

1999 SENATE AGRICULTURE

SB 2289

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2289

Senate Agriculture Committee

Conference Committee

Hearing Date 1/29/99

Tape Number	Side A	Side B	Meter #
2	X		5390-END
2		X	0
Committee Clerk Signature <i>Tricia Ferguson</i>			

Minutes:

Senator Klein called the meeting to order, roll call was taken, all were present.

Senator Klein opened the hearing on SB 2289.

Senator Wanzek introduced the bill. He wants people to recognize that the program is worthwhile.

Senator Klein: How long has it been in place?

Senator Wanzek: Since the early "80's, I am not sure of the exact date.

Representative Renner, sponsor of the bill, spoke in favor. He said the services of the program are necessary and have done well since they started.

Senator Sand: When this mediation went down did banks ever cut down on loans?

Representative Renner: In my experience we would stretch out or adjust payments.

Senator Urlacher: Is there any negotiation with the IRS as well to make this thing work?

Representative Renner: Not to my knowledge.

Senator Wanzek: This is a method of bringing everybody that has a concern to the table and making the best out of what is sometimes a bad situation.

Jeff Knudson spoke in support of SB 2289. Testimony enclosed.

Senator Wanzek: Are you going to be able to maintain the quality of the service with that large of a funding drop?

Jeff Knudson: No we won't.

Julie Witt spoke in favor of the bill. She told how her husband and she had received services from the program. She felt it was a very effective service.

Rose Stoller from the Mental Health Association in ND spoke in favor of the bill. Early on in the process the program identified they were running up against issues with people who just couldn't handle what was going on. Very good program.

Joel Gilbertson from the Independent Community Banks of ND spoke in support of the bill. He said he felt the program works very well.

Beverly Vollmer spoke in support of the bill. She also told how the program had helped her family out. Feels the program is very good.

Woody Barth from CRB spoke in favor of the bill.

Senator Wanzek closed the hearing on SB 2356.

Senator Klein made the motion for a Do Pass and rereferred to appropriations.

Senator Mathern seconded.

ROLL CALL: 7 yes, 0 no.

CARRIER: Senator Mathern

FISCAL NOTE

JAN 20 1999

(Return original and 10 copies)

Bill/Resolution No.: SB 2289 Amendment to: _____

Requested by Legislative Council Date of Request: 1-19-99

- Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts. Please provide breakdowns, if appropriate, showing salaries and wages, operating expenses, equipment, or other details to assist in the budget process. In a word processing format, add lines or space as needed or attach a supplemental sheet to adequately address the fiscal impact of the measure.

Narrative: The total Executive Budget Recommendation for the Agricultural Mediation Service is \$857,818. It is broken down in the following three segments:

General Funds: \$225,464
 Federal Funds: \$283,631
 Special Funds: \$348,723

- State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	0	0	0	\$632,354	0	0
Expenditures	0	0	\$225,464	\$632,354	0	0

What, if any, is the effect of this measure on the budget for your agency or department:

- For rest of 1997-99 biennium: NONE
(Indicate the portion of this amount included in the 1999-2001 executive budget:)
- For the 1999-2001 biennium: \$857,818 (\$857,818)
(Indicate the portion of this amount included in the 1999-2001 executive budget:)
- For the 2001-03 biennium: NONE

- County, city, and school district fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
0	0	0	0	0	0	0	0	0

Signed: _____
 Typed Name: Jeff Weispfenning
 Department: Agriculture
 Phone Number: 328-4758
 Date Prepared: 1-20-99

Date: 1/27/99
Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2289

Senate Agriculture Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass w/ Re referral to approp.

Motion Made By Klein Seconded By Mathera

Senators	Yes	No	Senators	Yes	No
Senator Wanzek	✓				
Senator Klein	✓				
Senator Sand	✓				
Senator Urlacher	✓				
Senator Kinnoin	✓				
Senator Kroeplin	✓				
Senator Mathern	✓				

Total (Yes) 7 No 0

Absent _____

Floor Assignment Senator Mathern

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

REPORT OF STANDING COMMITTEE (410)
January 29, 1999 2:03 p.m.

Module No: SR-19-1509
Carrier: D. Mathern
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2289: Agriculture Committee (Sen. Wanzek, Chairman) recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2289 was rereferred to the **Appropriations Committee**.

1999 SENATE APPROPRIATIONS

SB 2289

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2289

Senate Appropriations Committee

Conference Committee

Hearing Date February 8, 1999

Tape Number	Side A	Side B	Meter #
1		X	1750-5354
2-10-99	2	X	1705-1890
Committee Clerk Signature <i>Kathy C. Kottenderock</i>			

Minutes:

SENATOR NETHING: Opened the hearing on SB2289; A BILL FOR AN ACT TO AMEND AND REENACT SECTION 6-09.10-03 OF THE NORTH DAKOTA CENTURY CODE, RELATING TO AN EXPIRATION DATE FOR THE AGRICULTURAL MEDIATION SERVICE; AND TO DECLARE AN EMERGENCY.

JEFF KNUDSON: Administrator of the North Dakota Agricultural Mediation Service to testify in support of SB2289 (testimony attached (tape 1750-2387)).

SENATOR ANDRIST: Page 6, the difference between 1997-1999 fiscal years. You plan to reduce your FTE's by one but, your salaries by almost one-third and your operating expenses by more than 50%. How is that possible?

JEFF KNUDSON: The reduction of a full-time employee was identified in our budget request to the Governor. The bulk of our employees are part-time temporary which is the reduction in the operating and salaries. This is the result of the 95% reduction. We are also requesting a budget enhancement which is not a part of these figures.

TERRY WANZEK: State Senator from District 29 to testify in support of SB2289 (tape 2622-2908). This is an effort to continue a program that has some merit. Certainly, I know that many times when a farmer is struggling, it's not because he doesn't want to do the right thing but, they sometimes become paralyzed when they are in a tight situation and don't know where to turn. I think this program offers people some hope. When they were able to turn to them, it got the situation off dead center. The program as I see it; tries to make the best out of a bad situation. Not only is it an effort to help the farmer, it also brings the creditors in and makes everybody open up and discuss the situation. I think it's beneficial to even those of us who are taxpayers, from the standpoint, that an operator who is not doing anything and is debilitated.

Because of his indecision of which way to turn and his financial woes, ultimately costs us all money, because it could lead to litigation or court situations to bring that farmer in. If this program accomplishes bringing those people together and makes the best out of a bad situation, I think it has merit.

SENATOR NETHING: As I understand it, because it does sunset, we need to do this every two years.

TERRY WANZEK: That's correct.

ROSE STOLLER: Executive Director of the Mental Health Association to testify in support in SB2289 (tape 2995-3112). It is an unusual bill for me to be testifying on behalf of however, it is a very important bill and I urge your support.

CHARLIE AXNESS: Assistant to the Bishop of the Western North Dakota Senate of the ELCA to testify in support of SB2289 (tape 3130-3228).

RICHARD DEWITZ: To testify in support of SB2289 (testimony attached (tape 3254-3916). I farm in Tappen along with my wife Lynn who is an art instructor on interactive television.

JOEL GILBERTSON: Executive Vice President and General Counsel for the Independent Community Banks of North Dakota to testify in support of SB2289 (tape 3930-4020).

PAUL THOMAS: A farmer and rancher from Cannonball, ND to testify in support of SB2289 (tape 4046-4096).

KEVIN NEES: A farmer from Wishek to testify in support of SB2289 (testimony attached (tape 4122-4300).

SENATOR BOWMAN: Have we ever had a study on the results of mediation; to find out how long the success is for those who mediated and stayed on the farm versus the other way?

JEFF KNUDSON: I don't believe there has been a study on how long participants stay on the farm. We could look at creating a survey to see if we can get some sort of handle on it. I'm not sure what it would show. We have a lot of people leaving the farm and never contact us as well.

SENATOR BOWMAN: My interest is to look at the amount of people that are considering leaving the farm because they don't want to loose it all. We have one group that's doing everything to try to stay on the farm and we have people also at that point to where it's not working. Are we mediating people back to the situation that has the same problem? That's why I would like to see the success ratio. I hope we're not mediating them into something that's eventually has no future.

JEFF KNUDSON: I don't disagree with you. Certainly a lot of the folks we are working with now, do ask for help in putting together a liquidation plan as well as trying to remain on the farm.

SENATOR ROBINSON: How does the activity in the office compare to last year?

JEFF KNUDSON: Identical to last year and two years ago so far.

SENATOR NETHING: This bill is going to be referred to the subcommittee on SB2009. The question that Senator Bowman raised; you might want to consider some Legislative intent on reporting back in a given area, how many of those that have been helped are they still in business. Also, to see if we are helping them to sustain being in business.

SENATOR BOWMAN: That's right. I'm not opposed to the mediation service in no way, shape or form. I'm just trying to understand if we have ever studied the results to see if we are effective and the longevity of the success of the program.

SENATOR NETHING: You can also consider merging this in with your other bills if it works.

SENATOR SOLBERG: Didn't we have some sort of an audit on the Ag Mediation Service regarding compliance, about four years ago?

JEFF KNUDSON: Yes, a performance audit.

SENATOR SOLBERG: I'll get the results on that also Mr. Chairman.

