

2009 SENATE APPROPRIATIONS

SB 2022

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2022.

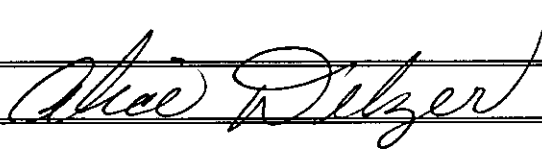
Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 01-21-2009

Recorder Job Number: 7393

Committee Clerk Signature



Minutes:

V. Chair Bowman called the committee back to order at 11:00 a.m. in reference to SB 2022 in regards to State Seed Department. All committee members were present except Chairman Holmberg, V. Chair Grindberg, Senator Warner, and Senator Krauter who were excused as they were in Washington D.C. for the inauguration.

Ken Bertsch, State Seed Commissioner testified in favor of SB 2022 and provided written testimony # 1. He went over his budget that is presented in the hand out. Salaries, Operating, Capital Expenditures, Grants, and Contingency . (06.13) consider an amendment if you would. On page 3 of testimony. (11.41)

V. Chair Bowman: Basically it is just spending authority that you would like to have in this Bill and then the language that you suggested to us on page 3 of your testimony? One question I have do you coordinate the type of research with NDSU and will you be able to utilize the huge greenhouse we are going to be building down there and work together to see if there is some kind of coalition to get the maximum amount of use of that.

Ken Bertsch: Those are two separate issues. This warehouse project that I am talking about up in the Grafton facility really is a federal issue. It doesn't have anything to do with NDSU.

The greenhouse issue, on the other hand, we are in support of, that is extremely important for the seed industry. It is two separate issues. But we do work very closely (13.20)

Senator Krebsbach: How many people are employed in your division, FTE and part-time.

Ken Bertsch: we've got 35 FTEs and right now we have 30 of them filled.

Senator Krebsbach: Potatoes are raised in many locals in North Dakota. Is this testing good all over?

Ken Bertsch: Yes it does apply to all potatoes grown in ND. Secondly, USDA CFIA Bilateral (14.34) agreement right now calls for a certain percentage of, it's pretty complicated and I won't go into it for time but seed acres are separated from commercial production, The concern being obviously the soil is transferred in seed potatoes and their shipped around state to state. However the commercial be sampled. These surveys are trying to make a determination that so that ND and Idaho basically had state borders, not only Canada but other states as well, closed until they narrowed down where that pest is occurring.(15.32)

Senator Krebsbach Had questions regarding the affect of the pest called Potato Cyst Nematode have on the potatoes.

KenBertch: It attaches to the root and may not kill the plant but will affect it adversely. I've seen pictures you wouldn't buy that bag of potatoes. If they look bad, you won't buy them. Mostly the skin is bad, they have black spots when you cut them open.

Senator Kilzer: I'm from western North Dakota where we don't grow commercial potatoes. The seed of potatoes that you sell is it potatoes you cut up or does the potato produce seed like a carrot.

Ken Bertsch: Seed potatoes are tubers, usually a smaller size, they are cut and potatoes in ND and most states have 6 generations of production. It might be a seed in breeders stock, it might be a seed like a carrot called a true seed off a potato plant and replant it for the purpose of using a tuber in the next generation. Beyond that they are all potato tubers. At the lowest generation are produced in Fargo in greenhouse, we cut little plant and plant those pieces and

produce those nuclear seeds which go out to northwestern North Dakota and are produced there and sometimes in generation two they are transported around the state or all over the United States. (19.15) Only 1 generation you find the seed, the rest is all tubers, they are always cut mechanically with an eye in one of these pieces

Senator Kilzer: This potato needs human help to produce. I also have a question regarding contingency. Have you used it all?

Ken Bertch: Seldom. You could say this is contingency issue and I would be fine with that. It is always nice to have the authority in case we go over that amount. (20.53)

V. Chair Bowman: I'll have council draft an amendment that addresses those concerns.

Ken Bertch: I do have a model I'll share with Legislative Council. This provides the extra spending authority. (21.38)

V. Chair Bowman: That will work as long as we do it right.

Ken Bertch: I had contemplated earlier in the year coming to the Emergency Commission for the authority to construct because we thought we would be starting last summer but we didn't have to do that because the federal funding issues didn't come about. (22.18) we'd like to begin construction as quickly as possible in the spring so we'd like to include some language regarding an emergency clause just for that construction project.

