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OMB/RECORDS MANAGEMENT DIVISION
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ROLL NUMBER

DESCRIPTION

2107

2007 SENATE AGRICULTURE

SB 2107

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2107

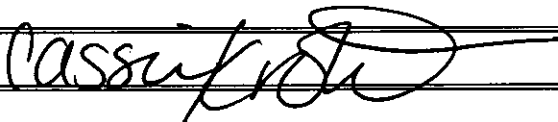
Senate Agriculture Committee

Check here for Conference Committee

Hearing Date: January 12, 2007

Recorder Job Number: 997

Committee Clerk Signature



Minutes:

Sen. Tim Flakoll-chairman opened the hearing on SB 2107, a bill for an act to amend and reenact section 4-33-12 of the North Dakota Century Code, relating to deposit of fees for agricultural export certification services.

David Nelson, manager of the phytosanitary certification program in the Department of Senate Agriculture testified in favor of the bill. See attached testimony.

Sen. Taylor- so the certificate for exporters and their exporting plants or plant seeds, what's a example of these exporters and what they are and what they're doing?

David Nelson- foreign countries require a certificate to assure them that their plant requirements have been met, we issue these certificates.

Sen. Wanzek- so up till now they didn't charge a federal fee and now they decided to charge it?

David Nelson- USDA has struggled to figure out how to fund the administration of this program and they do have a large staff that works with foreign countries to determine what foreign country regulations are, and they have a database that we have access to to figure out what those regulations are, they have a large amount of work to do to develop policies.

Sen. Wanzek- so your saying they're not doing anything new it is just to help fund some of the costs that they have?

David Nelson- that is correct.

Sen. Klein- so its your job then to go out and inspect and then to develop the certificates?

David Nelson- we do inspect some shipments but the majority of shipments are officially sampled by the federal grain inspection service or by one of the agencies that they over see. Other times they forward the official samples to us and we inspect it.

Sen. Klein- so if something shows up in the Philippines no certificates, what happens?

David Nelson- I contact USDA-APHIS and there's a form that we actually fill out where the exporter provides all the details, whose holding it up, what's the reason, is there a official document supporting that. Once APHIS has that document then they contact Senate Agriculture in the foreign country and find out what the issue is and how to resolve it, sometimes they come back to me and I provide additional information on the inspection or some other pieces of information relative to the plant pest status of the shipment. Sometimes they make that inspection right on sight.

Sen. Klein- and there are commodities from North Dakota that have been delivered directly to the Philippines?

David Nelson- Yes.

Sen. Flakoll- In the fiscal note looking at 2100 and the next number 2800 what is the justification?

David Nelson- those are the average number of phytosanitary certificates that we've issued in recent years the reason its 2100 and 2800 is because we don't expect this new fee to take effect until we're a quarter of the way through the next biennium.

Sen. Wanzek- so it will ultimately be guys like me that pay the \$16 right? You just need the authority to collect my money and turn around and pay the federal government?

David Nelson- that is correct. One other point the USDA-APHIS has to go through the federal rule making process so there will be a federal register note, so when that happens I will make the industry grain dealers association and so forth aware of that existence of that federal register note.

Sen. Wanzek- so your anticipating that the government is going to raise this fee, it hasn't actually been done yet, and these charges will not go through your department until the federal government actually implements that increase registration?

David Nelson- that is correct, because we only meet every other year, if this were to happen in the middle we would be in some trouble because we don't have the operating funds to pick up this fee ourselves so it's just the anticipation of that, if they don't do it there's no effect.

No opposition of the bill.

Sen. Flakoll closed the hearing.

Sen. Klein motioned for a Do Pass and was seconded by **Sen. Heckaman**. The motion was carried on a roll call vote 7 yeas, 0 nays, 0 absent. **Sen. Klein** was designated to carry the bill to the floor.

FISCAL NOTE
Requested by Legislative Council
12/28/2006

Bill/Resolution No.: SB 2107

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	\$0	\$0	\$0	\$33,600	\$0	\$44,800
Expenditures	\$0	\$0	\$0	\$33,600	\$0	\$44,800
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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).*

Senate Bill 2107 amends NDCC 4-33-12 to allow the commissioner to deposit a portion of phytosanitary certificate fees in the commissioner's operating fund. This amount is equivalent to new fees assessed by USDA for federal plant export certificates.

