

# MICROFILM DIVIDER

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ROLL NUMBER

DESCRIPTION

2365

2007 SENATE AGRICULTURE

SB 2365

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2365

Senate Agriculture Committee

Check here for Conference Committee

Hearing Date: February 2, 2007

Recorder Job Number: 2711

Committee Clerk Signature

*Cassie Krohn*

Minutes:

**Sen. Flakoll** opened the hearing on SB 2365, a bill to require public service commission to study grain inspection procedures and report to the legislative council. All members (7) were present.

**Sen. Wanzek**, district 29, testified in favor of the bill.

**Sen. Wanzek**- This bill comes before you today at the request of the Grain Growers Association. I struggled with how to try and address their situation and address their concerns and legislative council and myself were really struggling with how we do that, and rather than going into a detailed description what might be needed we came to the conclusion we would introduce a bill that would give the public service commission some authority to do some research in the next biennium.

**Jim Diepolder**, president of USDGA, testified in favor of the bill. See attached testimony.

**Sen. Behm**- will this standardize the grading procedure more?

**Jim Diepolder**- I can't answer that question I can only give you my personal view.

**Sen. Heckaman**- when on looked at the petitions I noticed that most of them are in north central and north western ND, is this pretty much reported throughout the whole state or is that the only area of concern that you are seeing in the state?

**Jim Diepolder**- no it has been throughout the whole state.

**Dennis Wunderlic**, farmer, testified in favor of the bill. Gave personal experience with problems he has experienced, time 15:44-18:54.

**Larry Neubauer**, vice president of USDGA, testified in favor of the bill. See attached testimony.

**Gaylen Yoder**, farmer, testified in favor of the bill. Gave personal experience with problems he has experienced, time 25:58-34:41.

**Jim Lee**, farmer, testified in favor of the bill. Gave personal experience with problems he has experienced, time 34:57- 40:00.

**Mark Martinson**, farmer, testified in favor of the bill. Gave personal experience with problems he has experienced, time 40:23-51:41.

**John Fjeldahl**, farmer, testified in favor of the bill. See attached testimony.

**Dan Deaver** also submitted testimony in favor of the bill. Also present and in favor of the bill were **Jim Engtwn**, **Tom Bodur**, **Kurt Ridl**, **Dawn Watson** and **Scott Biberdorf**.

**Steve Strege**, representing ND Grain Growers Association, testified in opposition to the bill. See attached testimony.

**Sen. Wanzek**- I empathize with the farmer, as you know I am a farmer and a grain purchaser. So I feel for both ends. But on the other hand I talked with an elevator manager and I feel sorry for him also. How do we help?

**Steve Strege**- some of these things are probably not solvable, or there are things that we have to put up with as best as we can. When you think about it grain is a living commodity.

**Sen. Erbele**- when you listed the complaints that have been filed over the last 5 years, do you know anything about the nature or severity of those complaints?

**Steve Strege**- no.

**Sen. Taylor-** do you think it is well known amongst the producers of the complaint process, or do you think there are a lot more complaints out there then get reported?

**Steve Strege-** there is suppose to be a poster like thing in every elevator that is in fact put out by the PSC, and it lists the labs addresses and so forth.

**Sen. Behm-** my main concern is the testing procedure, how can they test it at one facility and it say one thing and then test it at another and it read different?

**Steve Strege-** I can explain that.

**Sen. Erbele-** I know that you mentioned a lot of this stuff is beyond our borders but as far as relating back to the bill what would be wrong with studying the accuracy and the methodology within state?

**Steve Strege-** I think the problems that were brought up here this morning are problems that are not at the local level, the elevators are suppose to operate at federal grain standards in ND.

**Sen. Wanzek-** should we probe or should they take a handful, are there standards for that?

**Steve Strege-** I cant answer that.

**Dan DeRouchey,** manages elevator in Berthold, ND, testified in opposition to the bill.

**Dan DeRouchey-** I don't know if I can enlighten you at all when it comes to some of these concerns. Primarily it seems like things are focusing down to a durum and barley, I know there are other commodities that were mentioned. The real sensitive ones seem to be those two. There has been some talk about local level and getting it certified. The state and federal agencies are certified, they go through certification in Kansas City, on the local level those employees are trained.

**Sen. Klein-** what I am hearing you say is a lot of these issues are beyond your control?

**Dan DeRouchey**- what I am trying to say is that the elevators and the processors in the state are doing their best to make sure the farmers are being treated fairly. I just don't see where this testing is going to do us one bit of good, if it did I would be for it.

