

Department 602 - Agriculture Commissioner
House Bill No. 1009

Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2021-23 Executive Budget	78.00	\$11,067,647	\$28,689,324	\$39,756,971
2019-21 Legislative Appropriations ¹	78.00	10,910,429	30,322,406	41,232,835
Increase (Decrease)	0.00	\$157,218	(\$1,633,082)	(\$1,475,864)

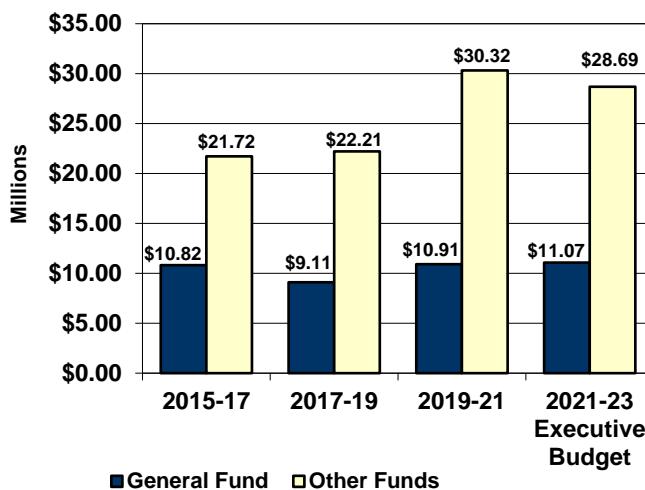
¹The 2019-21 biennium agency appropriation amounts have not been adjusted for the following:

- Additional special funds authority of \$250,000 resulting from Emergency Commission action during the 2019-21 biennium.
- Additional federal Coronavirus (COVID-19) funds authority of \$13,556,000 resulting from Emergency Commission action during the 2019-21 biennium.

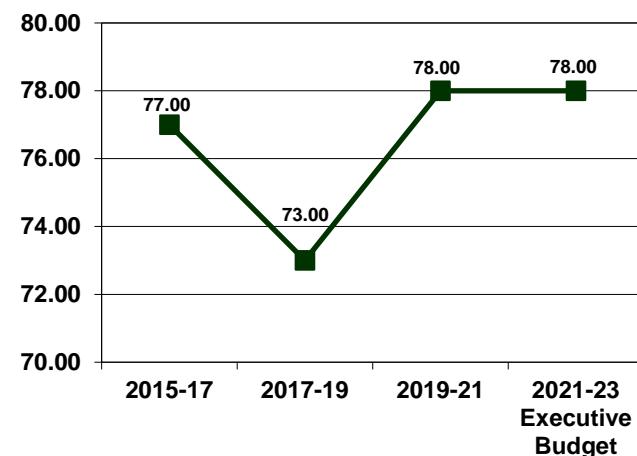
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2021-23 Executive Budget	\$10,887,647	\$180,000	\$11,067,647
2019-21 Legislative Appropriations	10,700,429	210,000	10,910,429
Increase (Decrease)	\$187,218	(\$30,000)	\$157,218

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2021-23 Executive Budget	\$11,067,647	\$28,689,324	\$39,756,971
2021-23 Base Level	10,700,429	28,322,406	39,022,835
Increase (Decrease)	\$367,218	\$366,918	\$734,136

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases, of which \$335,622 is for salary increases, \$3,749 is for health insurance increases, and \$68,599 is for retirement contribution increases	\$233,502	\$174,468	\$407,970
2. Unfunds 1 FTE Pride of Dakota administrative assistant I position	(\$152,521)	\$0	(\$152,521)
3. Adds funding for the state agency Capitol grounds rent proposal	\$166,440	\$0	\$166,440