SENATOR NETHING: Closed the hearing on SB2289.

=====
2/11/99

SENATOR NETHING: Reopened the hearing on SB2289.

SENATOR NETHING: Called for the motion on SB2289.

SENATOR SOLBERG: Moved a Do Pass on SB2289.

SENATOR TALLACKSON: Seconded the motion.

ROLL CALL: 14 YEAS; 0 NAYS; 0 ABSENT & NOT VOTING.

CARRIER: SENATOR D. MATHERN

SENATOR NETHING: Closed the hearing on SB2289.

Date: 2/10/99
 Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. SB 2289

Senate APPROPRIATIONS Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By Sen. Solberg Seconded By Sen. Tallackson

Senators	Yes	No	Senators	Yes	No
Senator Nething, Chairman	✓				
Senator Naaden, Vice Chairman	✓				
Senator Solberg	✓				
Senator Lindaas	✓				
Senator Tallackson	✓				
Senator Tomac	✓				
Senator Robinson	✓				
Senator Krauter	✓				
Senator St. Aubyn	✓				
Senator Grindberg	✓				
Senator Holmberg	✓				
Senator Kringstad	✓				
Senator Bowman	✓				
Senator Andrist	✓				

Total (Yes) 14 No 0

Absent _____

Floor Assignment Sen. Nordd, D. MATHERN

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

REPORT OF STANDING COMMITTEE (410)
February 10, 1999 1:08 p.m.

Module No: SR-27-2468
Carrier: D. Mathern
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2289: Appropriations Committee (Sen. Nething, Chairman) recommends **DO PASS**
(14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2289 was placed on the
Eleventh order on the calendar.

1999 HOUSE AGRICULTURE

SB 2289

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2289

House Agriculture Committee

Conference Committee

Hearing Date 3/4/99

Tape Number	Side A	Side B	Meter #
One SB 2289	x		18.5 to 38.4
Three SB 2289	x		22. to 30.2
Committee Clerk Signature <i>Arline Hanson</i>			

Minutes:

Summary of bill: Relating to an expiration date for Agriculture Mediation service.

Sen Wanzenk: Dist 29.. The bill specifically asks for the removal of the Sunset provision as it now presently stands in the law. I can think of one young farmer in my immediate area who through no fault of his own got into trouble and through the Agr mediation people we were able to help him and now he is a prosperous farmer.

Rep Berg: My concerns with the Agr mediation program as it presently stands is are the people who use it are they connected to the next step, farm and ranch management.

Sen Wanzenk: I agree with your thoughts, you are thinking of a long term situation and I agree with you.

Rep Pollert: Is the fiscal note right on the money needed from the general fund?

Sen Wanzenk: Its probably about the same as last biennium, I'm not sure.

Jack McDonald: Community Banks of ND. The community banks in North Dakota have welcomed the Agr Mediation services used by their customers.

Jeff Knudson: Administrator of the North Dakota Agr Mediation Services. (Testimony attached)

Currently the ND Agr Mediation service is one of 22 USDA certified program in service in the Nation. We are Federally funded at the 70% rate for allowable activities. In wrapping up my testimony I would like to say that mediation results are cheaper then many other methods. It falls in line with Vice Presidents report of the National Performance Review, Creating a Govt that works better and costs less, this program was singled out as a n example, which other agencies could use as a model.

Rep Brusegaard: How much did Pres Clinton take away from the Agr Mediation?

Jeff Knudson: Actually the Pres has \$4 million included in the budget, thats what was included in the Presidents budget last year as well.

Rep Stefonowicz: On page six , the special fund, what is the source of the funds for that special fund?

Jeff Knudson: User fund.

Rep Berg: I want you to know I really support Agr mediation, you've done a great job over the last number of years. Having said that I've go a real concern with the expansion, weed control, etc, to me Agr mediation is credit related problems. People involved with you in this agr mediation should be required to go to Ranch or Farm management courses.

Jeff Knudson: I certainly agree with you 100%. We do recommend anyone getting restructured should go to Ranch & Farm Management courses.

Rep Nowatzki : Taking into consideration the farm situation out there now is there any significant change in the case load requests?

Jeff Knudson: Scott Stofferan said 15% of current operators won't be able to get operating funds this spring, that amounts to about 600 farms.

Rep Nowatzki: Are there any other aspects to this problem?

Jeff Knudson: Some cases are very difficult.

Rep Berg: Made the motion for a DO PASS and refer to appropriations

Gary Knutson: Very supportive

Dennis Johnson: NDFU very supportive.

Committee work:

Chm Nicholas: This program was started in this committee back in the 80's on recommendation of the Industrial comm made up of Gov Allen Olson, Agr commissioner Kent Jones and Bob Wefald, Atty General. Its proven its worth over these many years. In 1986 this program was selected as one of the outstanding programs in the country and I accepted the award on behalf of the Agr Commissioner. Out of all the programs presented to the Council of State Govts this program was selected as the most inovative programs of the century. I think its stood the test of time. Now the Feds pick up a good portion of the funds needed for the program.

Rep Johnson moves a DO PASS and refer to approp. sec by Rep Renner

Vote total.. YES 14 NO 0 ABSENT 1

Date: 3-4-99
Roll Call Vote #: ,

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2289

House AGRICULTURE Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do pass Refer

Motion Made By Johnson Second By Renner

Representatives	Yes	No	Representatives	Yes	No
Eugene Nicholas, Chaiman	✓		Bob Stefonowicz	✓	✓
Dennis E. Johnson, Vice Chm	✓				
Thomas T. Brusegaard	✓				
Earl Rennerfeldt	✓				
Chet Pollert	✓				
Dennis J. Renner	✓				
Michael D. Brandenburg	✓				
Gil Herbel	✓				
Rick Berg	✓				
Myron Koppang	✓				
John M. Warner	✓				
Rod Froelich					
Robert E. Nowatzki	✓				
Phillip Mueller	✓				

Total (Yes) 14 No 0

Absent 1

Floor Assignment _____

REPORT OF STANDING COMMITTEE

SB 2107, as engrossed: Natural Resources Committee (Rep. Grosz, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2107 was placed on the Sixth order on the calendar.

Page 3, remove lines 15 and 16

Page 3, line 17, remove "accorded due process."

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2184: Transportation Committee (Rep. Keiser, Chairman) recommends DO PASS (10 YEAS, 0 NAYS, 5 ABSENT AND NOT VOTING). SB 2184 was placed on the Fourteenth order on the calendar.

REPORT OF STANDING COMMITTEE

SB 2208, as engrossed: Government and Veterans Affairs Committee (Rep. Klein, Chairman) recommends DO PASS (12 YEAS, 1 NAY, 2 ABSENT AND NOT VOTING). Engrossed SB 2208 was placed on the Fourteenth order on the calendar.

REPORT OF STANDING COMMITTEE

SB 2232, as engrossed: Political Subdivisions Committee (Rep. Froseth, Chairman) recommends DO PASS (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2232 was placed on the Fourteenth order on the calendar.

REPORT OF STANDING COMMITTEE

SB 2237, as engrossed: Government and Veterans Affairs Committee (Rep. Klein, Chairman) recommends DO PASS (13 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). Engrossed SB 2237 was placed on the Fourteenth order on the calendar.

REPORT OF STANDING COMMITTEE

SB 2238: Political Subdivisions Committee (Rep. Froseth, Chairman) recommends DO PASS (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2238 was placed on the Fourteenth order on the calendar.

REPORT OF STANDING COMMITTEE

SB 2243, as engrossed: Government and Veterans Affairs Committee (Rep. Klein, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2243 was placed on the Sixth order on the calendar.

Page 1, line 6, after "drafter" insert "of legal description"

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2247: Natural Resources Committee (Rep. Grosz, Chairman) recommends DO NOT PASS (13 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). SB 2247 was placed on the Fourteenth order on the calendar.

REPORT OF STANDING COMMITTEE

SB 2261: Natural Resources Committee (Rep. Grosz, Chairman) recommends DO NOT PASS (11 YEAS, 3 NAYS, 1 ABSENT AND NOT VOTING). SB 2261 was placed on the Fourteenth order on the calendar.

REPORT OF STANDING COMMITTEE

SB 2264, as engrossed: Government and Veterans Affairs Committee (Rep. Klein, Chairman) recommends DO PASS (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2264 was placed on the Fourteenth order on the calendar.

REPORT OF STANDING COMMITTEE

SB 2289, as engrossed: Agriculture Committee (Rep. Nicholas, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2289 was rereferred to the Appropriations Committee.

1999 HOUSE APPROPRIATIONS

SB 2289

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2289

House Appropriations Committee
Education and Environment Division

Conference Committee

Hearing Date March 12, 1999

Tape Number	Side A	Side B	Meter #
1	x		17.0-end
1		x	0-8.0
Committee Clerk Signature <i>Casey Davis</i>			

Minutes:

SB 2289 - A bill for an act to amend and reenact section 6-09.10-03 of the ND Century Code, relating to an expiration date for the agricultural mediation service; and to declare an emergency.

CHAIRMAN WENTZ opened the hearing on SB 2289.

1A: 17.5 RICHARD SCHLOSSER, ND Farmers Union, testified in support of the bill.

