

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2063

2007 SENATE AGRICULTURE

SB 2063

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2063

Senate Agriculture Committee

Check here for Conference Committee

Hearing Date: January 11, 2007

Recorder Job Number: 972

Committee Clerk Signature



Minutes:

Sen. Flakoll opened the hearing on SB 2063, a bill for an Act to amend and reenact section 4-10.5-07 of the North Dakota Century Code, relating to soybean check off exemptions. All members (7) were present.

Dennis Renner a soybean producer and a member of the North Dakota Soybean Council testified in favor of the bill, see attached testimony.

Sen. Klein- why would organic growers want to be kicked loss?

Dennis Renner- we want North Dakota law to mirror federal law.

Sen. Klein- so your saying the federal government has done it we need to do it end of story?

Dennis Renner- basically that's it.

Sen. Behm- do regular and organic soybeans have a check off?

Dennis Renner- yes.

Sen. Wanzek- If we weren't in compliance to federal law is that legal if we stayed the way we were?

Dennis Renner- I am not qualified to answer that question.

Deb Johnson from the North Dakota Soybean Council testified in favor of the bill.

Deb Johnson- in answer to your question is it legal, we have heard prior to the years of the soybean program, the state law is to mirror the federal law. We are talking about a farm certified 100% organic, and you have to go through a process of 3 years for that certification. So if a ND organic certified farmer would go through that exemption process of the federal law then we would receive the certified exemption status paperwork and would free him from paying. We are talking to farmers in the state that we have been aware of for 2 years now.

Sen. Erbele- to be a certified organic grower then, they can not have any conventional beans on any land that they own?

Deb. Johnson- I cant answer that. My understanding is that all there land has to be 100% organic.

Sen. Taylor- the change that was made at the federal level, when did that happen and does it affect other commodities that are also under federal mandated check off?

Deb. Johnson- the change on the federal level was put into place this last year in 2006 it refers to no other commodity.

Sen. Klein- the soybean check is one of the federally mandated no refund check offs?

Deb Johnson- that is correct.

Sen. Klein- so what we've done is they have no recourse in refunding as a wheat organic producer would have or someone in that effect, so this is why we go to congress to make that difference?

Deb Johnson- my understanding is yes.

Sen. Flakoll- of the two producers about how many acres do they have combined, do you know?

Deb Johnson- I don't know, we don't track that we just receive the federal paperwork.

Jeff Knudson, with the North Dakota Ag department, representing the commissioner. He simply wants to lend his support to the bill and ask for favorable consideration.

No oppositions to the bill.

Sen. Flakoll closed the hearing.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2063

Senate Agriculture Committee

Check here for Conference Committee

Hearing Date: January 18, 2007

Recorder Job Number: 1343

Committee Clerk Signature

Cassie Krohn

Minutes:

Sen. Flakoll opened discussion on SB 2063.

Sen. Wanzek- I had Anita looking into whether you need to comply with this because its federal law and I didn't get a chance to ask her that question but she just handed this to me now, there is a exemption of certified organic products from assessments. No listing any provision of a commodity promotion law, a person that produces and markets solely 100% organic products and does not produce any conventional or non-organic products shall be exempt from the payment of an assessment under a commodity promotion law with respect to any agricultural commodity that's processed on a certified organic farm. You go to commodity promotion laws defined, commodity promotion law means a federal law that provides for the establishment and operation of promotion program regarding agricultural commodities. And all the commodities that under the commodity promotion law are common potatoes, beets, eggs, dairy, honey, pork, watermelon, mushrooms, soybeans, milk, beef, sheep. But the question I never got to ask her is do we have to comply? I'm gathering that we do.

Sen. Taylor- soybeans has voiced their opinion in their group so do we just wait for the other groups to have a vocal member ask for it? I don't think we need to jump ahead without a request do we?

Sen. Wanzek- its been explained to me that this has been the law for a number of years. Its just that the counsel is struggling with one producer that maybe didn't want to make payment. Which law do they enforce?

Sen. Klein- I don't know if we have any room to allow them under their strict restrictions to be 100% organic to not allow them to be exempt. Maybe I could confirm with Anita that they absolutely have to do that.

Sen. Wanzek- my understanding is that it takes a number of years to get your farm to be 100% organic. I would like the opportunity to get one more legal opinion.

Sen. Wanzek- I will check with Anita and then we can try to get this resolved.

Sen. Flakoll closed discussion.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2063

Senate Agriculture Committee

Check here for Conference Committee

Hearing Date: January 19, 2007

Recorder Job Number: 1434

Committee Clerk Signature

Cassie Kroh

Minutes:

Committee Work

Sen. Flakoll opened discussion.