4. Transfers funding from the Department of Commerce for the North Dakota Trade Office, resulting in \$750,000 for the program in the Department of Commerce budget and \$850,000 for the program in the Agriculture Commissioner budget	\$850,000	\$0	\$850,000
5. Reduces funding from the environmental impact mitigation fund for mitigation of environmental impact grants to provide a total of \$4,900,000	\$0	(\$100,000)	(\$100,000)
6. Removes funding for wine and research promotion grants (\$80,000), apiary grants (\$75,000), and waterbank grants (\$300,000)	(\$155,000)	(\$300,000)	(\$455,000)
7. Reduces funding for the Board of Animal Health to provide a total of \$787,718, of which \$200,565 is from the general fund, \$533,745 is from federal funds, and \$53,408 is from the agriculture department operating fund	(\$78,000)	\$0	(\$78,000)
8. Adjusts funding for the Wildlife Services program from the general fund to the environment and rangeland protection fund to provide a total of \$1,457,400 for the Wildlife Services program, of which \$125,000 is from the agriculture department operating fund, \$500,000 is from the game and fish fund, and \$832,400 is from the environment and rangeland protection fund	(\$398,600)	\$398,600	\$0
9. Adds one-time funding to replace the meat inspection, dairy inspection, and mediation program databases	\$180,000	\$0	\$180,000

Other Sections Recommended to be Added in the Executive Budget (As Detailed in the Attached Appendix)

Environment and rangeland protection fund transfer - Section 3 would require the Agriculture Commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund during the 2021-23 biennium.

Environment and rangeland protection fund - Section 4 would identify \$7,046,124 in the estimated income line item in Section 1 is from the environment and rangeland protection fund.

Game and Fish Department operating fund - Section 5 would identify that \$624,136 in the estimated income line item in Section 1 is from the Game and Fish Department operating fund for various Department of Agriculture programs.

State Water Commission transfer - Section 6 would transfer \$125,000 from the State Water Commission to the Agriculture Commissioner for the Wildlife Services program during the 2021-23 biennium.

Waterbank program - Section 7 would amend Section 7 of Chapter 34 of the 2019 Session Laws to allow the Agriculture Commissioner to use "up to" \$50,000 of the 2019-21 biennium salaries and wages line item as matching funds for the North Dakota outdoor heritage fund grant for the waterbank program.

Pipeline restoration and reclamation - Section 8 would identify that \$200,000 in the estimated income line item in Section 1 is from the abandoned oil and gas well plugging and site reclamation fund for the pipeline restoration and reclamation program.

Agriculture Commissioner salary - Section 9 would provide the statutory changes necessary to increase the Agriculture Commissioner's salary. The Agriculture Commissioner's annual salary would increase from the current level of \$119,757 to \$122,152 effective July 1, 2021, and to \$124,595 effective July 1, 2022, to reflect the 2 percent and 2 percent recommended salary increase.

North Dakota Trade Office - Section 10 would identify that \$850,000 in the operating expenses line item relates to the North Dakota Trade Office, which a portion of the program is recommended to be transferred from the Department of Commerce to the Agriculture Commissioner. The Agriculture Commissioner would be allowed to spend 60 percent of this amount without requiring any matching funds from the North Dakota Trade Office. Any additional amounts may be spent only to the extent the North Dakota Trade Office provides \$1 of matching funds from private or other sources for each \$1 provided by the Agriculture Commissioner during the 2021-23 biennium. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, to provide training, and to buy computer equipment as part of the North Dakota Trade Office's export assistant program.

Continuing Appropriations

Bioscience innovation grant fund - North Dakota Century Code Section 4.1-01-20.1 - Includes funding appropriated to the Agriculture Commissioner on a continuing basis to award grants to North Dakota bioscience businesses to support biotechnology innovation and commercialization, promote the creation of bioscience jobs in the state, encourage the development of new bioscience technologies and bioscience startup companies in the state, leverage the agriculture industry in the state to support the development of bioscience technologies impacting livestock operations and crop production, promote bioscience research and development at institutions under the control of the State Board of Higher Education; and encourage coordination and collaboration among other entities and programs in the state to promote bioscience innovation goals.