1A: 19.4 ROSE STOLLER, Executive Director of the ND Mental Health Association, testified in support of the bill. She said that in 1998 the association received 4700 calls, hundreds of which were related to rural stress. Farm families are hurting, and ag mediators are often the first to enter the household and see that they need help. She said that the ag mediation program has been successful in preventing suicides of ND farmers.

1A: 22.8 JOEL GILBERTSON, Executive Vice President of Independent Community Banks of ND, testified in favor of the bill.

1A: 32.6 CHARLES MCKAY, Farm Credit Services, testified in support of the bill. He said that the program has been successful because the negotiators are experienced and well trained.

1A: 34.0 JEFF KNUDSON, Administrator of the ND Ag Mediation Service (AMS), testified in support of the bill. (See testimony.)

1A: 42.1 REP. NICHOLS asked why federal funding has decreased. Mr. Knudson replied that there have been more programs started nationwide. Also, the President's budget requested \$4 million for ag mediation programs, but the Congress cut that to \$2 million.

1A: 45.0 CHAIRMAN WENTZ asked where the funds come from for the ND Survival Program. Mr. Knudson said that the funds come from the Department of Labor directly to Job Service North Dakota.

1A: 46.0 CHRISTOPHER DODSON, ND Catholic Conference, testified in support of the bill. He said that ag mediators help farmers deal with their problems with dignity. He also said that he has heard a great appreciation for ag mediation from Catholic and Protestant ministers.

1A: 48.3 RICK DEWITZ, Tappen farmer, testified in support of the bill. His family had a great deal of help from an ag mediator when they were told to pay off their loans or be liquidated. Mr. Dewitz said that he would not have made it through their four year battle without the help of ag mediation.

1B: 1.2 REP. CARLSON asked where the fees show up in the budget. Mr. Knudson said that the fees are in special funds. They estimate that \$78,000 will be collected this biennium.

1B: 2.2 ROGER WHITE, Sargent County farmer, testified in support of the bill. He has been farming since 1965. His son started farming with him in 1994, and is barely surviving in the farming industry. Ag mediation is helping him.

CHAIRMAN WENTZ closed the hearing on SB 2289.

General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date March 23, 1999			
Tape Number	Side A	B Side	Meter #
1		x	5.0-end
Committee Clerk Signature <i>Casey Davis</i>			

Minutes:

SB 2289

CHAIRMAN WENTZ opened discussion on SB 2289.

1B: 5.6 REP. LLOYD gave a summation of the budget and the Ag mediation program. The budget contains \$218,000 in general funds. The problem is that federal funds have decreased by \$656,000. The program will lose at least one FTE, possibly two. There are three vacant ag mediation positions now. Without federal funds the program cannot serve clients to the degree they have in the past.

1B: 11.2 REP. NICHOLS said he prefers to leave the FTE in case there are more federal funds available.

1B: 15.5 REP. AARSVOLD said there are a number of private financial planners that provide similar services. There is no criteria or credentials required for those people. He continued by saying that bad situations develop as a result. The legislature needs to maintain some level of service to provide a third party to help struggling farmers.

CHAIRMAN WENTZ closed discussion on SB 2289.

General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date March 26, 1999			
Tape Number	Side A	B Side	Meter #
1	x		5.1-8.7
Committee Clerk Signature <i>Corey Davis</i>			

Minutes:

SB 2289

CHAIRMAN WENTZ opened discussion on SB 2289.

1A: 5.1 REP. NICHOLS presented the recommendation for a Do Pass. The funds for the Ag Mediation program are in SB 2009, and SB 2289 is essentially a reauthorization to continue the program. He moved for a Do Pass. The motion was seconded by Rep. Lloyd. A roll call vote was taken and the motion carried with 7 yeas and 0 nays. Rep. Nichols will carry the bill to the full committee.

General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date March 26, 1999			
Tape Number	Side A	B Side	Meter #
2		x	35.6-37.4
Committee Clerk Signature <i>Roxanne Kone</i>			

Minutes:

Chairman Dalrymple opened the discussion on Senate Bill 2289.

2B: 35.6 Rep. Lloyd moved for a DO PASS. Rep. Boehm 2nd the motion. On a Roll Call Vote the motion carried.

18 voting YES

0 voting NO

2 voting ABSENT

Carrier: Rep. Nichols

Date: 3-26-99
Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2289

House Appropriations Committee

- Subcommittee on Education and Environment
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By Nichols Seconded By Lloyd

Representatives	Yes	No	Representatives	Yes	No
Chairperson Janet Wentz	X				
Vice Chairman Ed Lloyd	X				
Rep. Ole Aarsvold	X				
Rep. James Boehm	X				
Rep. Al Carlson	X				
Rep. David Monson	X				
Rep. Ronald Nichols	X				

Total (Yes) 7 No 0

Absent _____

Floor Assignment NICHOLS TO FULL COMMITTEE

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

Date: 3.26.99

Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2289

House App. Committee _____

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DP

Motion Made By Lloyd Seconded By Boehm

Representatives	Yes	No	Representatives	Yes	No
Chairman Dalrymple	✓		Nichols		
Vice-Chairman Byerly	✓		Poolman	✓	
Aarsvold	✓		Svedjan	✓	
Bernstein	✓		Timm	✓	
Boehm	✓		Tollefson	✓	
Carlson	✓		Wentz	✓	
Carlisle	✓				
Delzer	✓				
Gulleson					
Hoffner	✓				
Huether	✓				
Kerzman	✓				
Lloyd	✓				
Monson	✓				

Total (Yes) 18 No 0

Absent 2

Floor Assignment Rep. Nichols

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

REPORT OF STANDING COMMITTEE (410)
March 26, 1999 3:54 p.m.

Module No: HR-55-5762
Carrier: Nichols
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2289: Appropriations Committee (Rep. Dalrymple, Chairman) recommends DO PASS
(18 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SB 2289 was placed on the
Fourteenth order on the calendar.

1999 TESTIMONY

SB 2289

ND Senate Agriculture Committee
Testimony on Senate Bill 2289
January 29, 1999
By Jeff Knudson, Administrator
ND Agricultural Mediation Service

Chairman Wanzek, members of the Senate Agriculture Committee, my name is Jeff Knudson, Administrator of the North Dakota Agricultural Mediation Service (AMS). I was hired by and report to the North Dakota Commissioner of Agriculture. In addition, I report to the North Dakota Credit Review Board (CRB), which among other duties establishes policy for the AMS.

I am here today to support SB 2289. SB 2289 does two things:

1. It extends the sunset of the Agricultural Mediation Service for two more years.
2. It declares an emergency. The emergency clause is required since this bill would otherwise take effect on August 1, 1999, one month after the current sunset would occur.

Because of the two-year sunset provision, the AMS and CRB have come before every session of the legislature since 1985, to describe the work each does and to ask that the sunset be extended.

THE NORTH DAKOTA AGRICULTURAL MEDIATION SERVICE

The AMS is one of twenty-two USDA certified agricultural mediation programs in the United States.

We are currently federally funded at a 70% rate for allowable activities. During the last three federal fiscal years, all certified state mediation program grants have been reduced. For federal fiscal year 1999, mediation grants were allocated at 60% of requested funding, resulting in an effective funding rate of around 40%. Insufficient federal appropriations to meet the needs of all certified state programs requires us to request additional state funding to maintain our ability to offer meaningful services to ND farmers. USDA and others recognize mediation as an effective, cost-saving means of alternative dispute resolution, and we are hopeful that future federal mediation funding will be appropriated at a level to meet all state program needs.

The AMS has provided negotiation services to financially distressed farmers, ranchers, and their creditors since 1984, when it was established as the Farm Credit Counseling program. The Agricultural Credit Act of 1987 mandates the Farm Service Agency (FSA) and Farm Credit Services (FCS) to offer mediation prior to foreclosing on delinquent farm loans. In 1989, legislative action changed the program's name to the North Dakota Agricultural Mediation Service. As a result, we began providing mediation services as well. In 1991, the Legislature expanded the services we provide to include mediation of any dispute provided that one of the parties is a farmer.

Most of our case activity continues to be ag-credit related. Since 1991, however, we have also been involved in additional types of agricultural cases including:

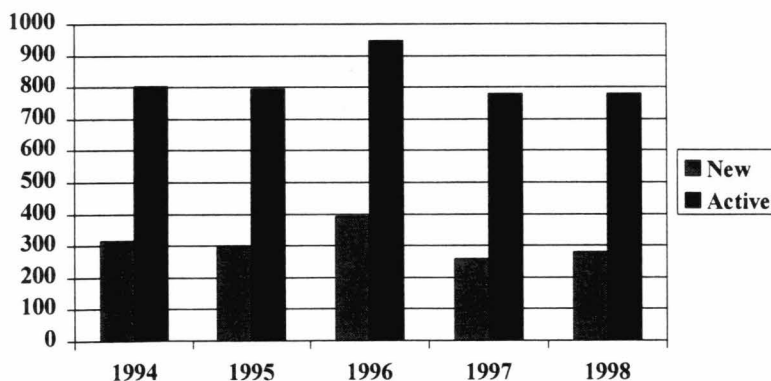
- Federal farm program eligibility issues; including CRP
- Commodity Credit Corporation loans
- Beginning farmer assistance
- Weed control
- Landlord/tenant disagreements
- Highly erodible and wetlands determinations
- Sodbuster/swampbuster violations

In North Dakota, mediation is voluntary for all farmers and most creditors. It is mandatory for Farm Service Agency and Farm Credit Services. The Bank of North Dakota, by policy, requests mediation with delinquent borrowers in an effort to avoid foreclosure. Agreements reached in mediation are always mutually acceptable to the parties. Because of this, mediation agreements are generally long lasting and satisfying to the parties involved. If an agreement is not reached through mediation, the parties are free to pursue formal appeals and/or legal actions.