V. Chair Bowman closed the hearing on SB 2022.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2022

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: February 5, 2009

Recorder Job Number: 8763 (12:20)

Committee Clerk Signature

Rose Lansing

Minutes:

On February 5, 2009, the Senate Appropriations Committee convened and voted on SB 2022.

V. Chair Bowman moved to approve amendment .0101.

Senator Wardner seconded.

Chairman Holmberg called for a voice vote. There was a voice vote approval for amendment .0101 - Do Pass.

V. Chair Bowman moved DO PASS on SB 2022.

Senator Lindaas seconded the motion.

A Roll Call vote was taken. Yea: 12 Nay: 0 Absent : 2

V. Chair Bowman will carry the bill.

Chairman Holmberg closed the hearing on HB 2022.

Date: 2-5-09

Roll Call Vote # 1 (Voice Vote)
on Amendment

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2022

Passed

Senate Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number .0101

Action Taken Do Pass Do Not Pass Amended

Motion Made By Sen. Bowman Seconded By _____

Senators	Yes	No	Senators	Yes	No
Sen. Ray Holmberg, Ch			Sen. Tim Mathern		
Sen. Tony S. Grindberg, VCh			Sen. Aaron Krauter		
Sen. Bill Bowman, VCh			Sen. Larry J. Robinson		
Sen. Randel Christmann			Sen. John Warner		
Sen. Rich Wardner			Sen. Elroy N. Lindaas		
Sen. Ralph L. Kilzer			Sen. Tom Seymour		
Sen. Tom Fischer					
Sen. Karen K. Krebsbach					

Total Yes _____ No _____

Absent _____

Floor Assignment _____

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

Date: 2-5-09

Roll Call Vote # 2

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2022

Senate Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass Do Not Pass Amended

Motion Made By Sen. Bowman Seconded By Sen. Lindaas

Senators	Yes	No	Senators	Yes	No
Sen. Ray Holmberg, Ch	✓		Sen. Tim Mathern	✓	
Sen. Tony S. Grindberg, VCh	✓		Sen. Aaron Krauter	✓	
Sen. Bill Bowman, VCh	✓		Sen. Larry J. Robinson		
Sen. Randel Christmann	✓		Sen. John Warner	✓	
Sen. Rich Wardner	✓		Sen. Elroy N. Lindaas	✓	
Sen. Ralph L. Kilzer	✓		Sen. Tom Seymour	✓	
Sen. Tom Fischer					
Sen. Karen K. Krebsbach	✓				

Total Yes 12 No 0

Absent 3

Floor Assignment Sen. Bill Bowman

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

REPORT OF STANDING COMMITTEE

SB 2022: Appropriations Committee (Sen. Holmberg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SB 2022 was placed on the Sixth order on the calendar.

Page 1, line 2, after "department" insert "; and to declare an emergency"

Page 1, line 11, replace "470,584" with "670,584" and replace "6,636,802" with "6,836,802"

Page 1, after line 12, insert:

"SECTION 2. EMERGENCY. The appropriation of \$200,000 for construction of a storage facility included in section 1 of this Act is declared to be an emergency measure."

Renumber accordingly

A copy of the statement of purpose of amendment is on file in the Legislative Council Office. attached.

2009 HOUSE APPROPRIATIONS

SB 2022

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2022

House Appropriations Committee
Education and Environment Division

Check here for Conference Committee

Hearing Date: February 27, 2009

Recorder Job Number: 9847

Committee Clerk Signature

Shirley Branning

Minutes:

Chairman Skarphol: Called the Committee back to order to hear SB 2022 by introducing **Ken Bertsch, State Seed Commissioner of the Seed Department in Fargo..**

Bertsch: Provided testimony on the budget, see attachment # 1. He outlined the changes on SB 2022 and itemized the columns that added equity dollars that didn't appear on the original Salary changes: the Governor's 5% and 5% increases still remain. He makes reference is P. 2, capital lines increase. The red column shows a \$200,000 that was an amendment that was requested.

On P. 3 the Grants line changes slightly, shifting dollars internally from contingencies into grants and we granted to NDSU for the purpose of instruction of their green house project. The Seed Commission passed a motion to grant \$250,000 to NDSU for the purpose of that project.

