides, fungicides, rodenticides, insecticides, avicides and disinfectants—sold in ND and approves product labeling.
- Conducts Project Safe Send; an annual, statewide collection of unusable pesticides.
- Works with EPA on national pesticide regulatory and policy issues.
- Conducts risk assessments, receives public input, and offers data and recommendations to EPA to mitigate risk of pesticides to threatened and endangered species as part of the ND Endangered Species Protection Plan.
- Investigates and responds to pesticide contamination of groundwater and surface water resources.
- Investigates complaints of pesticide misuse and other violations.
- Administers and enforces the federal Worker Protection Standard to protect workers who handle and use pesticides.

	2015-2017	HB 1009
Salaries	\$2,298,149	\$2,298,149
Operating	1,626,702	1,636,095
Harmonization Bd	75,000	75,000
Total	\$3,999,851	\$4,009,244
General	\$0	\$0
Federal	831,376	840,769
Special	3,168,475	3,168,475
Total	\$3,999,851	\$4,009,244

Fertilizer

- Licenses fertilizer distributors.
- Registers fertilizer products and approves product labeling.
- Samples fertilizer products to ensure claims match labels.
- Licenses anhydrous ammonia storage facilities.
- Conducts inspections of anhydrous ammonia storage facilities and nurse tanks to ensure compliance with federal requirements.
- Administers the Risk Management Program for agricultural anhydrous ammonia facilities and inspects facilities to ensure compliance with federal requirements.
- Provides outreach and compliance assistance to the fertilizer industry and anhydrous ammonia users.
- Audits fertilizer distributors to ensure compliance with annual fertilizer tonnage reporting.

Allotment Impacts on 2015-17 Budget

LINE ITEM REDUCTIONS

Line item	Original Appropriations	Reductions	Adjusted Appropriations
Salaries and wages	\$12,847,201	(\$312,936)	\$12,534,265
Operating expenses	6,877,069	(307,726)	6,569,343
Capital assets	8,000		8,000
Grants	10,640,774	(94,862)	10,545,912
Board of animal health	1,033,665	(26,892)	1,006,773
Wildlife services	1,417,400	(16,143)	1,401,257
Pipeline oversight program	400,000		400,000
Crop harmonization board	75,000		75,000
Total all funds	\$33,299,109	(\$758,559)	\$32,540,550
Less estimated income	21,718,053	0	21,718,053
Total general fund	\$11,581,056	(\$758,559)	\$10,822,497

PLANNED REDUCTIONS TO ONE-TIME GENERAL FUND APPROPRIATIONS

One-time items	Original Appropriations	Reductions	Adjusted Appropriations
IT analysis	\$150,222	(\$50,000)	\$100,222
Website redesign	100,000	(50,000)	50,000
National genomics center	800,000	(88,862)	711,138
Total	\$1,050,222	(\$188,862)	\$861,360

PLANNED ONGOING FUNDING REDUCTIONS BY MAJOR PROGRAM/AREA - GENERAL FUND ONLY

Program/area	Original Ongoing Appropriations	Ongoing Appropriation Reductions	Adjusted Ongoing Appropriations
Administrative Services Division	\$2,698,445	(\$166,121)	\$2,532,324
Plant Industries Division	1,725,899	(41,163)	1,684,736
Livestock Development Division	2,582,946	(122,412)	2,460,534
Marketing and Information Division	2,636,306	(153,038)	2,483,268
Animal Health Division	1,128,295	(43,928)	1,084,367
Pesticide and Fertilizer Division	-	-	-
Board of Animal Health line item	410,565	(26,892)	383,673
Wildlife Services line item	398,600	(16,143)	382,457
Pipeline Oversight Program line item	-	-	-
Crop Harmonization Board line item	-	-	-
	\$11,581,056	(\$569,697)	\$11,011,359

Summary of changes recommended by Governor Burgum and the House

<u>Line Item Changes</u>	<u>Amount</u>
Salaries & Wages	(\$146,594) *
Operating	1,025,215
Capital Assets	5,000
Grants	545,000
State Board of Animal Health	(141,055)
Wildlife Services	6,743
Pipeline restoration and reclamation	<u>(200,000)</u>
Total all funds:	\$1,094,309
Less estimated income:	<u>1,938,380</u>
General fund:	(\$844,071)

* This includes the following adjustments:

• Base payroll changes	(\$233,687)
• Health insur. increases	208,923
• Restores funding for 2015-17 allotment	312,936
• Removes 4 FTE positions	(653,028)
• Federal funding (drug residue program)	81,500
• Temp. salaries (apiary & industrial hemp)	<u>136,762</u>
	(\$146,594)

Note: Governor Burgum recommended an additional 2% operating line item cut. However, the Agriculture Commissioner offered to cut an additional FTE in place of this cut.