An essential component of mediation is that all information shared by the parties with the mediator remains confidential. NDCC 6-09.10-10 guarantees the confidentiality of AMS records; all client files are kept under lock and key. Studies have shown that the principle of confidentiality results in a greater likelihood that the parties will come to a mutually agreeable solution to their problems.

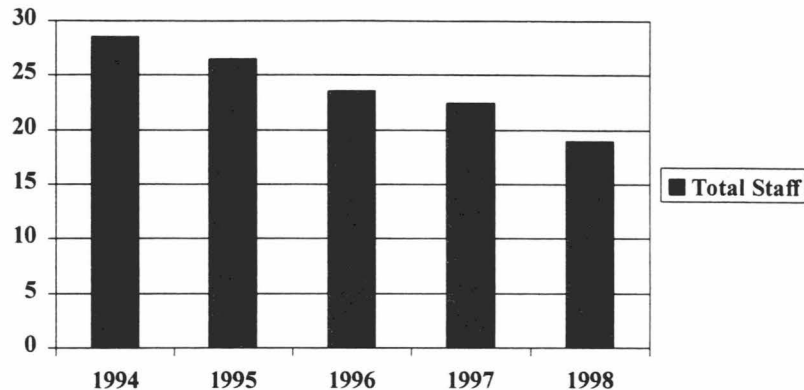
In the state fiscal years ended June 30, 1997 and June 30, 1998, the AMS worked directly with 779 and 778 farmers respectively. These numbers are indicative of client numbers for the past five years (see chart below) and help explain the continued need for the AMS.

New and Active Clients State Fiscal Years (1994-1998)



Even though our client load has remained relatively steady over the past several years, we have continued to reduce staff levels and streamline administrative duties to ensure that client needs are met in the most cost-effective manner possible. The following chart shows that the total number of AMS employees (FTEs and non-FTEs) has decreased from 23.55 to 19.0 in the past two years.

AMS Employees Years-end (1994-1998)



Over the years, a number of our employees have left for other jobs. Some have begun private consulting for farmers and/or lenders. Many farmers who have the ability to pay private consultants work with them. Those farmers who cannot afford the substantially higher private consulting fees usually work with AMS negotiators. Many of them cannot even afford our fees.

In May 1998, the AMS entered into a contract with Job Service North Dakota as part of the North Dakota Survival Program. The program provides reemployment and retraining services to eligible farm/ranch operators, family members, and employees of farm/ranch operations. The program is invaluable in helping displaced farmers and farm workers transition to a new career. The AMS, under its contract with Job Service North Dakota, provides assistance in the coordination of, information dissemination for, and referral of eligible persons to the program (a program brochure is attached as supplemental information).

CREDIT REVIEW BOARD

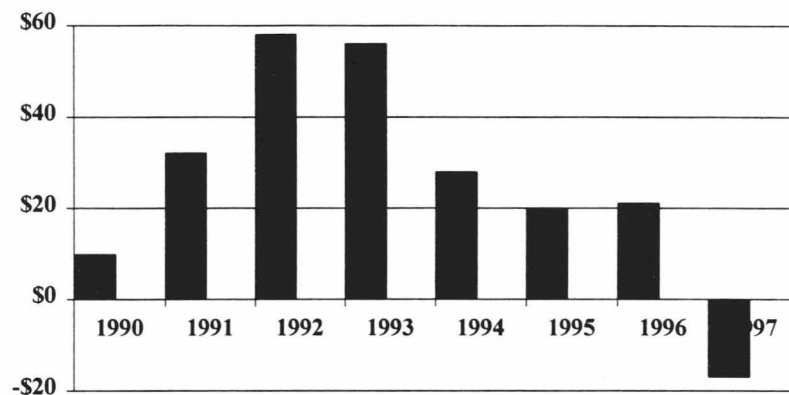
The CRB, among other duties, establishes the policy under which the AMS operates and pays close attention to the fiscal constraints of the AMS. At the same time, the CRB ensures that assistance is provided to those who need it.

User fees are \$15 per hour for negotiation services to farmers who use the service. Fees assessed to mediation participants are \$25 per hour. The CRB waives the fees only in cases where the farmer is unable to pay.

FUTURE EXPECTATIONS

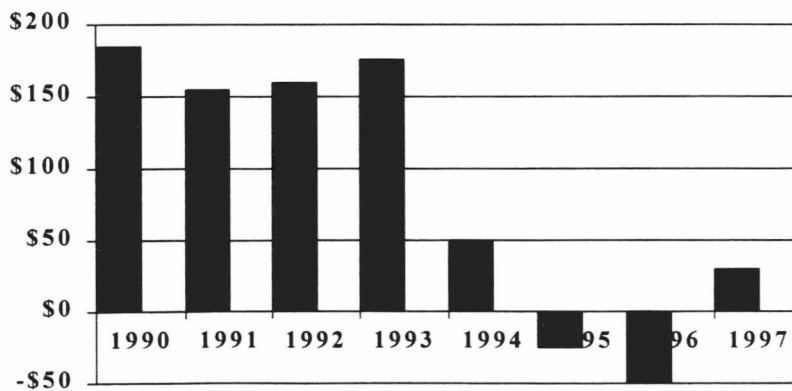
North Dakota's principal agricultural products are wheat and cattle, the combination of which make up over one-half of the state's total agricultural receipts. These two enterprises have also been among the hardest hit by weather disasters and production problems over the last several years. While weather and production problems eased in 1998, the collapse of commodity and livestock prices has made profitability and financial recovery for many producers extremely difficult. Through production year 1997, the following charts show that net returns per acre of wheat in North Dakota have reached their lowest point since the beginning of the decade. Similarly, the average of returns for beef cattle over the last four years is virtually nonexistent.

Net Return/Acre of Wheat (Nominal Dollars)



Source: ND Adult Farm Management

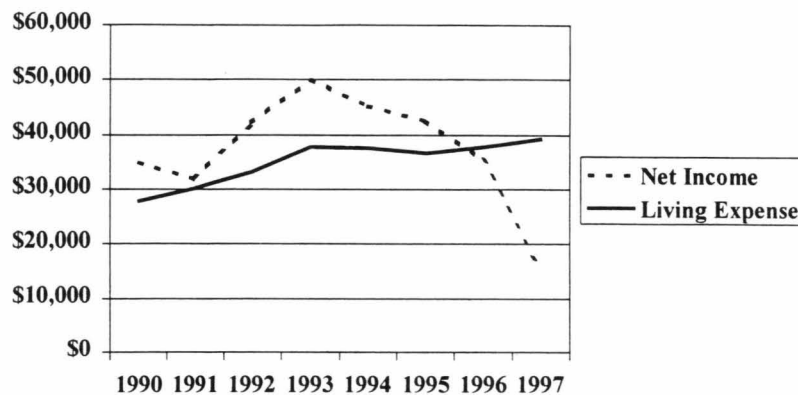
Net Return per Beef Cow (Nominal Dollars)



Source: ND Adult Farm Management

Certainly, by many measures, financial conditions facing North Dakota producers are substantially improved over those of the mid-1980's. At that time farmers held more debt and their asset values were in decline. However, the current prices of commodities and livestock have created an extreme cash-flow challenge with family living expenses now exceeding net farm income (see chart below). Developing feasible farm plans for 1999 operating loans will be difficult and will likely increase the AMS client load.

Net Farm Income vs. Family Living Expenses



WHY SHOULD THE AMS CONTINUE?

1. It saves lives. I am convinced the AMS has prevented farm suicides. We work very hard to prevent an atmosphere that is conducive to violence. Over the years, a number of law enforcement personnel have told us they are grateful that the AMS is available.
2. It promotes community harmony and decreased conflict. The win-win results often achieved through mediation are in stark contrast to the win-lose results so often seen with foreclosures and bankruptcies.
3. It is cost effective. A Texas Tech University study cited a return to the federal government of \$5.59 for each \$1 spent in federal grant funds for mediation. It also showed a \$4.33 return to creditors for every \$1 spent by an ag mediation program.
4. It is timely. A mediation case is usually concluded within a month or two as opposed to formal appeals which often last for several months or litigation which may go on for years.
5. It is private and allows farmers to maintain their dignity. I have seen the humiliation and self doubt which grip farmers who are unable to pay all their obligations and are forced to watch their livelihood, and in many cases their heritage, slip away from them.
6. It works. In North Dakota we reach agreements between farmers and creditors most of the time. In federal fiscal year 1998, our mediation agreement rate was 67%.

