

2001 HOUSE APPROPRIATIONS

HB 1009

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1009

House Appropriations Committee
Government Operations Division

Conference Committee

Hearing Date January 9, 2001

Tape Number	Side A	Side B	Meter #
01-09-01 tape #1	0 - 6238	0-3485	
Committee Clerk Signature <i>Kurt Wick Hall</i>			

Minutes:

The committee was called to order, and opened the hearing on HB 1009, the appropriations budget for the Agriculture Commissioner.

Roger Johnson, Agriculture Commissioner: Handed out prepared written testimony, labeled Budget Presentation of the 2001-2003 Biennium. The written testimony, pages 1 through 4, cover an introduction of the North Dakota Department of Agriculture (NDDA). The Department fosters the long-term well-being of North Dakota by promoting a healthy economic, environmental and social climate for agriculture and the rural community through leadership, advocacy, education, regulation, and other services. Agriculture is a driving force in ND's economy, employing nearly ¼ of the work force in production and ag-related businesses and accounting. Agriculture has generated more than \$3 billion in cash receipts last year. The two largest agriculture industries, wheat and cattle, have brought low and negative returns to producers in recent years. The department is working to build animal agriculture in the state

Page 2

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through new dairy initiatives, the state meat inspection program, and new alternative marketing opportunities, working to harmonize pesticide use, regulation, and enforcement, disposing of unusable and unsafe pesticides, using the Internet, assisting businesses and individuals in the state to apply for federal funding, working with commodity groups, educating new generations about agriculture, providing negotiation and mediation services, and working with weed boards, partners and landowners to control the spread of weeds.

The Department has four areas, Executive Services, Agricultural Mediation, Livestock Services, and Plant Industries. Page 4 of the written testimony shows an organizational chart of the department. Pages 5 and 6 of the written testimony pertain to the Executive Services area that provides administration, coordination, and support to all department program areas, including administration, accounting, agriculture in the classroom, policy and communications, computer services, marketing services, and reception services. Page 5 shows a chart of revenue sources. The Agriculture Commissioner serves on a number of boards and commissions around the state, listed on page 5. Marketing Services helps ND companies obtain federal grants. Pride of Dakota is the centerpiece of Marketing Services activities. The program assists ND companies through trade show subsidies, retail and wholesale trade show organization, trade missions, seminars, cooperative advertising and promotions, one on one counseling and business opportunities. Pride of Dakota has grown over the years. The membership has grown from 20 members to 315 members in 15 years. Marketing Services has developed an Internet mail address, providing Pride of Dakota companies an opportunity to reach out of state customers at a low cost. Agriculture in the Classroom fosters a greater awareness by school students of the importance of agriculture. Activities include training, classes, a traveling classroom and

computer activities. There is an Executive Services budget comparison for last biennium and the requested biennium on page 6.

Pages 7, 8 and 9 pertain to Agricultural Mediation. A chart on page 7 shows revenue sources. Ag Mediation offers negotiation and mediation services to resolve differences among creditors, farmers and others. Mediation is a voluntary process for farmers and private creditors, but mandatory with FSA and FCS and is requested as a matter of policy by the Bank of North Dakota on delinquent loans. Negotiators help ranchers and farmers with financial problems, loan restructuring, and loan applications. Most AMS field staff (negotiators and mediators) are temporary employees who are paid hourly wages, and receive no benefits. The number of AMS FTE's and non FTE's has decreased over the last two years. On page 8 of the written testimony there are other activities listed that the AMS was involved in. Page 9 of the written testimony shows the Mediation budget comparisons.

Livestock Services is discussed in the written testimony on pages 10, 11, and 12.

Livestock Services is comprised of Livestock Licensing Section, Dairy/Poultry Section, State Board of Animal Health, and State Meat Inspection and Wildlife Services. The main focus of the program is regulating ND's livestock industry. Page 10 shows the funding sources. Livestock Licensing Section protects the livestock industry by licensing livestock dealers and auction markets. Field investigations are routinely conducted to uncover unlicensed dealers. The dairy section protects, encourages, promotes and enhances the marketability of ND dairy and poultry resources by assisting the industry in complying with statutes and regulations. The section is administered by a director, one clerical staff person, and three inspectors. The state has 12 dairy processing plants and nine milk transfer stations, inspected four or more times annually. Distribution facilities, farm bulk trucks and sampler/haulers are also inspected. One inspector

surveys/audits the Interstate Milk Shippers program (Grade A). This involves 38 milk producer groups, five plants, and four transfer/receiving stations. This same inspector performs USDA inspections of 12 manufacturing grade plants under a contractual agreement. The field staff also conducted 150 inspections of non-traditional livestock for the state veterinarian's office this year.