**Sen. Flakoll**- how much does it cost to install a mechanical probe?

**Dan DeRouchey**- around \$25,000.

**Sen. Flakoll** closed the hearing.

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2365

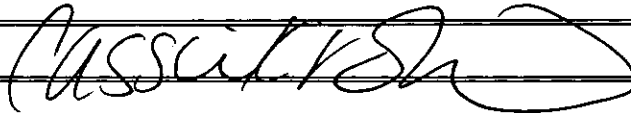
Senate Agriculture Committee

Check here for Conference Committee

Hearing Date: February 2, 2007

Recorder Job Number: 2740

Committee Clerk Signature



Minutes:

**Sen. Flakoll** opened discussion on SB 2365.

**Sen. Klein-** on this bill I am wondering if there is anyway to work with this at all. I feel for both parties, what we fear is a lot of issues that go beyond what the local elevators can do. So I am curious if anybody had any ideas on any middle ground on this?

**Sen. Behm-** I don't know if this bill is going to solve it but I do think that there needs to be some standard form of testing, something that if you test in one place it will carry through to end use.

**Sen. Wanzek-** I don't hold this against the elevators, I think it stems from the market. I understand the frustration, I don't know if this is the answer.

**Sen. Erbele-** when I listen to the farmers I can see why they are frustrated, but when I look at the other side of things I see where they are coming from too.

**Sen. Heckaman-** I am wondering if there is another way to do this without having this appropriation.

**Sen. Taylor-** a lot of the problems seem to revolve around durum and barley, when they make this fiscal note are they looking at a much more wide spread study? Or could we pick a piece of it like the protein probes, a way to make those more standard?

**Sen. Klein-** I think that if we could change it so that they don't have to study it but PSC is going to need some resources to do the work, and that is the hard part of trying to decide.

**Sen. Behm-** you know this amount of money for the appropriation is not really that much.

**Sen. Klein-** I think what I heard though is that we could spend \$250,000 and it is not going to change anything. I think that this goes beyond ND and that the folks in Washington should be addressing.

**Sen. Behm-** I don't know if this bill would help a whole lot but the farmers are so frustrated, so that is why I would like to have it standardized in some way.

**Sen. Flakoll** closed the discussion on the bill.



## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2365

Senate Agriculture Committee

Check here for Conference Committee

Hearing Date: February 2, 2007

Recorder Job Number: 2742

Committee Clerk Signature

*Cassu Krow*

Minutes:

**Sen. Flakoll** opened discussion on SB 2365

**Sen. Klein**- I was going to try to develop some type of resolution with the congress and Ag commissioner to address this, but I came to find I ran into a couple of road blocks with trying to do that. I would suggest that we would add the language: and to provide an appropriation of \$4,900.

**Sen. Flakoll** closed discussion.

**Sen. Klein** motioned for a do pass to adopt amendment and was seconded by **Sen. Taylor**, roll call vote 1: 7 yea, 0 nay, 0 absent. **Sen. Klein** motioned for a do pass as amended and seconded by **Sen. Taylor**, roll call vote 2: 7 yeas, 0 nays, 0 absent. **Sen. Wanzek** was designated to carry the bill to the floor.

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2365

Senate Agriculture Committee

Check here for Conference Committee

Hearing Date: February 8, 2007

Recorder Job Number: 3221

Committee Clerk Signature

*Cassie Krow*

Minutes:

**Sen. Flakoll** opened discussion on SB 2365.

**Sen. Klein** motioned to reconsider action **Sen. Wanzek** seconded the motion, roll call vote 3 6 yeas, 0 nays, 1 absent.

Discussion:

**Sen. Wanzek**- this is a bill that has to do with public service commission study regarding grain grading, cost effectiveness and such. We were in a hurry to get it out that day due to the fiscal note and I don't feel comfortable with the way it came out. I think the concern for the cost and whether public service commission and putting them in that position. I would like to put it in a study where legislative council can consider studying this issue or even entertain the motion for a do not pass.

**Sen. Taylor**- I would feel more comfortable moving the amendments rather than a do not pass just so there is some hope that it could be studied.

**Sen. Wanzek**- I just question whether we are really going to get anywhere by pushing the public service commission to spend money, I don't believe for the most part the problem is our elevator dealers in the state. The study would give us more of a chance to learn more about the issue before we take significant steps in any one direction.