Mediation resolves disputes faster, is more cost effective, and provides greater satisfaction for the involved parties than other more formal methods of dispute resolution, such as appeals or litigation. The federal government, through the USDA Reorganization Act of 1994, expanded the use of mediation in an effort to reduce costs, cut red tape, and increase customer satisfaction.

The USDA Agricultural Mediation Program was cited for efficiency and effectiveness in the Vice President's Report of the National Performance Review, *Creating a Government that Works Better and Costs Less*. The program was singled out as an example, which other federal agencies could use as a model.

Mediation continues to proliferate throughout society. It is a proven, cost effective, common sense approach to resolving problems. The North Dakota AMS should remain a part of the effort to streamline government and to move decision-making to the lower levels of government.

Budget Enhancement Request

The Agricultural Mediation Service requests a total budget enhancement of \$579,702. The request includes \$379,741 for salaries and \$199,961 for operating expenses. The request restores one FTE position and includes funding for database software conversion and field staff computer hardware.

Mediation Budget Comparisons

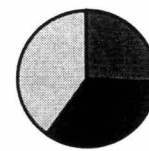
	1997-1999	1999-2001
Salaries	\$952,668	\$697,236
Operating	\$405,774	\$159,810
Equipment	\$ <u>19,095</u>	\$ <u>772</u>
Total	\$1,337,537	\$857,818
FTEs	6.55	6.0

Funding Sources

- General
- Federal
- Special



\$218,664
\$931,387
\$227,486



\$225,464
\$283,631
\$348,723

This concludes my prepared remarks. I would be pleased to answer any questions the Committee might have. Thank you.

Agricultural Mediation Service

The North Dakota Agricultural Mediation Service (AMS) was established in 1984 to help financially distressed farmers and ranchers. AMS credit counselors (negotiators) are trained to provide farmers with one-on-one assistance in credit and financial matters and resolving disputes.

With about 15 negotiators and mediators located around the state, AMS annually provides mediation and negotiation services, counseling and other assistance to approximately 1,000 farmers on a broad range of subjects, including:

- ◆ Finances.
- ◆ Beginning farmer loan applications.
- ◆ Farm planning.
- ◆ Farm production practices.
- ◆ Seed disputes.
- ◆ Disputes with federal and state agencies.

The North Dakota Agricultural Mediation Service is a division of the North Dakota Department of Agriculture, and is headquartered in the State Capitol in Bismarck. AMS policies are established by the North Dakota Credit Review Board.

Advantages

Experience has shown that mediation:

- ◆ Prevents violence.
- ◆ Promotes community harmony.
- ◆ Results in longer lasting, "better" solutions.
- ◆ Saves time and money.
- ◆ Is confidential and preserves the dignity and self-esteem of all parties.

What is mediation?

Mediation is a voluntary, problem-solving process created to help farmers and others avoid costly and often ruinous litigation. Mediation brings the disagreeing parties in a dispute to the same table in an attempt to resolve their differences. During mediation, everyone involved in the dispute should be willing to "lay all their cards on the table" and to consider all possible solutions to the problem.

The mediator is a neutral and impartial third party. The mediator arranges the time and location of meetings between disputants and conducts the meetings. Trained in problem-solving techniques, the mediator helps create an environment in which the disagreeing parties can resolve their differences. The mediator assists disputants in considering all options and in recording agreements.

Mediation can mean the difference between an acceptable agreement and expensive litigation, even foreclosure and bankruptcy. And it works: agreements are reached in two-thirds of all cases.



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How does it work?

Mediation usually begins after negotiation between a farmer and another party has failed to result in a workable repayment plan. Mediation may also be initiated when a creditor either rejects a borrower's restructuring plan or considers foreclosure. In North Dakota, the Farm Service Agency (formerly FmHA), Farm Credit Services and the Bank of North Dakota are required to offer mediation before initiating foreclosure proceedings. Here's how the mediation process is conducted:

- ◆ Either a farmer, lender or other party contacts the AMS and requests mediation.
- ◆ AMS assigns a negotiator to help the farmer prepare for mediation by getting all necessary financial papers and other documents in order.
- ◆ AMS assigns a mediator to the case.
- ◆ The mediator sets up a meeting(s) between the farmer and other parties.
- ◆ The negotiator attends mediation meetings with the farmer and helps represent the farmer's interests during the meetings.
- ◆ The mediator is neutral and facilitates frank and open discussion of all issues.
- ◆ The participants discuss all problems, possible solutions and options.
- ◆ Participants reach a mutually satisfactory agreement or "agree to disagree."
- ◆ The mediator issues a written report detailing the agreement and officially closing the mediation process.

What is negotiation?

Negotiation is a less formal and often longer process than mediation. The negotiator acts as a representative of the farmer or rancher. AMS employs about 15 negotiators located throughout the state. They help farmers and ranchers prepare financial statements, cash flow projections, loan applications and other paperwork. Negotiators will also meet with farm creditors or other government agencies to help farmers with financial management and other issues.

Is there any cost?

If you have never worked with an AMS negotiator, the first 10 hours of negotiation assistance are free of charge. After that, a modest hourly fee is assessed. Mediation fees are charged to farmers, major creditors and other parties for time spent "at the table." A waiver of fees may be granted to those who are unable to pay.

Other disputes?

AMS also provides mediation services in other areas of contention, including landlord-renter disputes, weed control or seed disputes and appeals with federal or state agencies. AMS provides referrals to farmers and ranchers in many specialized areas such as:

- ◆ Legal services.
- ◆ Mental health services.
- ◆ Social services.
- ◆ Accounting and tax advice.
- ◆ Alternative financing.

How does it work?

If you have questions or need assistance, call the toll-free number, 1-800-642-4752. A negotiator will be assigned to you and will contact you directly.

Other resources

◆ If you do not already have an attorney, consult with people you trust for a referral. The North Dakota State Bar Association maintains a list of lawyers who practice agricultural law. For more information, call, toll-free, 1-800-932-8880.

◆ The HELP-LINE provides crisis intervention, information and referrals to individuals facing stress and depression brought on by financial or other rural-related problems. Trained volunteers offer free and confidential assistance to rural residents, 24 hours-a-day, 7 days-a-week. The toll-free number is 1-800-472-2911.



North Dakota
Department of Agriculture
Agricultural Mediation Service
600 E. Boulevard Ave. Dept. 602
Bismarck, ND 58505-0020
PH: (800) 642-4752
(701) 328-4769
FAX: (701) 328-4567

AG MEDIATION

Solving Problems; Resolving Disputes

AGRICULTURAL MEDIATION SERVICE
NORTH DAKOTA DEPARTMENT OF AGRICULTURE

ROGER JOHNSON, COMMISSIONER

Beulah
119 E Main
Beulah ND 58523
Phone: 873-5607

Bismarck-Mandan
216 2nd St
Bismarck ND 58501
Phone: 328-5000
Toll Free 1-800-247-0981

Devils Lake
301 S College Dr
Devils Lake ND 58301
Phone: 662-9300
Toll Free 1-800-247-0982

Dickinson
66 Osborn Dr
Dickinson ND 58601
Phone: 227-3100
Toll Free 1-800-247-0983

Fargo
1350 32nd St S
Fargo ND 58103
Phone: 239-7300
Toll Free: 1-800-247-0985

Fort Totten
Tribal Building
Fort Totten ND 58335
Phone: 766-1203

Fort Yates
Job Service Building
Fort Yates ND 58538
Phone: 854-7463

Grafton
927 12th ST W
Grafton ND 58237
Phone: 352-4450
Toll Free: 1-800-321-7416

Grand Forks
1501 28th Ave S
Grand Forks ND 58201
Phone: 795-3700
Toll Free: 1-800-247-0986

Harvey
119 9th St W
Harvey ND 58341
Phone: 324-4552
(Open M., Tu., Th., Only)

Jamestown
429 2nd St SW
Jamestown ND 58401
Phone: 253-6200
Toll Free: 1-800-247-0988

Minot
3416 N Broadway
Minot ND 58703
Phone: 857-7500
Toll Free: 1-800-482-0017

New Town
Main Lanes & Cafe Bldg
204 Main St
New Town ND 58763
Phone: 627-4390

Oakes
517 Main Ave
Oakes ND 58474
Phone: 742-2546

Rolla
103 E Main Ave
Rolla ND 58367
Phone: 477-5631

Valley City
250 S Central Ave
Valley City ND 58072
Phone: 845-8613
Toll Free: 1-800-831-6374

Wahpeton
524 2nd Ave N
Wahpeton ND 58075
Phone: 671-1500
Toll Free: 1-888-671-9229

Williston
422 1st Ave W
Williston ND 58801
Phone: 774-7900
Toll Free: 1-800-247-0989

Statewide Toll Free TTY: 1-800-366-6888

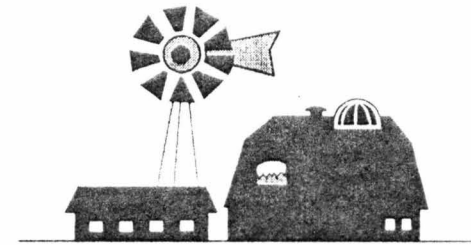
North Dakota Agricultural Mediation Services:
1-800-642-4752

Job Service is an equal opportunity employer/
program provider. Auxiliary aids and services
are available upon request to individuals with
disabilities.