Federal environmental law impact review fund - Section 4.1-01-21 - Includes funding appropriated to the Agriculture Commissioner on a continuing basis for certain administrative costs related to the Federal Environmental Law Impact Review

Committee, which reviews federal environmental legislation and regulations detrimentally impacting or potentially detrimentally impacting the state's agricultural, energy, or oil production sectors.

Environmental impact mitigation fund - Section 4.1-01-21.1 - Includes funding appropriated to the Agriculture Commissioner on a continuing basis for distribution to landowners for the mitigation of agricultural land impacted by assessed adverse direct environmental impacts of a proposed site, corridor, route, or facility.

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.

Industrial hemp - Section 4.1-18-02 - Provides for the Agriculture Commissioner to assess a fee of \$150 plus \$25 per acre to each applicant requesting to grow or process industrial hemp. Fees collected for this purpose are deposited in the Agriculture Commissioner operating fund and appropriated to the Department of Agriculture on a continuing basis.

Minor use pesticide fund - Section 4.1-39-08 - For studies, investigations, and evaluations regarding registration and use of pesticides.

Equine processing fund - Section 36-21-19 - Provides for the Agriculture Commissioner to assess a fee of \$5 for equine processing facility assessments. The first \$50,000 of fees collected is deposited in the general fund and any additional amounts are deposited in the equine processing fund. All funds in the equine processing fund are appropriated to the Agriculture Commissioner on a continuing basis.

State waterbank fund - Section 61-31-10 - Authorizes the Agriculture Commissioner to receive funds from any private or public source, including from state agencies for the state waterbank program. The state waterbank fund and interest earned are appropriated to the Agriculture Commissioner on a continuing basis.

Significant Audit Findings

The operational audit for the Department of Agriculture conducted by the State Auditor's office for the period ending June 30, 2019, concluded the Agriculture Commissioner exceeded general fund appropriation limits by \$25,529 related to the waterbank program during the 2017-19 biennium.

Section 8 of House Bill No. 1009 (2017) provided the salaries and wages line item in Section 1 of the bill included \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program. During the 2017-19 biennium, the Agriculture Commissioner spent \$40,942 of the \$50,000 for salaries and wages, of which \$15,413 was spent on the waterbank program and \$25,529 was spent on other department salaries. The remaining \$9,058 was canceled and retained in the general fund at the end of the 2017-19 biennium.

The State Auditor's report states the \$50,000 appropriated from the general fund to the Agriculture Commissioner was available only for matching funds for salaries related to the waterbank program. The report states \$34,587 should have been canceled and returned to the general fund at the end of the 2017-19 biennium instead of \$9,058 and that the Agriculture Commissioner overspent the authority provided by \$25,529.

Major Related Legislation

House Bill No. 1026 - This bill combines state warehouse and facility-based grain buyer licenses and creates a new grain processor and broker license.

House Bill No. 1115 - This bill transfers responsibilities related to zoning of animal feeding operations and regulation of odors from agricultural operations and animal feeding operations from the Department of Environmental Quality to the Agriculture Commissioner.

House Bill No. 1158 - This bill requires the Agriculture Commissioner to deposit 50 percent of funding paid to mitigate the adverse environmental impacts of a proposed site, corridor, route, or facility into the environmental impact mitigation fund and the remaining 50 percent in the federal environmental law impact review fund, rather than depositing 100 percent of available funding into the environmental impact mitigation fund.

Senate Bill No. 2171 - This bill transfers the International Business and Trade Office, also known as the North Dakota Trade Office, from the Department of Commerce to the Agriculture Commissioner and appropriates \$1,600,000 to the Agriculture Commissioner.