Chairman Byerly: You license livestock dealers, and the PSC licenses auctioneers. Why the overlap?

Response: The Department licenses the business, the PSC licenses the people.

Chairman Byerly: How many grade A processors?

Response: 3 grade A plants are processing milk.

Roger Johnson (continuing): The State Board of Animal Health became a division of the Department in 1995. There are two veterinarians and two support staff. The board consists of seven members, appointed by the governor. The Board is charged with protecting the health of domestic animals and nontraditional livestock of the state. The State Board of Animal Health and the ND Game and Fish Department have a cooperative agreement to regulate nontraditional livestock. The 1999 legislature authorized development of a North Dakota State Meat Inspection Program. The program was approved as "equal to federal" by the US Food Safety and Inspection Service (FSIS) on October 19, 2000. As part of the cooperative agreement between FSIS and NDDA, FSIS provides a 50% match for all inspection activity expenditures, excluding inspection of any non-amenable species, such as bison or elk. The program is administered by the director and a supervisor/compliance officer and two field inspectors. The Wildlife Services division of the US Department of Agriculture Animal and Plant Health Inspection Service works in partnership with the NDDA and ND Game and Fish Department to minimize the negative

impacts wildlife has on the lives of residents. It helps manage predator damage. On page 12 of the written testimony there is a budget comparison of the Livestock Services department.

Rep. Skarphol: On the issue of "equal to federal" approval of meat inspections, why would a facility do both state and federal approval. Why not use the federal inspectors moneys?

Response: The hope is that the state inspectors are more friendly and state programs will provide for more businesses to get off the ground. The state inspectors are more available and offer more advice.

Rep. Skarphol: I agree, but if the facility meets the federal standards, shouldn't the state focus be to move to the federal program.

Response: The state program is more available to the small producers, the federal program may not take on small producers, but the state does work closely with USDA and hopefully we could move in that direction.

Chairman Byerly: I remember the small producers saying that they were having problems getting the federal inspectors out to them.

Burton Pflieger, food inspector: The state regulations cannot be more restrictive that the federal.

Rep. Koppelman: I remember that the hope last session was for more producers to emerge, has that happened?

Response: There is some new growth and excitement among producers.

Rep. Carlisle: Is there cooperation between the elk operation and nontraditional producers?

Response: This is more the Board of Animal Health, and no the Agriculture Department activity. There does seem to be good cooperation and no conflicts have developed that he know of.

Roger Johnson (continuing): The main focus of Plant Industries Program area is crop production, comprised of the sections of pesticides, registration, plant productions, noxious weeds and apiary, covered on pages 13 through 16 of the written testimony. On page 13 there is a graph of funding sources. Pesticides is 85% federal funding. The section also administers the Minor Use pesticide grant program through the Pesticide Control Board. The committee may hear more about this in the session. The pesticide section has been active in pesticide harmonization efforts, enforces state and federal laws regarding the use of pesticides, and continues the development of initiatives mandated by the US Environmental Protection Agency. The section also administers the Project Safe Send program, that helps residents dispose of unusable and old pesticides. There is a registration section that is responsible for enforcing the provisions of the ND Insecticides, Fungicides, and Rodenticides Act (Ch 19-18), Commercial Feed Law (Ch. 19-13.1), Livestock Medicines (Ch. 19-14), and Fertilizer and Soil Conditioner Law (Ch. 19-20.1).

Chairman Byerly: Do the persons who drop off pesticides pay fees?

Response: No. It has been discussed before, but no because of the pesticide procedures involvement.

Roger Johnson (continuing): The plant protection section issues certificates to facilitate export of North Dakota commodities. It also certifies nurseries, and is responsible for plant pest prevention, detection, evaluation, and suppression programs. The noxious weed section coordinates and facilitates integrated noxious and new invasive weed management programs. This section works closely with county weed boards and administers several programs. There is a need for a budget increase to take care of Canada thistle.. There has been a big increase lately. and is a major concern. The chart on page 15 shows the county matching funds. This section

also includes the water bank program and the apiary section. Page 16 shows the budget comparisons for the Plant Industries division.