**Sen. Behm-** is this the bill that we had the discussion on the different grades of seeds?

**Sen. Wanzek-** yes.

**Sen. Behm-** something needs to be done because you can't have many different grades.

**Sen. Wanzek-** the way it is directed the dealers felt somewhat like the bull's eye was on them and that was not my intent. It's not the problem it is the market, maybe further study before we do what the original bill intended.

**Sen. Taylor-** do you know how many studies that intern Ag has picked up in the last intern?

**Sen. Flakoll-** I believe 2 or 3.

**Sen. Taylor-** so there is a possibility that it may get studied if they have an intern Ag committee.

**Sen. Wanzek** motioned to move amendments 70859.0102 and was seconded by **Sen. Klein**, roll call vote 4: 6 yea, 0 nay, 1 absent.

**Sen. Wanzek** motioned for a do pass as amended and was seconded by **Sen. Behm**, roll call vote 5: 6 yea, 0 nay, 0 absent. **Sen. Wanzek** was designated to carry the bill to the floor.

# FISCAL NOTE

Requested by Legislative Council

02/12/2007

Amendment to: SB 2365

**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
<b>Revenues</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Appropriations</b>	\$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).*

Engrossed bill asks Legislative Council to consider studying grain testing and sampling procedures. Such a study would not fiscally impact the PSC.

**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.*

n/a

**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.*

n/a

**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.*

n/a

**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.*

n/a

<b>Name:</b>	Illona Jeffcoat-Sacco	<b>Agency:</b>	PSC
<b>Phone Number:</b>	328-2407	<b>Date Prepared:</b>	02/12/2007

# FISCAL NOTE

Requested by Legislative Council

01/29/2007

**REVISION**

Bill/Resolution No.: SB 2365

**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
<b>Revenues</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Expenditures</b>	\$0	\$0	\$125,000	\$0	\$0	\$0
<b>Appropriations</b>	\$0	\$0	\$125,000	\$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).*

Requires the PSC to conduct a study of grain testing and sampling procedures including what training and education standards may be needed. The PSC does not have the resources (staff qualifications, time, money) to do the study in-house. Estimated consultant cost - \$125,000.

**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.*

PSC would need to hire a consultant, requiring appropriation and funding at \$125,000.

**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.*

n/a

**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.*

PSC estimates the need for \$125,000 to hire a consultant to conduct or assist in conducting the study.

**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.*

PSC would require an additional appropriation in order to hire the consultant in the estimated amount of \$125,000

<b>Name:</b>	Ilona Jeffcoat-Sacco	<b>Agency:</b>	PSC
<b>Phone Number:</b>	328-2407	<b>Date Prepared:</b>	01/29/2007

# FISCAL NOTE

Requested by Legislative Council

01/23/2007

Bill/Resolution No.: SB 2365

**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
<b>Revenues</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Expenditures</b>	\$0	\$0	\$125,000	\$0	\$0	\$0
<b>Appropriations</b>	\$0	\$0	\$125	\$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).*

Requires the PSC to conduct a study of grain testing and sampling procedures including what training and education standards may be needed. The PSC does not have the resources (staff qualifications, time, money) to do the study in-house. Estimated consultant cost - \$125,000.

**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.*

PSC would need to hire a consultant, requiring appropriation and funding at \$125,000.

**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.*

n/a

**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.*

PSC estimates the need for \$125,000 to hire a consultant to conduct or assist in conducting the study.

**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.*

PSC would require an additional appropriation in order to hire the consultant in the estimated amount of \$125,000

<b>Name:</b>	Illona Jeffcoat-Sacco	<b>Agency:</b>	PSC
<b>Phone Number:</b>	328-2407	<b>Date Prepared:</b>	01/28/2007







**REPORT OF STANDING COMMITTEE**

**SB 2365: Agriculture Committee (Sen. Flakoll, Chairman) recommends AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2365 was placed on the Sixth order on the calendar.

Page 1, line 2, after "council" insert "; and to provide an appropriation"

Page 1, after line 13, insert:

**"SECTION 2. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$4,900, or so much of the sum as may be necessary, to the public service commission for the purpose of completing a study of grain inspection, for the biennium beginning July 1, 2007, and ending June 30, 2009."