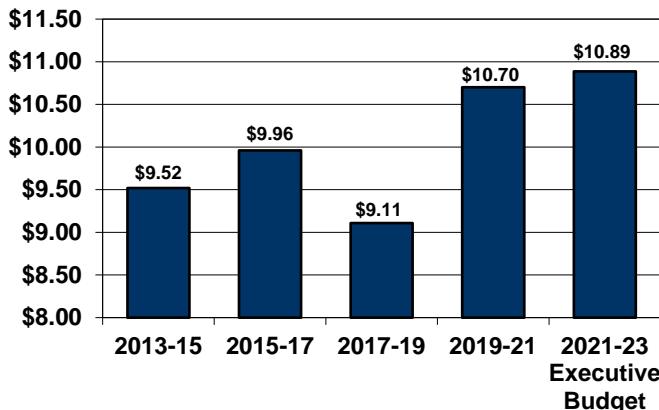
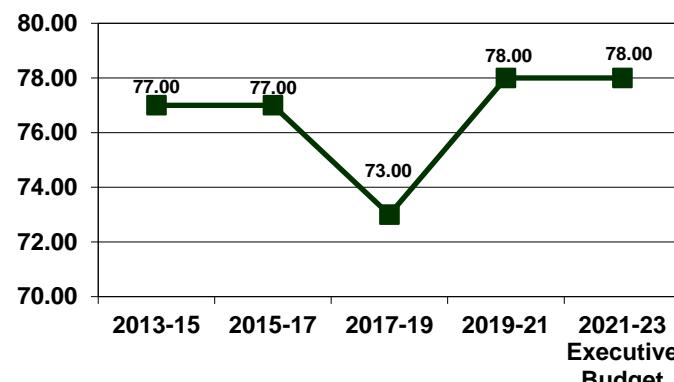
Agriculture Commissioner - Budget No. 602
House Bill No. 1009
Base Level Funding Changes

	Executive Budget Recommendation		
	FTE Positions	General Fund	Other Funds
			Total
2021-23 Biennium Base Level	78.00	\$10,700,429	\$28,322,406
2021-23 Ongoing Funding Changes			
Base payroll changes		(\$228,166)	(\$24,207)
Salary increase		192,094	143,528
Health insurance increase		2,146	1,603
Retirement contribution increase		39,262	29,337
Unfunds 1 FTE Pride of Dakota administrative assistant I position		(152,521)	(152,521)
Adds funding for Microsoft Office 365 license expenses		7,322	1,491
Adjusts funding for operating expenses		(57,759)	88,566
Adds funding for state agency Capitol grounds rent proposal		166,440	166,440
Transfers funding from the Department of Commerce for the North Dakota Trade Office		850,000	850,000
Adds federal funding for operating expenses and grants			78,000
Removes 2019-21 biennium funding for a plotter		(10,000)	(5,000)
Adds funding to replace a utility terrain vehicle		10,000	5,000
Adds funding for noxious weeds grants			50,000
Reduces funding for mitigation of environmental impact grants			(100,000)
Removes funding for wine and research promotion grants, apriary grants, and waterbank grants		(155,000)	(300,000)
Reduces funding for the Board of Animal Health		(78,000)	(78,000)
Adjusts funding for the Wildlife Services program		(398,600)	0
Total ongoing funding changes	0.00	\$187,218	\$366,918
			\$554,136
One-time funding items			
Adds funding to replace various program databases		\$180,000	\$180,000
Total one-time funding changes	0.00	\$180,000	\$0
			\$180,000
Total Changes to Base Level Funding	0.00	\$367,218	\$366,918
			\$734,136
2021-23 Total Funding	78.00	\$11,067,647	\$28,689,324
			\$39,756,971
<i>Total ongoing changes as a percentage of base level</i>	0.0%	1.7%	1.3%
<i>Total changes as a percentage of base level</i>	0.0%	3.4%	1.3%
			1.4%
Other Sections in Agriculture Commissioner - Budget No. 602	Executive Budget Recommendation		
Environment and rangeland protection fund transfer	Section 3 would require the Agriculture Commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund during the 2021-23 biennium.		
Environment and rangeland protection fund	Section 4 would identify \$7,046,124 in the estimated income line item in Section 1 is from the environment and rangeland protection fund.		
Game and Fish Department operating fund	Section 5 would identify that \$624,136 in the estimated income line item in Section 1 is from the Game and Fish Department operating fund for various Department of Agriculture programs.		
State Water Commission transfer	Section 6 would transfer \$125,000 from the State Water Commission to the Agriculture Commissioner for the Wildlife Services program during the 2021-23 biennium.		