Rep. Klein: The grant is that for the first phase of the green house project or the second?

Bertsch: It probably doesn't matter. They are trying to bring in private donations.

Rep. Klein: Federal or state grant?

Bertsch: It is grower funds, actually from our revolving fund and cash from the reserve fund. Continuing with testimony. In total the bill represents an increase of \$676,000 made up of the

initial budget request that was about a 1.4% increase. Secondly the Executive branch in terms of salaries and that \$200,000 amendment that we asked for in the Senate. He briefly explains the amendment that would allow construction of a warehouse facility in Grafton. USDA Aphas and the North Dakota Ag Department have asked for a use agreement where they would prepay rent. New need permission to construct the facility.

Rep. Williams: There is no problem with the \$220,000 because is basically self funded, why wasn't it in here?

Bertsch: We were and still are unsure

Rep. Williams: You would not construct the building until you have an agreement?

Chairman Skarphol: Are there any vacant positions

Bertsch: Currently 5, the longest is a ½ time position that has been vacant for 112 months.

Chairman Skarphol: Any you could do without?

Bertsch: We would not want to lose any. We assign positions on a regional basis.

Chairman Skarphol: On the Green Sheet, are there a couple of bills. Are there appropriations related to you? 2125 and 2122?

Bertsch: I don't have a Green Sheet. 2125 sounds familiar, is that the one that deals with compensation for

Tammy Dolan, OMB Analyst: Neither of these bills have an appropriation.

Rep. Klein: In the last biennium you had \$100,000 for extraordinary repairs that you did not need. Did you take that out?

Bertsch: We used part of that money. OMB has a formula that gives us the figure to construct the extraordinary repairs budget line. We seldom expend the entire thing.

Rep. Klein: Addressing Dolan, Why those changes on the Green Sheet?

Dolan: The first three lines are technical adjustments required in the BARS system. Those three reductions are technical adjustments to the system.

Rep. Kroeber: It is one-time spending that they don't have this time.

Dolan: Continues with, explanation of the three items at the top of the Green Sheet.

Chairman Skarphol: Adjourned until Monday.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2022

House Appropriations Committee
Education and Environment Division

Check here for Conference Committee

Hearing Date: March 17, 2009

Recorder Job Number: 11069

Committee Clerk Signature

Shirley Branning

Minutes:

Chairman Skarphol: there didn't seem to be anything to change there, no stimulus money, all special funds. Rep. Williams has that. Senate changes were \$200,000 for construction of a warehouse facility and that has an emergency clause on it, so they could proceed with that.

Discussing the green sheet, there is some one-time money in here. How critical is that request, as far as the \$190,000?

Sandi Deis, OMB Analyst: Are they looking at stimulus funds, for \$200,000 of federal or other funds?

Chairman Skarphol: It is all special funds, so they are not asking for a general fund appropriation to do it.

Rep. Williams: Move a Do Pass.

Rep. Wald: Second.

Vote Taken: Yes 8, No 0, Absent 0. Motion Passed. Carrier, Rep. Williams.

Meeting adjourned.

2009 HOUSE STANDING COMMITTEE MINUTES

SB 2022

House Appropriations Committee

Check here for Conference Committee

Hearing Date: April 1, 2009

Recorder Job Number: 11583

Committee Clerk Signature *Re Moa Kuel*

Minutes:

Chm. Svedjan: This is the State Seed Dept. and comes out of the Education and Environment Committee.

There are no amendments for this bill.

Rep. Williams referred the Committee to the green sheets for this bill.

Rep. Williams: The number of employees has been constant over the last two bienniums. In the Executive Budget if you look at 1, 2, and 3 under the highlight section you will see that the one-time expenditure from the previous biennium has been removed. The main point here is if you look at # 8 and #9 – the Exec. Budget has the 5 and 5, the Cost to Continue at 4%. In the bottom portion you will see there is \$200,000 for a custom software program to meet industry standards and \$55,000 for lab equipment. All of this money is not General Fund money. None of the money is General Fund money. It is from field inspections and certification fees. I have a list of the fees if anyone is interested. The Senate did grant one amendment. Page 2 shows that. They included \$200,000 for a new warehouse facility. The Seed Department has been cooperating with USDA, APHIS (Animal and Plant Health Inspection Service), and the ND Dept. of Agriculture to carry out soil surveys for potato cyst nematode. Because of the testing protocol and the materials needed, they requested this warehouse. They are trying to do it in Grafton in a garage that is not conducive to the testing. This only authorizes them to spend

some of their own funds to construct this new warehouse next to NDSU. There are no other changes in the budget from what the Executive proposed.