2015-17 Biennium Adjusted Appropriation

Line Item	Original Approp	Special Session Reductions	Emerg Comm Adjustments	Adjusted Approp	% Authority Remaining (Feb. 2017)
Salaries	\$12,847,201	(\$312,936)	\$81,500	\$12,615,765	23%
Operating	6,877,069	(307,726)	148,000	6,717,343	44%
Capital Assets	8,000	0	0	8,000	4%
Grants	10,640,774	(94,862)	0	10,545,912	48%
BOAH	1,033,665	(26,892)	0	1,006,773	50%
Wildlife Services	1,417,400	(16,143)	0	1,401,257	21%
Pipeline Reclamation	400,000	0	0	400,000	56%
Crop Harmonization Board	<u>75,000</u>	<u>0</u>	<u>0</u>	<u>75,000</u>	2%
Totals	\$33,299,109	(\$758,559)	\$229,500	\$32,770,050	

Effects of the Reductions on the 2015-17 Budget

- The salary line was cut by over \$300,000; therefore, the Department wasn't able to fill some positions and delayed hiring others.
- The operating line was cut by over \$300,000. This included \$100,000 reduction for the department website redesign and the information technology study.
- The grant line was cut by almost \$100,000 impacting grants to wine and grape producers, apiary researchers, and the National Agricultural Genotyping Center.
- The Board of Animal Health line item cut by almost \$30,000 reduced the amount of Johnes testing, Reserve Corps Veterinarians training, and travel.
- The Wildlife Services program was cut by over \$16,000. This cut provided decreased services to reduce wildlife depredation and damage to property.

Major Variances in Spending Authority

The primary variance in the operating line item is due to decreased travel, advertising, printing, service contracts, cell phones, and miscellaneous supplies. The primary variance in the grants line is due to the timing of grant payments. The bulk of the grant line payments will occur near the end of the current biennium for programs associated with local support of weed control, Specialty Crop Block grants, and livestock pollution control. Also, the BOAH line item has extra spending authority due to unexpended avian influenza federal funds.

2017-19 Reductions to Meet 90% Budget

Salary Line

- Cut 1 FTE (Position No. 6335; Administrative Assistant I, Class 0041).
- Cut 2 temporary employees (Plant Protection Specialist and Marketing Specialist Intern).

Operating Line

- Reduced travel.
- Reduced printing, postage, supplies, meeting space rental, data processing, cell phones, and IT equipment.
- Eliminated the Williston Pride of Dakota Holiday Showcase.

Board of Animal Health Line Item

- Reduced IT software and miscellaneous supplies.
- Reduced Johnes testing and other disease testing costs.

2017-19 One-time funding needs

National Agricultural Genotyping Center (NAGC)

This one-time funding request provides a grant for NAGC located in Fargo. Grant funds will be used to establish a separate prion testing laboratory to better serve chronic wasting disease program needs, develop honeybee disease panel assays and other assays as needed to support the apiary industry, develop agronomic tests to sugarbeet, corn, and soybean producers, and provide general operating support. Funding will also continue to support cost effective methods of utilizing existing research infrastructure to collaborate with United States Department of Agriculture, Los Alamos National Laboratories, North Dakota State University, and other research scientists. Priority is given to hiring NDSU graduates; thereby keeping researchers skilled in genetics, microbiology, biotechnology and molecular biology in the state.

Total request: \$120,000 (special funds in grant line item). This has been included in HB 1009.

2015-17 Status of One-time Funding

	<u>Original Appn.</u>	<u>Adjusted Appn.</u>
National Genomics Center	\$ 800,000	\$ 711,138
Information technology Analysis	\$ 150,222	\$ 100,222
Department website redesign	\$ 100,000	\$ 50,000
	\$1,050,222	\$ 861,360

National Genomics Center is on track to utilize their current funding as adjusted. The IT analysis has been completed. The department website redesign is in progress.

Federal Funding Changes

The Department of Agriculture is aware of a slight decrease in federal funding. We hope federal funding availability and consistency will improve with the new administration. In the past, the Department's ongoing frustration with federal funding revolves around delayed notice of final grant awards every fiscal year. Notification of grant awards can be delayed as long as eight months into the federal fiscal year.