Other Sections in Agriculture Commissioner - Budget No. 602

Executive Budget Recommendation

Waterbank program	Section 7 would amend Section 7 of Chapter 34 of the 2019 Session Laws to allow the Agriculture Commissioner to use "up to" \$50,000 of the 2019-21 biennium salaries and wages line item as matching funds for the North Dakota outdoor heritage fund grant for the waterbank program.
Pipeline restoration and reclamation	Section 8 would identify that \$200,000 in the estimated income line item in Section 1 is from the abandoned oil and gas well plugging and site reclamation fund for the pipeline restoration and reclamation program.
Agriculture Commissioner salary	Section 9 would provide the statutory changes necessary to increase the Agriculture Commissioner's salary. The Agriculture Commissioner's annual salary would increase from the current level of \$119,757 to \$122,152 effective July 1, 2021, and to \$124,595 effective July 1, 2022, to reflect the 2 percent and 2 percent recommended salary increase.
North Dakota Trade Office	Section 10 would identify that \$850,000 in the operating expenses line item relates to the North Dakota Trade Office, which a portion of the program is recommended to be transferred from the Department of Commerce to the Agriculture Commissioner. The Agriculture Commissioner would be allowed to spend 60 percent of this amount without requiring any matching funds from the North Dakota Trade Office. Any additional amounts may be spent only to the extent the North Dakota Trade Office provides \$1 of matching funds from private or other sources for each \$1 provided by the Agriculture Commissioner during the 2021-23 biennium. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, to provide training, and to buy computer equipment as part of the North Dakota Trade Office's export assistant program.

Department 602 - Agriculture Commissioner**Historical Appropriations Information****Ongoing General Fund Appropriations Since 2013-15****Ongoing General Fund Appropriations (in Millions)****FTE Positions**

Ongoing General Fund Appropriations					
	2013-15	2015-17	2017-19	2019-21	2021-23 Executive Budget
Ongoing general fund appropriations	\$9,519,217	\$9,961,137	\$9,109,101	\$10,700,429	\$10,887,647
Increase (decrease) from previous biennium	N/A	\$441,920	(\$852,036)	\$1,591,328	\$187,218
Percentage increase (decrease) from previous biennium	N/A	4.6%	(8.6%)	17.5%	1.7%
Cumulative percentage increase (decrease) from 2013-15 biennium	N/A	4.6%	(4.3%)	12.4%	14.4%

Major Increases (Decreases) in Ongoing General Fund Appropriations**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

1. Removed 4 FTE positions and related funding (\$600,304)
2. Adjusted funding for information technology operating expenses (\$296,836)

2019-21 Biennium

1. Added funding to transfer the Agriculture Products Utilization Commission (APUC) from the Department of Commerce to provide total ongoing funding of \$2,000,000, of which \$1,760,417 is from the APUC fund. \$239,583
2. Added funding to transfer the grain warehouse license and inspection program from the Public Service Commission \$853,499

2021-23 Biennium (Executive Budget Recommendation)

1. Unfunds 1 FTE Pride of Dakota administrative assistant I position (\$152,521)
2. Adds funding for the state agency Capitol grounds rent proposal \$166,440
3. Transfers funding from the Department of Commerce for the North Dakota Trade Office, resulting in \$750,000 for the program in the Department of Commerce budget and \$850,000 for the program in the Agriculture Commissioner budget \$850,000
4. Adjusts funding for the Wildlife Services program from the general fund to the environment and rangeland protection fund (\$398,600)

GOVERNOR'S RECOMMENDATION FOR THE AGRICULTURE COMMISSIONER AS SUBMITTED BY THE OFFICE OF MANAGEMENT AND BUDGET

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the agriculture commissioner for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2021 and ending June 30, 2023, as follows:

	<u>Base Level</u>	Adjustments or <u>Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$14,232,746	\$ 3,076	\$14,235,822
Operating Expenses	6,592,780	1,156,060	7,748,840
Capital Assets	15,000	0	15,000
Grants	13,823,774	(347,000)	13,476,774
Ag Products Utilization Program	1,760,417	0	1,760,417
Board of Animal Health	865,718	(78,000)	787,718
Wildlife Services	1,457,400	0	1,457,400
Pipeline Reclamation	200,000	0	200,000
Crop Harmonization Board	<u>75,000</u>	<u>0</u>	<u>75,000</u>
Total All Funds	\$39,022,835	\$ 734,136	\$39,756,971
Less Estimated Income	<u>28,322,406</u>	<u>366,918</u>	<u>28,689,324</u>
Total General Fund	\$10,700,429	\$ 367,218	\$11,067,647
Full-Time Equivalent Positions	78.00	0.00	78.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY- EIGHTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty- sixth legislative assembly for the 2019-21 biennium and the 2021-23 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
Master Customer Database	\$ 110,000	\$ 0
Agricultural Products Utilization Commission	2,000,000	0
Mediation Service Database Replacement	0	90,000
Meat Inspection and Dairy Database Replacement	<u>0</u>	<u>90,000</u>
Total All Funds	\$2,110,000	\$180,000
Total Special Funds	<u>2,000,000</u>	<u>0</u>
Total General Fund	\$ 110,000	\$180,000

The 2021-23 one-time funding amounts are not a part of the entity's base budget for the 2023-25 biennium. The agriculture commissioner shall report to the appropriations committees of the sixty-eighth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 3. TRANSFER - ENVIRONMENT AND RANGELAND PROTECTION FUND – MINOR USE PESTICIDE FUND. The agriculture commissioner shall transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 4. ESTIMATED INCOME - ENVIRONMENT AND RANGELAND PROTECTION FUND.

The estimated income line item in section 1 of this Act includes the sum of \$7,046,124, or so much of the sum as may be necessary, from the environment and rangeland protection fund for the purpose of defraying the expenses of various department of agriculture programs, for the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 5. ESTIMATED INCOME - GAME AND FISH FUND. The estimated income line item in section 1 of this Act includes the sum of \$624,136, or so much of the sum as may be necessary, from the game and fish department operating fund for the purpose of defraying the expenses of various department of agriculture programs, for the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 6. ESTIMATED INCOME - STATE WATER COMMISSION - TRANSFER. The estimated income line item in section 1 of this Act includes the sum of \$125,000 which the state water commission shall transfer to the agriculture commissioner for the wildlife services program, for the biennium beginning July 1, 2021, and ending June 30, 2023.

SECTION 7. AMENDMENT. Section 7 of chapter 34 of the 2019 Session Laws is amended and reenacted as follows:

SECTION 7. WATERBANK PROGRAM - MATCHING FUNDS. The salaries and wages line item in section 1 of this Act includes up to \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.

SECTION 8. 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, 2021, and ending June 30, 2023.

SECTION 9. AMENDMENT. Section 4-01-21 of the North Dakota Century Code is amended and reenacted as follows:

4-01-21. Salary of agriculture commissioner. The annual salary of the agriculture commissioner is one hundred sixteen thousand eight hundred thirty-six dollars through June 30, 2020 one hundred twenty-two thousand one hundred fifty-two dollars through June 30, 2022, and one hundred nineteen thousand seven hundred fifty-seven one hundred twenty-four thousand five hundred ninety-five dollars thereafter.

SECTION 10. TRADE OFFICE - MATCHING FUND REQUIREMENT. The operating line item and the general fund appropriation in section 1 of this Act include \$850,000 of funding relating to the North Dakota trade office. The agriculture commissioner may spend sixty percent of this amount without requiring any matching funds from the trade office. Any additional amounts may be spent only to the extent that the North Dakota trade office provides one dollar of matching funds from private or other public sources for each one dollar provided by the department for the biennium beginning July 1, 2021 and ending June 30, 2023. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants provide training to export assistants or buy computer equipment as part of the North Dakota trade office's export assistance program.