Sen. Wanzek- in visiting with the counsel, the federal language stating that it needs to be 100% organic farmer and it doesn't refer to just soybeans its all the federal commodities. In visiting with counsel its not upon us to appropriate that into state law and I think the soybean council would feel confident on a move to do not pass.

Sen. Taylor- so counsel said this was not needed, and had you visited with soybean council?

Sen. Wanzek- the federal law does state that a producer that is 100% organic can exempt themselves and we feel that the federal law will take precedence, its not necessary to put it in state law and it doesn't on federal law refer solely to soybeans, it refers to all commodities. It includes a number of other commodity organizations and we feel that federal law as it is on its own can address those issues and it's not necessary to mess with state law.

Sen. Klein- I visited with a number of members on soybean council to make sure that I understood this correctly and they certainly wouldn't be opposed to this.

Sen. Wanzek motioned for a Do Not Pass **Sen. Klein** seconded the motion. **Sen. Wanzek** was designated to carry the bill to the floor. Vote was 7 yeas, 0 nays, 0 absent.

FISCAL NOTE
 Requested by Legislative Council
 12/27/2006

Bill/Resolution No.: SB 2063

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Bill will exempt organic soybean farmers from paying the soybean checkoff assessment. Request needed as this checkoff program is a federally mandated checkoff and exempts organic farmers. The ND state law to mirror the federal law to lessen confusion for ND First Purchasers of soybeans.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Over the past two years \$198 were collected from organic soybean farmers selling soybeans in ND. This bill will have no fiscal impact but will lessen confusion for ND First Purchasers of soybeans.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Deborah Johnson	Agency:	ND Soybean Council
Phone Number:	701-239-7199	Date Prepared:	12/29/2006

REPORT OF STANDING COMMITTEE

SB 2063: Agriculture Committee (Sen. Flakoll, Chairman) recommends DO NOT PASS
(7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2063 was placed on the
Eleventh order on the calendar.

2007 TESTIMONY

SB 2063

January 11, 2007

Testimony before the Agriculture Committee
Roosevelt Park Room
Senator Tim Flakoll, Chairman

Senate Bill 2063 – Relating to exempting ND organic soybean farmers from paying the soybean check off assessment

Chairman Flakoll and members of the Senate Agriculture Committee, my name is Dennis Renner, from Mandan, North Dakota. I am a soybean producer and a member of the North Dakota Soybean Council. I am here today to testify in favor of Senate bill 2063, a Bill for an Act to amend and reenact section 4-10.5-07 of the North Dakota Century Code, relating to soybean check off exemptions.

Currently, all soybean producers nation wide and in North Dakota pay $\frac{1}{2}$ of 1% of the value of their soybean sales for the federally mandated soybean check off program. This money is remitted by ND first purchasers of soybeans to the North Dakota Soybean Council. The ND Soybean Council is required by federal law to remit 50% of all collections received to the United Soybean Board headquartered out of St. Louis, MO.

As I mentioned the soybean check off is a federal program and is mandatory meaning non-refundable. The North Dakota Soybean Council is a qualified state soybean board certified by federal law to receive and administer the soybean check off dollars. The ND Soybean Council oversees the collection process and directs the spending of these dollars. Both the Office of the State Auditor and the United Soybean Board (USB) audit the North Dakota Soybean Council books-the State audits every year which are required by federal law and the USB audits every three years.

Senate Bill 2063 will exempt North Dakota organic soybean farmers from paying

the federally legislated soybean check off assessment. This bill is necessary so that ND Statute relating to the soybean assessment mirrors the federal legislation. The battle of whether or not organic soybean farmers should pay the assessment was "won" or "lost" depending on how you look at it, at the federal level. Organic farmers lobbied at the federal level to be exempt from paying the soybean assessment and won their exemption. Senate bill 2063 does contain language to allow ND organic farmers to waive their exemption if they so choose to do so. This waiver was added at the request of the ND Organic Farmer Advisory Board.

At this time, the North Dakota Soybean Council is required by State law to "track down and enforce" the payment of the soybean assessment due from ND organic soybean farmers and ND first purchasers of soybeans are required to indicate at the time of remittance of check off dollars to the ND Soybean Council the amount of the assessment payment that is on organic sales. This is necessary for the ND Soybean Council so that those organic check off dollars are not split with the United Soybean Board, who has no authority to collect from organic soybean farmers.

Regarding revenue, the ND Soybean Council has realized less than \$200 or soybean check off revenue over the past two years from ND organic soybean farmers.

Senate Bill 2063 will lessen administrative work for the ND Soybean Council and will keep the few ND organic soybean farmers (2 known today) happy.

Chairman Flakoll, I ask that you and your committee vote "yes" on Senate Bill 2063.

ARE THERE ANY QUESTIONS?

Chairman Flakoll, and members of the committee, thank you for your time.