Comparison of Optional Requests to Those Included in Executive Recommendation

	<u>Optional Request</u>	<u>Amount included in Executive Rec.</u>
National Genomics Center	\$ 250,000	\$ 0
Industrial Hemp	\$ <u>64,000</u>	\$ <u>0</u>
	\$ 314,000	\$ 0

Note: the House has funded the National Genomics Center for \$120,000 special funds and Industrial Hemp for \$120,000 special funds.

Itemized listing of changes requested to HB 1009

SB 2313 enacts a new wind energy restoration and reclamation oversight program. This is similar to the pipeline reclamation program administered by the Agriculture Commissioner.

Fiscal note impact = \$50,000 (general funds)

Summary

Agriculture Commissioner's Budget


	<u>2015-2017</u>	<u>HB 1009</u>
Sources:		
General Funds	\$9,961,137	\$9,117,066
Federal Funds	11,815,585	\$12,015,197
Special Funds	8,460,468	\$10,199,236
Total	\$30,237,190	\$31,331,499
FTEs	77	73

The work of the North Dakota Department of Agriculture is vital to our state's most important industry. Although the department is one of the smallest of its kind in the United States, its personnel administer and deliver a wide variety of programs and services for the benefit of the state's rural community and all of our citizens.

This budget presentation was designed to help members of the North Dakota Legislature determine spending priorities for the 2017-2019 biennium.

My staff and I welcome the interest and questions of the Legislature and all North Dakota citizens regarding the work of the North Dakota Department of Agriculture.

Sincerely,



Doug Goehring
Agriculture Commissioner

HB 1009

3-10-17

#2

Testimony in Support of HB 1009 and the National Agricultural Genotyping Center (NAGC)

Chairman Homberg and members of the Appropriations Committee. For the record my name is Bart Schott. I am a 3rd generation farmer from Kulm, ND and am former president of the National Corn Growers Association. I currently serve on the Public Policy Committee of the North Dakota Corn Growers Association. The North Dakota Corn Growers support HB 1009 to allow the Agriculture Department to increase their budget in support of the National Agricultural Genotyping Center (NAGC) funding.

The National Agricultural Genotyping Center (NAGC) started as a joint project of Los Alamos National Laboratories (LANL) and National Corn Growers Association (NCGA). The NAGC is now a stand-alone, not-for profit 501(c)5 corporation that specifically targets solutions for agriculture. NAGC is governed by a Board of Directors that are actively involved in agriculture production, many of which are located in North Dakota. North Dakota Corn currently holds two board seats and has committed significant funding towards this project. This producer funded enterprise has been established to benefit the producers and allows the client to request certain assays be developed, in addition to having control of their own data.

The National Laboratory is located in Fargo, ND at USDA ARS on the NDSU campus and is responsible for assay design, validation, conversion and higher level assay analysis. They are available for contract research and fee for service work.

NAGC is preparing to apply for ISO 17025 accreditation, which is a set of quality standards that applies to testing and calibration facilities. This list of requirements holds the laboratory to a higher standard of quality and testing that is internationally recognized and highly sought after by laboratories and consumers alike.

Below is a list that outlines each test that the lab currently offers and/or is currently validating in the lab in preparation to offer to producers.

1. Honey Bee Pathogen Multiplex Panel

The Honey Bee Pathogen Panel is currently offered to consumers on a fee for service basis. This test panel was developed by NAGC as a tool used to screen for the health of honey bees. NAGC's pathogen panel is specific for the following 11 viral and bacterial pathogens: Acute Bee Paralysis Virus, Black Queen Cell Virus, Kashmir Bee Virus, Lake Sinai Virus 1 and 2, American Foulbrood, Chronic Bee Paralysis Virus, Deformed Wing Virus, Israeli Acute Bee Paralysis Virus, Slow Bee Paralysis Virus, and European Foulbrood. This multi-target panel has been shown to be highly specific for each target using the unique DNA sequence from each pathogen. In addition to the cost savings, the utilization of a multiplex panel shortens the turnaround time which, in turn, heightens the throughput capacity of the laboratory.