Rep. Williams: Moved to adopt SB 2022

Rep. Klein: Seconded.

Rep. Delzer: (4:20) What kind of reserve do they have in their fund?

Rep. Williams: I don't believe that came up in our hearing. I don't think they would request the authorization unless they had the funds.

Rep. Skarphol: That never did come up so I can't answer the question.

Rep. Delzer: Sandy?

Sandy Deis: I don't know. I could check.

Rep. Delzer: It looks like there is equity money in here.

Rep. Skarphol: There was no discussion about equity dollars. It is on the green sheet, but we did not catch it.

Chm. Svedjan: What is the amount of equity?

Rep. Skarphol: It shows \$1491.

Rep. Skarphol: We could make a motion to remove the equity dollars in this budget.

Rep. Wald: Seconded.

Chm. Svedjan: This is like the question that exists with Job Service ND and SB 2017.

We can proceed to pull the equity money even though it is not General Fund money and square this up in conference committee.

Rep. Skarphol: By changing it we are changing the bill.

Rep. Onstad: (7:10) If you're taking equity money which is General Fund money and you are putting it into pool, now you are taking other source money and putting that into pool, and then requests come back to take dollars from that pool doesn't that mean you could be taking other

fund money and subsidizing these other equity pools. Are each of these going to be kept separate? Or is it all going to come back in a lump sum. I don't know how you can combine special funds into a General Fund category.

Chm. Svedjan: I hear your question. We've posed that question with Legislative Council. The understanding I have is that even in instances where we pull General Fund equity money, there is Special and Federal that is tied to that. Is it kept separate? My understanding is that it is separate.

Sheila Sandness, Legislative Council: That is my understanding too. I will confirm that with Allen (Knudson). I'll get back to you in a couple of minutes.

Chm. Svedjan: If we pull this, and the Seed Dept. was authorized for an equity adjustment, we wouldn't use General Fund money to do it. You would have to use their funds.

Rep. Skarphol: (8:55) If there is a decision made to give them half as much equity money as what is in the bill, then the balance should be returned to the entity that had those Special Funds. The actual dollars taken out this budget, for example, would be returned to the Seed Department. I think that's the purpose.

A Roll Call vote was taken on the amendment. (Vote 2) Yes: 11, No: 9, Absent: 5, (Representative Kempenich, Thoreson, Berg, Kaldor, Ekstrom).

Motion carried.

Rep. Skarphol: Moved Do Pass as amended.

Rep. Wald: Seconded.

A Roll Call vote was taken on Do Pass as amended. (Vote 3) Yes: 20, No: 0, Absent: 5, (Representative Kempenich, Thoreson, Berg, Kaldor, Ekstrom).

Representative Williams will carry the bill.

Sheila Sandness, Legislative Council: I spoke to Allen and he said that it would be done as before where they would be kept in a separate pool. Then I asked him what would happen if

that money wasn't all given back in salary equity. He said the money would just remain in their fund. It would be unappropriated.

Rep. Wald: Did you ask him what the balance was?

Ms. Sandness: I did not, but I could ask him.

(End of Job #2046) **Rep. Delzer:** \$5.3 million ending balance.

Rep. Skarphol: Anticipated budget for 09-11 is \$6.8 million. Their revenue equals their anticipated budget.