Program Support Area
JSND-5022 (5-98)

NORTH DAKOTA SURVIVAL PROGRAM



Farmer/Rancher Training &
Re-Employment Program



Training Assistance For Farmers, Ranchers, Farm Workers, And Family Members

The **North Dakota Survival Program** provides funding for retraining, traveling in North Dakota for job interviews, and relocating for new employment.

This program is funded through the Federal Job Training Partnership Act (JTPA). It is designed to assist farmers, ranchers, farm/ranch workers, and family members. If you are dislocated from the farm/ranch operation or are threatened with the loss of your farm/ranch operation, this program may help you.

Job Service North Dakota can also provide career guidance, job placement services, and resume assistance.

Services Through the North Dakota Survival Program

BASIC READJUSTMENT SERVICES –
Job counseling, assessment services, job placement services, and job market information are available to help you determine your interests, skills, and job opportunities.

JOB SEARCH ASSISTANCE –
Assistance with the cost of traveling in North Dakota for a job interview.

RELOCATION ASSISTANCE –
Assistance with the cost of moving for a newly acquired job.

CLASSROOM TRAINING –
Funding for vocational college or courses that upgrade your current skills. Assistance while working on a High School Diploma, GED, or improving basic skills. Funding to earn a bachelor's degree when you need two years or less to complete.

ON-THE-JOB TRAINING –
Reimbursement to employers who train you on the job.

Eligible Persons Include:

FARM OR RANCH OWNERS –

- ❖ Who have lost their operation through foreclosure, or have received notice of foreclosure or intent to foreclose.
- ❖ Whose operation is likely to terminate as evidenced by factors such as no profit return in the last year, bankruptcy proceedings, or the inability to obtain operating loans.
- ❖ Whose operation was lost due to natural disasters as declared by the Governor.
- ❖ Whose operation is terminated or likely to terminate due to other events.

FARM OR RANCH WORKERS –

- ❖ Who have been laid off or notified of layoff from a farm or ranch that is no longer operating.

FAMILY MEMBERS –

- ❖ Who are partners, joint owners, or work 32 hours or more per week on the operation.

Contact your local Job Service North Dakota or Ag Mediation Service office for details. Job Service phone numbers and addresses are listed in this brochure.

Funding for services is based on an assessment of each person's eligibility, needs, goals and opportunities.

Don't count yourself out! Contact your nearest Job Service office and we'll help to determine if you are eligible.

TO: MR KNUTSON, Ag Mediation Dept
Fax: 328-4567

RE: AG MEDIATION PROGRAM

FROM: Roger White
12289 HWY 13
Stirum, ND 58069
701-678-2704

I am sorry I can't be at the hearings to testify for the Ag Mediation Program. I would like to say I think this is a very needed program in ND. My son and I have both used the program. It was very helpful to have someone to work with that knew the farming problems. They talk to you to assure you it isn't totally your problem, they will meet with the lender with you and that really helped. This is also a good program for the lenders as well because of the third party involvement.

If things can't work out so you can keep farming, the Ag Mediator works with ideas of what you can do besides farming.

This is one of the state programs that we can not get along without. You all know what the prices are for farm products, the weather adversities we have endured, etc. Our small towns and communities are hurting also. When I started farming in 1965, there were 60 farms in our township and now we have 10 family farms left. If there isn't some sort of support like the Ag Mediation Program from the state, it will only get worse.

We must do what we can, so I am asking you to support this bill. It has helped many farm families in the past and hope to have it available in the future.

Thank you for taking the time to listen. It is much appreciated. I feel assured you will make the right decision on this bill.

*Thank you
Roger White*

880 7th St. NW
Turtle Lake, ND 58575

February 5, 1999

To Whom It May Concern:

As farmers who have leaned heavily on help from Ag Mediation, we would like to tell you about the importance we feel that they play in the lives of farm families in ND.

It is of public knowledge how very difficult it has been for small farms to continue to operate. We feel that from the first time we called on Ag Mediation for help their input and help was more than valuable. The mediators are well trained and knowledgeable in all areas that come into play. Until the Ag Mediation Dept. was formed there was little affordable help for the ones who were struggling.

Please don't deprive the farmer of this service. We would urge you, with the utmost urgency, to give them the funding they need to continue to provide this most important service for all farmers who need it. Many times they are the farmers only hope.

Thank You.

Sincerely,

Ronald Zuborg

Gloria Zuborg



COMMUNITY CREDIT UNION

PHONE: (701)947-5011
20 NORTH 1ST STREET
NEW ROCKFORD, NORTH DAKOTA 58356



February 5, 1999

TO: Senate Appropriations Committee

Please be advised that we use the agriculture mediation program. It is a program that is very much needed on a continuous basis. We ask that you do what ever possible to keep this program in place.

Sincerely,

Marvel Ebenhahn, pres.

Marvel Ebenhahn
President

MEMBERS MAKE THE DIFFERENCE!

FESSENDEN BRANCH
Box 294
Fessenden, ND 58428
Phone: (701)547-3856

CARRINGTON BRANCH
PO Box 460
Carrington, ND 58421
Phone: (701)652-2482



Farm Credit Services of Grand Forks

At the heart of a growing America

2424 32nd Avenue South • P.O. Box 12570 • Grand Forks, ND 58208-3570 • (701) 775-3193 • 1-800-288-3982 • Fax (701) 787-6659

February 5, 1999

Mr. Jeff Knudson
Ag Mediation Service
600 E. Boulevard Ave. Dept. 602
Bismarck, ND 58505-0020

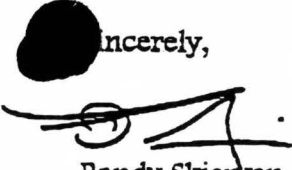
Dear Jeff,

This letter is to reflect my support of the ND State Ag Mediation Service.

As Director of Asset Management for Farm Credit Services of Grand Forks, my experience with utilization of the state's ag credit counseling services with my clients has been very beneficial. With the continued challenges within the state's ag economy, availability of your program in the future is essential. It provides a valuable, neutral, third party prospective which can be beneficial to all parties involved.

I wish you the best in 1999 and hope to continue to work with your Ag Credit Counselors in the future.

Sincerely,



Randy Skjerven
Director of Asset Management

RS/dl



GARRISON STATE BANK

BOX 339
GARRISON, NORTH DAKOTA 58540

Telephone (701) 463-2262
Fax # (701) 463-7452

February 5, 1999

NORTH DAKOTA STATE LEGISLATURE
BISMARCK ND 58501

Dear Sirs:

I would like to write this letter in support of the funding for the Agricultural Mediation Service. As an Agricultural Lender, I cannot tell you how valuable that this service has become to the farmer's and rancher's in our area. The Mediation Service has and will continue to help our farmer's and rancher's work through these tough Agricultural times. Please give your full attention to this matter and fund this valuable service to the fullest. If you have any questions, or would like to visit with us concerning this matter, please give me a call at 1-800-735-6883 and I will be happy to visit with you. Thank you.

Sincerely,



Bruce Schreiner
Assistant Vice President

First State Bank

OF WILTON

Phone: (701) 734-6316

P.O. BOX 309
WILTON, ND 58579-0309

Fax: (701) 734-6502

February 5, 1999

N. D. Dept. of Agriculture
Jeff Knudson
Administrator Ag. Mediation
600 E Blvd Ave. Dept. 602
Bismarck, N. D.
58505-0020

Dear Mr. Knudson,

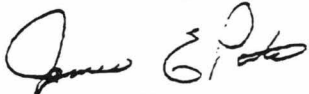
This letter is written to show support for the continued funding of Ag Mediation.

With the poor commodity prices and disasters our farm communities have seen, this would be a most inappropriate time to cut funding of the Ag Mediation program.

Our experience with Ag Mediation goes back to when the program began in 1984 and includes seeing mediators working with farm customers resolving difficult loan situations, farm planning, loan applications, farm production practices and working out disputes with Federal Agencies.

All of our experience with Ag Mediation has been positive. Having a mediator involved in a difficult situation not only helps promote harmony, but it results in better long term solutions, that save time and money for all concerned.

Sincerely,



James E. Porter
Executive Vice President

February 5, 1999

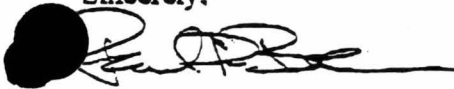
Senate Appropriations Committee
North Dakota Legislature
Bismarck, ND 58505

Dear Members:

I am writing to lend my support to the North Dakota Agricultural Mediation Service. In a depressed ag economy such as we are facing, it is important to have knowledgeable farm advocates. With FSA understaffed and overworked, Ag Mediation will be called on to help with the tremendous amount of paperwork needed in their application process.

Please allow Ag Mediation Services to continue with their important work.

Sincerely,



Paul D. Boe
Ag Loan Officer



February 5, 1999

Security State Bank

Jeff Knudson, Administrator
North Agricultural Service
600 E Boulevard Ave
Bismarck ND 58505

Dear Jeff:

I am writing this letter in support of the Ag Mediation Service. Security State Bank customers have used the service on several occasions. Frequently the Ag Mediation Service has assisted our customers with the assembly of their financial information so decisions could be reached as to how their farming operations should be financed.