In parallel to developing the multiplex panel for quick and reliable testing, NAGC has also conducted a 10 week study exploring storage conditions of honey bees to determine the acceptable parameters for storage, transit and detection. The preliminary data suggests that the pathogens were still detectable after 10 weeks stored at room temperature (~70F) without any decrease in sensitivity. These samples were compared to samples stored at the colder storage recommendations of -20C and 4C. NAGC also investigated higher than room temperature storage and those conditions are not recommended. They hope this new data will help support less stringent guidelines for testing and hopefully open the opportunity to testing for beekeepers that may not have access to cold transit shipping conditions.

2. Xanthomonas

The NAGC is working with the USDA and university labs to identify Xanthomonas in corn and in cotton. As the top corn producing country, there is a strong need to provide US farmers with reliable and early disease detection for a variety of pathogens, particularly for the recently confirmed Bacterial Leaf Streak Disease (BLSD). BLSD is caused by a bacteria, Xanthomonas vasicola pathovar vasculorum (Xvv), which was thought to be restricted to South Africa. The first reported detection of Xvv in the US was in Nebraska last year (2016) and further surveying

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has confirmed its presence in several other states (Minnesota, South Dakota, Iowa, Colorado, Illinois, Kansas, Texas and Oklahoma) with more being added (USDA-APHIS, 2016, August 29 and Institute of Agriculture and Natural Resources, University of Nebraska-Lincoln. 2016, August 26). Symptoms of BLSD are similar to other diseases, making visual diagnosis difficult to impossible.

Due to its recent introduction to the US, the epidemiology (control and spread) of BLSD is largely unknown, but it is likely that foliar fungicides typically used against gray leaf spot will be ineffective against this bacterial disease.

Through the USDA's collaboration, the NAGC has been able to modify the initial assay to allow for a greater number of samples (high throughput) to be analyzed in a shorter period of time. This information gathered will allow for a better understanding of the transmission of the disease and protect producers from further spread within the US. There are only a few research labs that can support and are capable of developing high throughput assays using the latest molecular instrumentation that the NAGC possesses. This assay has the potential to screen other plants that may not yet be identified as alternative hosts (e.g. cotton, food crops or weeds) to the bacteria, which have been important sources in particular strains of Xv pathovars (Coutinho, et al., 2015).

Importantly, optimization of the assay will enable producers to test a variety of potential contaminated sources (farming equipment, seeds, soil), which can help market corn for exportation as well as assert liability of contamination from farming equipment that moves from field to field. Furthermore, this assay will provide a more reliable diagnosis, allowing producers to be more proactive in their management strategies.

3. Goss's Wilt

The Goss's Wilt assay is currently under development is for the specific detection of the bacterial pathogen that causes Goss's wilt and blight of corn. *Clavibacter michiganensis* subsp. *nebraskensis* (Cmn), the causal organism of Goss's wilt, can infect a corn crop in any developmental stage, whether through wounds or transmitted directly through seed. Once the bacteria has colonized a crop, the

surface-infested crop residue later becomes the main source of inoculum for future outbreaks of Goss's wilt and leaf blight.

NAGC is optimizing a test for high throughput capabilities, that was very recently developed by a group from the University of MN (in press, McNally et. al., 2016), which utilizes a PCR-based assay to detect, identify and quantify the causal agent of Goss's wilt (Cmn). With the expansion of the assay into a high-throughput, quantitative test, NAGC be able to provide an accurate, sensitive and affordable method for producers and researchers to assess the potential for developing Goss's wilt as a pre-screen of seed before purchase as well as detecting the organism in field samples to assess the bacterial lode in the field before planting to detecting the organism on symptomatic plant samples.

4. Fusarium

Corn has become an increasingly important crop within the state of North Dakota, where it is currently grown in every county; though the productivity and risk of production varies considerably from region to region (Ransom, 2004). Stalk and ear rot diseases of corn can be caused by many fungi and bacteria. Most of these pathogens occur commonly in the fields and behave opportunistically by primarily infecting senescing, injured or stressed plants. Several fungal species in the genus *Fusarium* are responsible for diseases such as root rot, stalk rot, ear rot, seedling blight and sudden death syndrome (Wang et al., 2015). Ear rot affects grain quality, limits the use of certain cultivars, and causes concern about toxins (fumonisin and trichothecene) in corn used for feed.