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.*

USDA has indicated that they intend to pursue charging states an administrative fee of \$16 per federal phytosanitary certificate as early as the Fall of 2007.

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.*

The department anticipates that USDA will charge a \$16 administrative fee for each federal phytosanitary certificate issued by the state. The commissioner would then increase fees charged to exporters by \$16 to cover these charges. We estimate that 2,100 certificates will be issued during the 2007-2009 biennium resulting in additional revenues of \$33,600 and estimate that 2,800 will be issued during the 2009-2011 biennium resulting in additional revenues of \$44,800.

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.*

The department will expend all additional revenues to cover the new administrative fee charged by USDA for federal phytosanitary certificates issued by the department.

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.*

None

Name: Jeff Weispfenning	Agency: Agriculture
Phone Number: 328-4758	Date Prepared: 01/03/2007

Date: Jan 12, 2007
Roll Call Vote #: 1

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2107

Senate Agriculture Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Sen Klein Seconded By Sen. Heckaman

Senators	Yes	No	Senators	Yes	No
Tim Flakoll-Chairman	X		Arthur H. Behm	X	
Terry M. Wanzek-Vice Chairman	X		Joan Heckaman	X	
Robert S. Erbele	X		Ryan M. Taylor	X	
Jerry Klein	X				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Sen. Klein

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

REPORT OF STANDING COMMITTEE (410)
January 12, 2007 3:26 p.m.

Module No: SR-08-0545
Carrier: Klein
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2107: Agriculture Committee (Sen. Flakoll, Chairman) recommends DO PASS
(7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2107 was placed on the
Eleventh order on the calendar.

2007 HOUSE AGRICULTURE

SB 2107

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2107

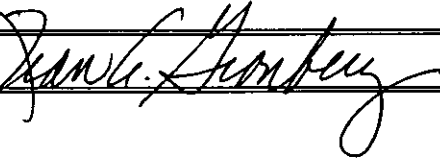
House Agriculture Committee

Check here for Conference Committee

Hearing Date: 2-23-07

Recorder Job Number: SB 3720

Committee Clerk Signature



Minutes:

Chairman Johnson opened the hearing on SB3720.

Dave Nelson, Dept of Agriculture: (testimony attached)

Rep Mueller: The phytosanitary certificates are issued for what?

Nelson: Agricultural products that foreign countries require a certificate for entry.

For example, dry edible beans are required to have a certificate in many countries.

But there are many others too. Seed potatoes to Canada.

Rep Mueller: Are we currently charging fees and what we want to do is raise them \$16?

Nelson: Yes, currently we charge \$20 and the federal government charges \$50. Many other states charge closer to \$50. We are providing a pretty good fee schedule for ND shippers.

The additional \$16 will cover the administrative fees the feds will be charging us.

Rep Mueller: Why are they doing that again?

Nelson: They provide a lot of support services including a data base.

Rep Boe: You indicated that we could get this certificate through the Ag Dept or the Feds.

Who is that? The grain inspection?

Nelson: No the agency in ND is the USDA-APHIS and they have an office in Bismarck.

Rep Boe: Did the seed department ever issue these?

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Ag*

Nelson: At one time the seed dept issued state phytosanitary certificates not federal certificates. Foreign countries no longer accept state phytosanitary certificates. The seed dept has one person able to issue phyto for seed potatoes within the last year

Rep Boe: The fee schedule has nothing to do with the volume of the sale? The cost could cover 100,000 or 1,000 bushels?

Nelson: I'm not exactly sure how the final federal rule will come out. They have had one fee for commercial shipments and a lesser fee for a smaller amount. We just have a flat fee of \$20.

Rep Brandenburg: Usually when an inspection is done someone comes out and inspects a box car and sends it in.

Nelson: We try to get creative and certify entire bins. Particularly shipments to Canada.

Rep Brandenburg: It also gives protection to the seller. The cost is worth it.

Chairman Johnson: Closed the hearings on SB 2107.