If it eventually got to the point where there were no alternatives left for our customers other than to liquidate, the service helped with the liquidation and later assisted the customers in the transition from farming into other occupations.

Granted, not all situations work out positively for either the borrower or the lender, but most often a decision will be made that both parties can live with.

Thank you for letting me comment on this issue.

Sincerely,

Lorren D. Henke
President

LDH/mbs

Wishek

Post Office Box 577
Wishek, ND 58495
Phone (701) 452-2314
Fax (701) 452-2316

Linton

Post Office Box 460
Linton, ND 58552
Phone (701) 254-4453
Fax (701) 254-4454

Lehr

Post Office Box 97
Lehr, ND 58460
Phone (701) 378-2701
Fax (701) 378-2702

FIRST STATE BANK OF GACKLE

GACKLE, NORTH DAKOTA

MEMBER FDIC



Mark A. Lehr, President

Dale L. Donat, Vice President

FAX MESSAGE

(701) 485-3296

328-4587

DATE: 2-10-99

MESSAGE TO: SENATE APPROPRIATIONS COMMITTEE

RE: Letter of Support
of Continued Funding
of AG MEDIATION PROGRAM

ATTENTION: Chrmn

FROM: Dale Donat, VP

PAGE: 1 OF 1 (including this page)

NOTE:

We request your approval of funding to maintain the AG MEDIATION PROGRAM, as we have used this service for our troubled farm customers and have found it to be an effective way for a third party to relieve tensions between the borrower and the creditor. It gives the farmer another alternative and another party an opportunity to express to the farmer their options. Often it is a counseling service in cooperating in the farm liquidation and securing a life after farming.

Thank You for your consideration/

Office Box 374

Gackle, North Dakota 58442

(701) 485-3391

Partner In Community Progress — Where Savings Help Others

R.O. Box 128
Harrisford, ND 58448
(701) 769-2121
(FAX) 769-2124



Security State Bank
OF NORTH DAKOTA

February 5, 1999

Mr. Jeff Knutson

RE: ND State Ag Mediation Program

Dear Mr. Knutson,

I am writing to state my appreciation of the Ag Mediation Program. Our area has experienced several difficult farming year since 1993 resulting in extensive financial loss and severe mental stress to our area farmers. It has been of great value to our customers and also to our bank to have qualified and independent mediators available in these times of crisis. We place significant value on this program and hope that it will continue to be available.

Sincerely,



Willie Koosmann
Vice President



FARMERS & MERCHANTS STATE BANK of Tolna

Member FDIC

Post Office Box 405
Tolna, North Dakota 58380
(701) 262-4511

February 5, 1999

To the Members of the Senate Appropriations
Committee:

We support the efforts that the Ag-Mediation
project has done for North Dakota farm
families. Please continue with this
worthwhile project.

Sincerely,

Alan M. Klefstad
Alan M. Klefstad
Vice President / Loan Officer

TO: ND Senate Appropriations Committee

FROM: Joel Middaugh
9 Lukens Drive
Wilton, ND 58579
(701) 734-6133

TOPIC: Agricultural Mediation Funding

The purpose of this letter is to testify in support of funding for the North Dakota Agricultural Mediation Service.

For several years I have worked with a farm credit mediator/negotiator. When I first entered the system, I had been farming with my father and brother in a farm partnership, but since my father wanted to retire, we decided to dissolve the farm partnership and my brother and I bought the remaining farm equipment. At that time, my brother and I started working with Farmer's Home Administration to acquire the farm machinery from the farm partnership. When farm income was unable to produce sufficient income for my brother's family living expenses, he also decided to quit farming. This required additional negotiating to enable me to buy his share of equipment.

I decided to quit farming in December of 1997 due to the poor farm economy. If it wasn't for the services provided by my Ag Mediation officer, I probably would have quit long before that time because I was not able to work effectively with my FmHA county supervisor. My negotiator was very knowledgeable and helpful when working through the various rules and regulations of the system.

Presently, I am working with a negotiator to guide me through the correct procedure to negotiate a settlement with FmHA. I feel that it has been extremely beneficial to my family to work with a negotiator while we were farming and now as we are leaving agriculture.

With the current farm situation, I feel that it is especially important to continue financing the Agricultural Mediation Service at this time for the farmers that are still farming and may need mediation services in the future.



OFFICE LOCATIONS

EDGELEY (701) 493-2334
212 FIFTH AVENUE
EDGELEY, NORTH DAKOTA 58433

ELLENDALE (701) 349-3842
121 MAIN
ELLENDALE, NORTH DAKOTA 58436

February 8, 1999

ND Senate Appropriations Committee
State Capital Building
Bismarck, ND 58501

RE: Ag Mediation

Dakota Plains Credit Union has worked with the ND Ag Mediation program in the past and is in support of the funding for the Ag Mediation Program so they can continue to work with distressed farmers in North Dakota.

Sincerely,

A handwritten signature in cursive script that reads "Steven Gebhard".

Steven Gebhard
Loan Officer

SG/jb

5245 41st Ave.
New Salem, North Dakota 58563
February 5, 1999

Senate Appropriations Committee
North Dakota State Senate
Capitol building
Bismarck, North Dakota 58505

To Whom It May Concern:

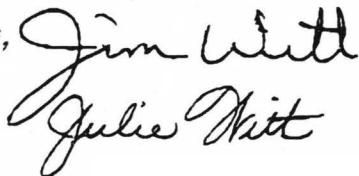
It has come to our attention that funding of the North Dakota Ag Mediation Service has come up for re-consideration. We would like to add our voices to those favoring full funding.

In the past few years farmers and ranchers in our state have suffered a number of set-backs. My husband and I are included among those. We have been ranchers much of our lives, but it wasn't until 1996 that we took the gamble of trying to buy our own place, a ranch south of New Salem. We experienced unexpectedly high expenses in starting up, went through the harsh six-month long winter of 1996-97 when it was impossible to keep enough feed in front of our cows, saw cattle losses after the devastating spring storm of April 6-8 of 1997, and suffered crop losses in the summer of 1997 because of drought. In 1998 the financial impact of all those factors came to a head. Our bank of many years gave us notice that it was giving us one year to find alternative financing.

There are times in a person's life when he has done all that he knows how to do and very much needs an objective perspective. An accountant? A lawyer? Ranchers and farmers appreciate having someone available who knows not just financing and not just legalities but the unique situation of agriculture. We were fortunate enough to find out about the Ag Mediation Service. Tom Silbernagel, who was assigned to our case, helped us put together a five-year financial and production history, helped us evaluate possibilities, and helped us put together a plan that would cash flow. With his help we were able to get FSA financing for part of our debt, and our bank, satisfied that we had a workable plan, is continuing to finance our operating loan.

Our letter is perhaps a little long, but we wanted you to see the difference the Ag Mediation Service has made to one farm family. We sometimes question the value of government programs. I can assure you that our dealings with the Ag Mediation Service show an organization both efficient and effective. Please support continued financing for this program.

Sincerely,

Handwritten signatures of Jim Witt and Julie Witt. The signature of Jim Witt is written in a cursive style, and the signature of Julie Witt is written in a similar cursive style below it.

Jim Witt
Julie Witt

Memo From The Bank Of Steele

FROM:

Name Gerald HornerCompany Bank of Steele

Address _____

City Steele State N.D. Zip 58482Fax 701-486-3186 Phone 701-486-3186

TO:

Name N.D. Senate Appropriations Committee

Company _____

Address _____

City _____ State _____ Zip _____

Fax (328) 456 7 Phone () _____MESSAGE: RE: N.D. Ag Mediation Service.

I'm writing to show my support for the N.D. Ag Mediation Service. I have been involved in the mediation process and have seen good results. I think it is very helpful to have a neutral third party involved in some very difficult situations. With all the financial turmoil going on at this time in the ag sector of our state's economy, I can see a real value to having a program like N.D. Ag Mediation Service to help our farmers get through tough times. I encourage you to establish appropriate funding to keep the service in place. Thank you for your consideration.

Transmitting a total of 1 pages including this page. If you do not receive all the pages, please contact us immediately.

Gerald Horner
Loan Officer
Bank of Steele

Security State Bank



of North Dakota

FAX COVER SHEET

TO: Jeff Knutson FAX NO: 701-328-4567
 COMPANY: Senate Appropriation Committee
 FROM: Myra Essigimire, VP
 DATE: 2/5/99

SECURITY STATE BANK OF NORTH DAKOTA - FAX NO.: 701-947-5766
 6 S. 8TH STREET PHONE NO.: 701-947-2421
 NEW ROCKFORD, ND 58356

COMMENTS: Re: Ag Mediation - Why & use it and like it

- ① The ag mediator works as a go-between with the borrower and the lender thereby creating an open and less stressful environment in which everyone can work to an agreeable solution.
- ② Cuts down considerably on the lender's work in paperwork but also may force the borrower to assess his situation honestly and then make it easier to decide his future plans.

This FAX transmission consists of _____ pages, including this cover sheet. If you do not receive all of the pages, please call back as soon as possible.