Fusarium verticillioides is reported to be the primary fungus species that causes *Fusarium* ear rot in the United States, but two other *Fusarium* species (*F. proliferatum* and *F. subglutinans*) also infect corn and cause ear rot disease. In all three species, the disease symptoms are similar, but only *F. verticillioides* and *F. proliferatum* produce fumonisins (Beck et al., 2005). The most agriculturally important *Fusarium* species that produce trichothecenes are *F. graminearum*, *F. culmorum*, *F. sporotrichioides*, *F. poae* and *F. equiseti* (Bluhm, 2002; Jurado et al., 2005). All of these *Fusarium* species are also common fungal pathogens in cereals, particularly, head blight in small-grain crops. Thus, there is a strong need for rapid

detection and identification of the *Fusarium* species, to provide guidance for corn producers on the use of fungicides either to pre-treat fields or as seed treatments.

Given the complex diversity of species and often confusing taxonomy, conventional methods to identify *Fusarium* are both labor intensive and time consuming (Bluhm et al., 2004; Demeke et al., 2005). As an alternative to conventional microbiological procedures in diagnosis, a molecular based technology offered by NAGC is a rapid and sensitive method to detect target DNA molecules.

NAGC has begun the development of a pathogen screening assay to detect *Fusarium* species in both seed and soil samples. The development of this high throughput, real-time PCR method would ultimately help establish a cost-effective monitoring regime for producers, which will help them proactively safeguard and manage their crops against future *Fusarium* outbreaks.

5. Aphid Resistance in Soybeans

In 2008, the economic loss for the soybean industry due to the presence of aphids was estimated to be approximately 4 billion U.S. dollars annually (Kim et al, 2008). Aphid infestation can decrease soybean yield as high as 50% (Wang et al., 1994; Ragsdale et al., 2007). High aphid populations can reduce crop production directly when their feeding causing severe damage such as stunting, leaf distortion, and reduced pod set (Sun et al., 1990). Although proper use of insecticides can greatly reduce the damaging effects of aphids on soybean yield, this approach is costly (~33 U.S. dollars/hectare), detrimental for the environment, and can lead to the development of insecticide resistant aphids. In addition, this practice could also adversely affect the population of insects that normally prey on aphids (Ragsdale et al., 2007).

Aphis glycines, and a close relative A. gossipii, are the only aphid species found colonizing soybean in the United States (Hill et al., 2004). To date, four soybean aphid biotypes are now known in relation to resistance genes. Depending on the type of soybean aphid, there are different resistance gene combinations from the soybean plant that offer tolerance to these pests.

The use of soybean lines naturally resistant to aphids is another management approach to control soybean aphids. NAGC is developing a test to aid in characterizing the resistance genes present in the plants to offer a strategy for optimal deployment of aphid resistant soybean is also needed to ensure sustainability of this technology. By selecting the varieties that are resistant to the biotypes of aphids most prevalent in ND, farmers will decrease aphid damage and decrease yield losses due to aphids. Farmers will decrease insecticide applications reducing costs and impact on the environment.

6. **Phytophthora**

Phytophthora root and stem rot (PRSR), caused by the soil-borne fungus *Phytophthora sojae* is a common disease found throughout the United States. PRSR has been ranked as a leading destructive soybean disease reportedly causing an annual loss of over 44 million bu from 1996-2009 (Koenning and Wrather, 2010; Wrather and Koenning, 2009).

The NAGC is developing a test that allows for the identification of the *Phytophthora* pathogen that will allow ND soybean producers to quickly (within 4 weeks once the sample reaches the lab) identify the *Phytophthora* pathogen. An accurate course for remediation can then be determined. It can also be an indicator of what soybean producers might expect in a particular field the following year.

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7. Chronic Wasting Disease

Chronic wasting disease (CWD) is a naturally occurring transmissible spongiform encephalopathy (TSE) affecting members of the cervid species, including white-tailed and mule deer, wapiti, and moose. As with other TSEs, including scrapie of sheep, transmissible mink encephalopathy, bovine spongiform encephalopathy (BSE or mad cow disease), and variant/sporadic Creutzfeldt-Jakob disease (CJD) in humans. CWD is characterized by identifying an abnormally folded protein. The cellular prion protein that is responsible for causing the disease, is identified by many labor intensive steps to detect the misfolded protein in the animal. This structural change renders it resistant to degradation that has led to the epidemic of the disease spreading through waterways, feeding pastures, and laterally to other cervid animals in the area.

Currently, the only recognized method by the USDA-APHIS is a technique that requires a brain biopsy (Immunohistochemistry or IHC), thus each animal tested is no longer living.

NAGC is optimizing two methods to detect CWD which will be able to survey living animals in addition to non-living animals in an effort to get ahead of the disease. By testing asymptomatic animals and using preventative measures, the identification of the disease can be established before the possible transmission to other animals and animal resources (food and water).

