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Date

2003 HOUSE APPROPRIATIONS
HB 1021

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1021

House Appropriations Committee
Education and Environment Division

Check here for Conference Committee

Hearing Date January 22, 2003

Tape Number	Side A	Side B	Meter #
1	X	X	
2	X	X	
Committee Clerk Signature <i>Celste Keller</i>			

Minutes:

Chairman Martinson opened the hearing on HB 1021. All members of the committee were present with the exception of Representative Rennerfeldt.

Patricia Jensen Vice President and Dean of Agriculture at North Dakota State University, discussed how they intended to proceed with the hearing. Stated that they have changed their name to reflect the breadth of the work they do in agriculture. They are now the college of agriculture, food systems and natural resources. NDSU agriculture's goal is to continue to support the cornerstone of agriculture in the state.

Jerry Doan Farms and ranches south of McKenzie, North Dakota and is the Chairman of the State Board of Ag Research and Education, testified in support of HB 1021 and discussed the producer's perspective of what they do. Please see testimony entitled "State Board of Agricultural Research and Education Highlights: 2001-2003".

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Rep. Phil Mueller from District 24, testified in favor of the portion of HB 1021 dealing with the State Board of Agricultural Research and Extension. He emphasized the necessity of research in the agricultural world and that it will continue to drive production agriculture in this state. He discussed that there are more than enough worthy projects, but not enough dollars to fund them. He encouraged the committee to look favorably on increasing ag research money.

Rep. Wald Are you a voting member of SBARE group?

Mueller Yes, I am.

Jerry Doan Referenced back to the handout which basically states some of SBARE's accomplishments.

Rep. Aarsvold Do other states have a format like we use with SBARE?

Doan Not that I am aware of. There are advisory groups out there.

Ken Grafton Director of Ag Experiment Station at North Dakota State University, testified in favor of HB 1021. See attached testimony. Discussed highlights of what they have done in the 2001-2003 biennium.

Chairman Martinson When you create a new variety, do you license that? Does NDSU receive a royalty?

Grafton It's on a case by case basis. All intellectual property is the ownership of the NDSU research foundation. At the time of a variety release, the NDSU research foundation takes ownership of that variety. An application for a patent or for variety protection is made based on whichever is appropriate. We do plant variety protect our varieties. In some instances royalties are assessed. Royalties are received if seed sales occur out of the country.

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Chairman Martinson Is information on the income and some of the plant varieties being used world wide in any of these documents?

Grafton Some of that information might be in there but it is not identified as royalties per se. It would be gifts, grants and contracts. 90% of the royalties that are received go directly back into the breeding program. The department may recover or retain a small percentage to help offset some of the costs in the department.

Chairman Martinson Do you think that that is an area that we need to look at as far as licensing the products and the royalties?

Grafton Are you suggesting licensing in North Dakota as well?

Someone sitting in on the hearing advised that they could furnish a copy of the foundation annual report.

Rep. Wald When you refer to the word license, who is the licensing board that has the authority to license you?

Grafton The license is essentially a contract between a company and organization in a foreign country and the NDSU research foundation.

Rep. Wald Who grants the license?

Grafton The license is granted by the NDSU research station.

Rep. Wald So you are licensing yourself, or who grants that license?

Grafton Licensing is a term that is used, but it is essentially a binding contract.

Sharon Anderson Director of NDSU Extension Service, testified in support of HB 1021. She shared some things about the work of that organization and how they interrelate with the

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agriculture experiment station and research entities across the country. She also provided information regarding marketing club performance. See attached testimony.

Dr. Grafton and Dr. Anderson Discussed the budget. See attached testimony.

Chairman Martinson After the 95% budgets were reached, I thought they added back in the health care and the cost to continue on the salaries?

Dr. Grafton They added a 1% and 2% salary increase effective January 1, 2004 and January 1, 2005 respectively. The health care costs were also included. The general fund cost to continue is operating money from 2001-2003, 2003-2005 as well as the base salaries, which was not included.

Rep. Aarsvold The agricultural waste management proposal that you lay out here, I have family in Iowa and I know the folks in Iowa do a lot of research on animal waste. Are we taking advantage of what they are doing there and maybe adjusting it to our situation in North Dakota?

Dr. Grafton We have this as a base line information. There is going to be needed opportunities to take a look at how those situations might fit into us. There is work done in this area at Nebraska, Oklahoma, Kansas. We feel this position is critical because of the relatively pristine environment that we have. Also, we feel this position could work at least a portion of his or her time on biofuel research. We feel this is something that is crucial to the state. If we want to get into biofuels, we might already be too late. We really need to move into it.

Rep. Wald In reinvesting in critical areas on page 2 and 3, under BeefLine, is it the \$474,000 that you are making reference to or is it the \$274,000 that comprises 1.2 million?

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Dr. Anderson It is confusing, I know we have a lot of numbers here. The numbers under the big headings will total 1.2 million. The numbers within each category will total the numbers under the big headings.

Rep. Wald So the \$233,000 and the \$288,000 would total the \$521,000 under the Cereal Production Constraints heading?

Dr. Anderson Correct.

Rep. Aarsvold You have cut out a million dollars that would have put the research mill in place in making it operational and functional, is that what you are suggesting?

Dr. Grafton The million dollars removed was removed from the governor's executive budget. The million dollars is added on page 6 for other funds. According to the governor's budget, we have the authorization to spend up to a million dollars to construct a facility.

Rep. Aarsvold Was the mill a gift from industry?

Dr. Grafton Yes, that was a gift from the Nestle Company. It's estimated value is about a million dollars or more. It is a state of the art mill that can be used for both durum and spring wheat. The Nestle Company is no longer in the pasta production arena and they donated the mill based on some arrangements that we had between NDSU scientists and the company in Switzerland.

Rep. Wald In view of the fact that Anheiser Bush is building a malting plant in Sydney, Montana, what kind of emphasis are we putting on barley research?

Dr. Grafton That is a very high priority for us. We hoped that the location of that facility would have been on the North Dakota side, but unfortunately that is not the case. We feel that barley production is moving to the west because of the scab problems. We haven't been as successful

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