The information contained in this message is solely intended for the use of the individual named above. Any dissemination, distribution, or copying of this message and/or attachments by anyone other than the intended recipient is strictly prohibited. If you receive this communication in error, please notify us immediately by calling us collect at 701-947-2421.

Thank you.

2-7-199

Senate Appropriations Committee

Dear Sirs:

I do believe the ~~State~~ should keep the ag. Mediation Service in effect. The Service has done alot of good for farmers in helping negotiate with banks, F.S.A. Credit Union also moral support.

There is not alot of help out there for farmers in tough times in agriculture. Most banks want to sell the farmer out.

Progr a ary

Anita N. D. 58711

To: Senate Appro. Committee

In 1995 when the bottom fell out of the cattle prices and we sold our feeder calves we were unable to make enough money to pay back the original note we had for buying calves much less the interest and all other expenses. Needless to say - the morning after the sale we were completely devastated. We were at such a low point we weren't sure how we'd get through the day much less the rest of the year. I remembered hearing people talk about Ag Mediation and knew I had to find some help for us so I called Tom Silbernage/ at home and he talked with both of us and made us realize that they could help us get our finances back in order - but most important he helped us with our low self esteem.

After the 96-97 winter blizzards we had 150 heifers to go on the pasture to be bred. The plan was to breed them and the fall prices were projected to be anywhere from \$800 to \$850. Once again the bottom fell out of the market and with the tough winter conditions we had over 75 of those heifers who didn't breed back & we sold the rest at a ~~low~~ market price of \$650⁰⁰. Needless to say - once again our financial situation dwindled back even further than it was. We once again contacted Tom at Ag Mediation and he gave us our mental attitude back along with help on our cash flow & financial situation.

To make a long story short - when 1998 rolled around we were at the point with the livestock prices being so low we had buried ourselves in such a heap of financial debt. We sat down with Tom from Ag Mediation

2

trying to figure out what we could do to make a workable cash flow and no matter what we tried - what we changed, there was no way we could come up with a workable plan, much less one where the bank could see giving us another operating loan. Ag mediation was with us every step of the way and right by our side when we decided to quit farming and sell everything. Ag mediation helped us come up with a time guide line as to what to do and when to do it. There were times when we felt like we no longer wanted to continue to live - but Tom always made us see that there is a life worth living for - even after having been farmers all our lives.

We ask that you please give Ag Mediation your top and utmost support when considering them for extra money. We received very good services from them - but unless you've ever used Ag mediation - you will never realize how busy they are. There were times we wondered why our messages weren't being returned sooner - but had to remind ourselves that there were more people than anyone could know - who they were trying to help and with ND being a big state and there being many people who need their help only 15 ag mediators in our state is way to small of a figure. Please appropriate more funding to them so they can increase their staff and help more people, people like ourselves who farmed & have lost everything because of rock bottom prices and who were at the point of using suicide as a solution to our problems. They made us realize this wasn't the solution and when I think of all the

3

people who may need the same help - but have to wait a long time because of the work load Az Mediation has - I fear for how many people will use suicide as their solution because the phone wasn't being picked up at a time when they so desperately needed it to be.

Once again please give Az Mediation your top priorities and allocate extra dollars - you will be saving more than 1 persons life, maybe even your own - one day!!!

Thank you for listening to our testimony!

Sincerely,

Wilbur & Wanda Zimmerman
Lehr, ND

My name is Richard Dewitz. I farm in Tappen along with my wife, Lynn, who is an art instructor for interactive television. We have 4 sons. Our oldest son is a manager of a facility of Pipestone Systems in Pipestone, Minnesota. Our second oldest is a diesel technician for Nelson International in Bismarck. Our third son is currently attending NDSCS at Wahpeton in Diesel Technology, and our youngest son is a sophomore at Tappen High School.

We purchased our farm in 1969 after my return from the service and Lynn's graduation from Valley City State University.

In 1993 we contacted Ag Mediation to help put together a farm plan between our bank, FHA and, us. We were assigned to Patsy Otto from the Ag Mediation office in Bismarck. We worked through '93 and into '94 when FHA pulled our guaranteed operating loan and said we either had to pay them off or be liquidated. We worked with our ag mediator to find out how they were going to do this without following their own rules and regulations. That was the beginning of our battle with FHA and

their rules and regulations until August of 1997 when FHA, now FSA, finally sat down and worked out a farm plan with us.

Through this 4 year battle with FSA, there were many times that we wondered if we should just quit. If it hadn't been for Patsy Otto, John Thompson from the Security State Bank in Robinson, and our county FSA supervisor from '96 on, I don't believe we could have held on long enough to try and work our way through the roadblocks and regulations. The feelings of despair got so bad that sometimes we didn't care if we were helped or not.

One of the biggest problems we ran into was that if you don't understand FSA rules and regulations you get lost very fast. About the time you think you understand, they change the rules.

During our 4 year battle, Patsy Otto helped us through 3 North Dakota Ag Mediation session, a hearing with a National Appeals Hearing officer, and a request to the Colorado Regional Supervisor Appeals Office for clarification of the hearing officer's decision. This appeal went to the National Appeals Division to clarify rules that changed in the '96 Freedom to Farm Bill. That

changed things not only for us, but for the state and national as well.

We went through 3 chattel appraisals, 4 farm appraisals, and enough FSA forms and farm plans to leave a bare spot somewhere in an Idaho forest.

One of the major problems we had was getting FHA to work with us and not just say the regulations won't let us do that. There were times that Patsy had to get two or more regulations to work together, get FHA to use and implement them, and send a new plan to the state. Many times the plans got sent back for an update and new information.

It is hard to convey the sense of frustration, hopelessness, and anger you feel when you have been working with an agency such as FHA for 25 years and they change the rules and regulations. To our family, the Ag Mediation was the only agency that could help us put all of the pieces of the puzzle together and gets them to show a picture that made sense.

Our farming operation is now doing a positive cash flow and we are current in our payments.

For those who think this is another totally free service, you are mistaken. We are charged an hourly amount for the services, unless we receive a waiver and are unable to pay for it. I am happy to say we finished paying off this fee the fall of '98.

In 1996 when the new ag bill was passed we contacted a local lawyer that handles FHA ag problems. After reviewing our files he said we had a very good case, but by the time we would have finished with paperwork for his handling the case; he estimated it would cost about \$10,000 and the money would have to be paid in advance. This is not the type of financial burden that anyone needs at a time like that.

I hope I am not giving the impression that Ag Mediation just keeps on when there is no way that a farm will cash flow or can be made to work. I know personally of two farms that are presently working with them and one that has gone through bankruptcy and is no longer farming. They do tell us when things are not going to

work and we either have to change our operation, if possible, or go through the hard choice of leaving farming.

I have heard the argument that Ag Mediation was set up as a temporary department. I truly believe that, without Patsy Otto and the Ag Mediation, we would have lost our farm or at the very least have been in a very costly and long legal battle with FSA.

A large percentage of North Dakota's population is rural and much of its revenue is derived from agriculture. The past year has seen record low prices in grain, livestock, and farm earnings. This is not the time to cut budgets in a program that is helping farm families who are in financial and emotional stress due to circumstances beyond their control.

I believe at this point that we should not talk of cutting, but of increasing the budget of this service. The help and knowledge of mediators such as Patsy Otto and her counterparts are sometimes the only help in a very rough and trying time in North Dakota's farm community.

I hope you will help us keep this asset to help us get through the financial blizzard that sometimes faces us as farmers and ranchers.

Richard Dewitz

3663 39th Ave. SE

Tappen, North Dakota 58487-9367

701-327-8121

6/11/1994
BY 1830

In 1994, my brother Kent, and his family, who had owned and operated the "Family Farm", ran into financial trouble, filed bankruptcy and moved off the farm. A Bankruptcy Trustee automatically took ownership of ^{the farm} ~~the farm~~, to disperse of the farm assets.

Senate
Appropriations

My brother ~~Kevin~~ ^{Brian} (Brian) and I, who at the time, had been farming and ranching from a rented farm, attempted to assume the loans and mortgages of the Family Farm, ~~and the responsibility of the farm~~; but to no avail.

in my opinion, the
responsibility of the
farm was not
to be assumed
by the
brother

We then went to the Ag. Mediation Dept., for assistance. Tom Silbernagel, one of their Associates, assisted us, in a great many ways.

Norm + his son
Woody Barth
Credit Review Board
Tom Audit

~~Kevin~~ ^{Brian} (Brian) and I, had to start from the beginning, so Tom assisted us in drawing up Financial Records, such as Balance Sheets and Cash Flow Statements, to purchase the farm from the Bankruptcy Trustee. Tom knew of several financial programs, available through FmHA and The Bank of North Dakota, that we utilized for financing.

Ag. Mediation was there, when we brought our proposal to FmHA, The Bank of North Dakota and our local bank, for financial approval. Tom also assisted us on the final closing sale date, when we purchased the farm.

#2182
Senate
D.V.

It took several months, to acquire the farm. But, if it was not for the Ag. Mediation Dept. and Tom Silbernagel, ~~Kevin~~ ^{Brian} (Brian) and I would have wound up with nothing. Ag. Mediation was of great help to our situation.

Tom
Silbernagel