Re-number accordingly



*[Handwritten signature]*  
2-8-7

PROPOSED AMENDMENTS TO SENATE BILL NO. 2365

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act relating to a legislative council study of grain inspection and grading procedures."

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. LEGISLATIVE COUNCIL STUDY - GRAIN INSPECTION PROCEDURES.** The legislative council shall consider studying, during the 2007-08 interim, grain inspection and grading procedures, including the methodology, accuracy, uniformity, and cost-effectiveness of testing and sampling procedures and training and education standards that would be desirable in improving current procedures. The study should include the participation of agencies of the United States department of agriculture, industry groups, and North Dakota state university. The council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly."

Renumber accordingly





**REPORT OF STANDING COMMITTEE**

**SB 2365: Agriculture Committee (Sen. Flakoll, Chairman) recommends AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2365 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act relating to a legislative council study of grain inspection and grading procedures.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. LEGISLATIVE COUNCIL STUDY - GRAIN INSPECTION PROCEDURES.** The legislative council shall consider studying, during the 2007-08 interim, grain inspection and grading procedures, including the methodology, accuracy, uniformity, and cost-effectiveness of testing and sampling procedures and training and education standards that would be desirable in improving current procedures. The study should include the participation of agencies of the United States department of agriculture, industry groups, and North Dakota state university. The council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly."

Renumber accordingly

2007 HOUSE AGRICULTURE

SB 2365

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2365

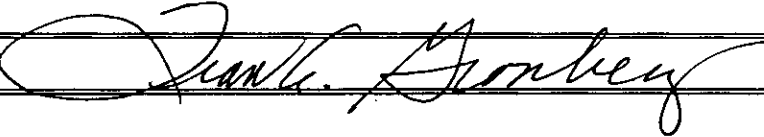
House Agriculture Committee

Check here for Conference Committee

Hearing Date: 3-9-07

Recorder Job Number: 4823

Committee Clerk Signature



Minutes:

**Chairman Johnson** opened the hearing on SB 2365.

**Senator Wanzek, Dist 29:** This bill was introduced at the request of the grain growers. It originally was a bill to authorize the PSC to study the grain grading standards and those issues. When we looked at in the Senate, we turned it into a study. This is not an attempt to put the blame on anyone, but we just want a study to focus on the issues.

**Rep Onstad:** Should it be amended to say "shall study" instead of "shall" consider doing the study.

**Wanzek:** The leadership doesn't want us to do it and the Legislative Council feels we are undermining their ability to determine what is studied.

**Rep Vig:** Why is the USDA written in here?

**Wanzek:** The standards are set by them and we have to abide by them.

**Chairman Johnson:** Are you aware that the House defeated a similar bill?

**Wanzek:** I am now.

**Jim Lee, Max, ND:** I has also at the hearing in the Senate, I hope you give the bill serious consideration. It is a producer bill of rights. It addresses issues that need to be taken care of.



I see this as an economic issue. The grain dealers' testimony in the Senate troubled me. This shouldn't be us against them. This is very important!

**Jim Diepolder, President USDGA:** (testimony attached)

**John Fjoldahl, Farmer, Berthold, ND:** (testimony attached)

**Larry Neubauer, USDGA Vice President, Producer:** (testimony attached) This is not an issue of producer against elevator. The intent is to come up with something that is fair.

**Kurt Ridl, Farmer, USDGA:** Related instances where the dockage was different at several different elevators on the same load of grain. He would like dockage on a fair basis.

**Chairman Johnson:** How would this study change what's happening or change procedures?

**Ridl:** One thing would be to train the people who work at the elevators so they are doing it correctly and consistently.

**Chairman Johnson:** Contend it's the person doing the test rather than the equipment?

**Ridl:** Are the people all trained the same way?

**Rep Brandenburg:** Working with the elevators and sending the sample to the state you got the better price. So you really rectified your problem.

**Ridl:** Yes, we did but why should there be such a disparity the first time around?

**Dennis Wunderlich, Farmer, Velva, ND, USDGA:** I am a dying breed in my part of the country. There is a need to train people so that tests are consistent. Relayed personal stories of inconsistency with samples and tests that had been submitted.

**Rep Mueller:** What do you want to see coming out of the study?

**Wunderlich:** I don't want costly new test procedures. The need is for training procedures and conditions for grading grain consistently.

**Galen Yoder, Farmer, Dist 9:** I used to raise durum. I don't anymore and have also had over the top experiences with grain sampling. He told personal experience about his encounters