At page 17 of the written testimony there are items he wants to draw the committee's attention to. These are concerns of the department this session. This is the list of enhancements requested over and above the recommended governor's budget. They include requests from Pride of Dakota user fee change, Ag in the Classroom funding, Wildlife Services additional funding, more funding to control Canada thistle, and a transfer into the Minor Use Fund, that will require some separate language not yet prepared.

Rep. Glassheim: Given the decline in agriculture production and activity in the state lately, has the department been active in biotech and foreign markets, and new nontraditional products. Is the department aggressive enough?

Response: We could spend more money to move into new area. They do have opportunities in marketing and the department works hard and long. Pride of Dakota is an example.

Rep. Thoreson: On page 14 you show a jump in pesticide registration. Why?

Response: There has been a substantial increase in pesticide products registration. more for lawn/house care, not really agricultural products.

Rep. Skarphol: The registration is due every 2 years. Is this state or federal regulation?

Response: Yes, the registration is every 2 years, and that is state regulations.

Chairman Byerly: I notice that there is a significant shift from general funds to special funds.

Bonnie Selvig, Pride of Dakota: She appears and testifies on behalf of Pride of Dakota. Her product is moving nationally because of this program, and she feels Pride of Dakota is wonderful for persons like herself.

Karen Brandt, Pride of Dakota: She appears and testifies on behalf of Pride of Dakota.

She requests that the membership dues stay in the program and not be sent to the general fund.

LeAnn Harner, Ag in the Classroom Council: She is a landowner in Oliver County, about 25 miles NW of Bismarck. I represent the Ag Coalition on the Ag in the Classroom Council. Here today to consider changing the spending authority in the line item of the budget to actual state appropriated dollars for 1 FTE. They need someone to help coordinate the programs. The State Council is composed of people from DPI, school superintendents, teachers, other groups like FFA, 4-H and commodity groups. No one on the council has the time to make Ag in the Classroom their #1 priority. She explains what Ag in the Classroom does, and the workshops it provides. She explains the trailer classroom.

Chairman Byerly: States that he has no problem with the program, but that he is concerned that there is an extension service that has a charge of doing these very similar things. He thinks that when the University budget comes along, we will have to do some discussion with them on this matter.

Response, LeAnn Harner: She can appreciate that comment, the extension has been helpful in providing them information and in doing the Ag Mag, but the overall coordination and getting the information into the schools, the extension service does not work directly into the schools, and that's where they need to be to be effective.

Karl Limvere: Pastor of Zion United Church of Christ in Medina, ND, and chair of the Rural Life Committee of North Dakota Conference of Churches. He handed out written testimony. Supports the Ag Mediation Service, and believes it is an essential key to in the network in the services for people in distressed conditions in rural America. Ag Mediation program serves as the care package they can provide to those persons distressed. It sends a

message that the State of North Dakota cares about the future of family farmers and ranchers. As Pastors of churches they feel that they can refer people to the program with confidence.

Charles McCay: He represents Farm Credit Services. He had written testimony. Supports funding for Ag Mediation services. Farm Credit Services has been working the program since its inception. In fact, federal law requires us to cooperation with the state mediation program. We think that the Ag Mediation program does what it is supposed to do and does it well in North Dakota. It is well managed and effective and realistic. On going training programs seem to keep the mediators on a more long term basis and well trained. They support funding of this program.

John Long: Has a cow/calf program and heifer development program. He had written testimony handed out. He supports Ag Mediation. He gave a personal story of what Ag Mediation did for him, and how well it worked. He believes farmers/ranchers need Ag Mediation to continue assistance to keep them in business.

Chairman Byerly: Did you ever go directly to the head of FSA, instead of through Ag Mediation? Sounds to me like you had problems with bureaucracy and red tape.

Response, John Long: We were so concerned about not causing any trouble, that they went directly to Ag Mediation for help.

Richard Zollinger: Represents the NDSU Extension Service, as the State Wheat Specialist. He had written testimony and handed it out. In support of the minor use fund, and the registration position held between the dept of agriculture. He explained the IR-4 program, whose goal is to register pesticides of minor crops. North Dakota grows a lot of minor crops, and because major chemical companies are not interested in minor crops, therefore IR-4 program is really an arm to help in the registration of that program. Bottom of page 3 of his handout lists