Thank you and I would be happy to answer any questions.

?

COMMISSIONER
DOUG GOEHRING



NORTH DAKOTA
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STATE CAPITOL
600 E. BOULEVARD AVE. - DEPT. 602
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HB 1009
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3-27-17

#1

TO: HB 1009 Senate Appropriations Subcommittee
FR: Doug Goehring, Agriculture Commissioner
RE: Travel Budget – Administrative Services Division
DT: March 27, 2017

The subcommittee requested information regarding the travel portion of the Administrative Services Division operating budget. The HB 1009 Senate Budget Presentation shows the following for the 17-19 biennium:

- Operating line total: \$1,628,872
- Of this total, \$1,000,000 was appropriated for one-time funding for the environmental impact review (SIIF Fund – special funds)
- Of the remaining \$628,872, \$173,640 was initially budgeted for the travel account code
 - The budget for travel covers 13 FTEs and 3 temporary field employees
 - When budgeting, IBARS doesn't require breaking travel budgets by employee
- The House of Representatives cut an additional \$55,000 from the Administrative Services Division operating line
- Of this amount, \$20,000 was identified as a cut in the travel account code; leaving \$153,640 for the travel budget; this accounts for a 11.5% decrease in the travel budget
- The remaining \$35,000 was identified in the operating fees and services account code

Please let me know if you have any questions.

pg 1

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 Title.
 Fiscal No. 1

Prepared by the Legislative Council staff for
 Senate Appropriations Committee
 March 28, 2017

HB 1009
3-28-17
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P1

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1009

Page 1, remove lines 13 through 23

Page 2, replace line 1 with:

"Salaries and wages	\$12,534,265	(\$161,316)	\$12,372,949
Operating expenses	6,419,121	1,025,215	7,444,336
Capital assets	8,000	5,000	13,000
Grants	8,392,774	545,000	8,937,774
Board of animal health	1,006,773	(141,055)	865,718
Wildlife services	1,401,257	6,743	1,408,000
Crop harmonization board	75,000	0	75,000
Pipeline restoration and reclamation oversight program	<u>400,000</u>	<u>(200,000)</u>	<u>200,000</u>
Total all funds	\$30,237,190	\$1,079,587	\$31,316,777
Less estimated income	<u>20,276,053</u>	<u>1,931,623</u>	<u>22,207,676</u>
Total general fund	\$9,961,137	(\$852,036)	\$9,109,101"

Page 2, line 4, replace "\$208,923" with "\$188,477"

Page 2, line 4, replace "\$114,802" with "\$101,972"

Page 2, line 5, replace "\$1,249" with "\$1,241"

Page 2, line 6, after "FUNDING" insert "- EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-SIXTH LEGISLATIVE ASSEMBLY"

Page 2, line 7, after "biennium" insert "and the 2017-19 biennium one-time funding items included in the appropriation in section 1 of the Act"

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1009 - Department of Agriculture - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$12,534,265	\$12,387,671	(\$14,722)	\$12,372,949
Operating expenses	6,419,121	7,444,336		7,444,336
Capital assets	8,000	13,000		13,000
Grants	8,392,774	8,937,774		8,937,774
State Board of Animal Health	1,006,773	865,718		865,718
Wildlife services	1,401,257	1,408,000		1,408,000
Crop Harmonization Board	75,000	75,000		75,000
Pipeline restoration and reclamation	400,000	200,000		200,000
Total all funds	\$30,237,190	\$31,331,499	(\$14,722)	\$31,316,777
Less estimated income	<u>20,276,053</u>	<u>22,214,433</u>	<u>(6,757)</u>	<u>22,207,676</u>
General fund	\$9,961,137	\$9,117,066	(\$7,965)	\$9,109,101
FTE	77.00	73.00	0.00	73.00

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

#1
P2

	Adjusts Funding for Health Insurance Increases ¹	Total Senate Changes
Salaries and wages	(\$14,722)	(\$14,722)
Operating expenses		
Capital assets		
Grants		
State Board of Animal Health		
Wildlife services		
Crop Harmonization Board		
Pipeline restoration and reclamation		
Total all funds	(\$14,722)	(\$14,722)
Less estimated income	(6,757)	(6,757)
General fund	(\$7,965)	(\$7,965)
FTE	0.00	0.00

¹ Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month. Section 2 of the bill is also adjusted to reflect the revised premium rate.