Rep Onstad made a Do Pass motion

Rep Headland seconded the motion

(Yes) 10 (No) 0 Absent (3)

Carrier: Rep Brandenburg

Date:
Roll Call Vote #:

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House Agriculture

Committee _____

Check here for Conference Committee

Legislative Council Amendment Number SB 2107

Action Taken Do Pass

Motion Made By Rep Onstad Seconded By Rep Headland

Representatives	Yes	No	Representatives	Yes	No
Chairman Dennis Johnson	✓		Tracy Boe	✓	
Vice Chair Joyce Kingsbury	✓		Rodney Froelich		
Wesley Belter			Phillip Mueller	✓	
Mike Brandenburg	✓		Kenton Onstad	✓	
Craig Headland	✓		Benjamin Vig	✓	
Brenda Heller	✓				
John D Wall					
Gerry Uglem	✓				

Total (Yes) 10 No 0

Absent 3

Floor Assignment Rep Brandenburg

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

REPORT OF STANDING COMMITTEE

SB 2107: Agriculture Committee (Rep. D. Johnson, Chairman) recommends DO PASS
(10 YEAS, 0 NAYS, 3 ABSENT AND NOT VOTING). SB 2107 was placed on the
Fourteenth order on the calendar.

2007 TESTIMONY

SB 2107

Roger Johnson
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**Testimony of David Nelson
State Entomologist
Senate Bill 2107
Senate Agriculture Committee
Roosevelt Park Room
January 12, 2007**

Chairman Flakoll and members of the Senate Agriculture Committee, I am David Nelson, manager of the phytosanitary certification program in the Department of Agriculture. I am here today in support of SB 2107, which will allow for a portion of phytosanitary certification fees charged to exporters to be deposited in the department operating fund. The amount would be equivalent to the amount the United States department of agriculture assesses the department.

The North Dakota Department of Agriculture issues federal phytosanitary certificates as authorized by North Dakota Century Code 4-33-12 and a memorandum of understanding with the United States Department of Agriculture – Animal and Plant Health Inspection Service (USDA-APHIS). APHIS is the federal agency with authority for administering the program.

APHIS has indicated that they intend to pursue federal rulemaking to allow them to assess an administrative charge to states for each federal phytosanitary certificate issued by the states in

order to support administration of the cooperative program. This is expected to occur perhaps as early as late 2007.

SB 2107 provides authority for the North Dakota Department of Agriculture to deposit a portion of the fees we charge exporters into the department's operating budget equivalent to the amount that USDA would charge us. We would expend this revenue to cover the new administrative fee charged by USDA.

The fiscal note prepared for this bill provides estimates of additional revenues and expenditures. We anticipate that APHIS will charge a \$16 administrative fee for each federal phytosanitary certificate issued beginning in 2008 and that we would issue 2,100 federal phytosanitary certificates during the remainder of the 2007-2009 biennium for a total of \$33,600. We would raise our phytosanitary fees to cover these charges. There is no appropriation request associated with this bill.

Chairman Flakoll and committee members, I urge a do pass on SB 2107. I would be happy to answer any questions you may have.

Roger Johnson
Agriculture Commissioner
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**Testimony of David Nelson
State Entomologist
Senate Bill 2107
House Agriculture Committee
Peace Garden Room
February 23, 2007**

Chairman Johnson and members of the House Agriculture Committee, I am David Nelson, manager of the phytosanitary certification program in the Department of Agriculture. I am here today in support of SB 2107, which will allow for a portion of phytosanitary certification fees charged to exporters to be deposited in the department operating fund. The amount would be equivalent to the amount the United States department of agriculture assesses the department.

Phytosanitary certificates are official documents that certify that a plant product is free from quarantine plant pests specified by the importing country and conforms to their phytosanitary requirements. The North Dakota Department of Agriculture issues federal phytosanitary certificates as authorized by North Dakota Century Code 4-33-12 and a memorandum of understanding with the United States Department of Agriculture – Animal and Plant Health Inspection Service (USDA-APHIS). APHIS is the federal agency with authority for administering the program.

APHIS has indicated that they intend to pursue federal rulemaking to allow them to assess an administrative charge to states for each federal phytosanitary certificate issued by the states in order to support administration of the cooperative program. This is expected to occur perhaps as early as late 2007.

SB 2107 provides authority for the North Dakota Department of Agriculture to deposit a portion of the fees we charge exporters into the department's operating budget equivalent to the amount that USDA would charge us. We would expend this revenue to cover the new administrative fee charged by USDA.

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Chairman Johnson and committee members, I urge a do pass on SB 2107. I would be happy to answer any questions you may have.