Date: 4/1/09
 Roll Call Vote #: _____

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2022

Full House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ~~Pass~~ Do Pass

Motion Made By Williams Seconded By Klein

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Date: 4/1/09
 Roll Call Vote #: 2

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2022

Full House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number TBD

Action Taken remove equity funding

Motion Made By Skarphol Seconded By Wald

Subst. Motion
Carried

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
Rep. Skarphol	✓		Rep. Kroeber		✓
Rep. Wald	✓		Rep. Onstad		✓
Rep. Hawken		✓	Rep. Williams		✓
Rep. Klein	✓				
Rep. Martinson		✓			
Rep. Delzer	✓		Rep. Glasheim		✓
Rep. Thoreson	✓		Rep. Kaldor		✓
Rep. Berg	✓		Rep. Meyer		✓
Rep. Dosch	✓				
Rep. Pollert	✓		Rep. Ekstrom		✓
Rep. Bellew	✓		Rep. Kerzman		✓
Rep. Kreidt	✓		Rep. Metcalf		✓
Rep. Nelson	✓				
Rep. Wieland	✓				

Total (Yes) 11 No 9

Absent 5

Floor Assignment Voice Vote - uncertain

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

98041.0201
Title.0300
Fiscal No. 1

Prepared by the Legislative Council staff for
House Appropriations
April 1, 2009

VR
4/1/09
102

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2022

Page 1, line 11, replace "670,584" with "639,277" and replace "6,836,802" with "6,805,495"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98041.0201 FN 1

A copy of the statement of purpose of amendment is attached.

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2022 - State Seed Department - House Action

	Executive Budget	Senate Version	House Changes	House Version
State Seed Department	\$6,636,802	\$6,836,802	(\$31,307)	\$6,805,495
Total all funds	\$6,636,802	\$6,836,802	(\$31,307)	\$6,805,495
Less estimated income	6,636,802	6,836,802	(31,307)	6,805,495
General fund	\$0	\$0	\$0	\$0
FTE	30.00	30.00	0.00	30.00

Department No. 616 - State Seed Department - Detail of House Changes

	Removes Salary Equity Funding¹	Total House Changes
State Seed Department	(\$31,307)	(\$31,307)
Total all funds	(\$31,307)	(\$31,307)
Less estimated income	(31,307)	(31,307)
General fund	\$0	\$0
FTE	0.00	0.00

This amendment removes funding added in the executive budget for state employee salary equity adjustments.

Date: 4/1/09
 Roll Call Vote #: 3

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2022

Full House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number TBD

Action Taken Do Pass & Amended

Motion Made By Skarphol Seconded By Wald

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
Rep. Skarphol	✓		Rep. Kroeber	✓	
Rep. Wald	✓		Rep. Onstad	✓	
Rep. Hawken	✓		Rep. Williams	✓	
Rep. Klein	✓				
Rep. Martinson	✓				
Rep. Delzer	✓		Rep. Glassheim	✓	
Rep. Thoreson	✓		Rep. Kaldor	✓	
Rep. Berg	✓		Rep. Meyer	✓	
Rep. Dosch	✓				
Rep. Pollert	✓		Rep. Ekstrom	✓	
Rep. Bellew	✓		Rep. Kerzman	✓	
Rep. Kreidt	✓		Rep. Metcalf	✓	
Rep. Nelson	✓				
Rep. Wieland	✓				

Total (Yes) 20 No 0

Absent 5

Floor Assignment Williams

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

REPORT OF STANDING COMMITTEE

SB 2022, as engrossed: Appropriations Committee (Rep. Svedjan, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (20 YEAS, 0 NAYS, 5 ABSENT AND NOT VOTING). Engrossed SB 2022 was placed on the Sixth order on the calendar.

Page 1, line 11, replace "670,584" with "639,277" and replace "6,836,802" with "6,805,495"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98041.0201 FN 1

A copy of the statement of purpose of amendment is on file in the Legislative Council Office.

2009 SENATE APPROPRIATIONS

CONFERENCE COMMITTEE

SB 2022

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2022


Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 04-21-09

Recorder Job Number: 12077

Committee Clerk Signature



Minutes:

Chairman Bowman opened the conference committee hearing at 5:00 pm in reference to SB 2022. Roll call was taken. Members are as follows: Senators Krebsbach, Lindaas; Representatives Klein, Hawken, and Williams. Tammy Dolan, OMB and Sheila Sandness, Legislative Council. All members are present.

Chairman Bowman We won't call another meeting until we get the amendment and the leaders have made a decision regarding the equity.

Representative Klein moved we adjourn.

Representative Hawken This one bothers me. We had that discussion.

Representative Williams When we got into the big committee one member insisted, and so we took it out but the sub committee left it in.

Chairman Bowman We will not meet until leadership makes a decision regarding the equity and salaries. Meeting recessed.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2022 conference committee

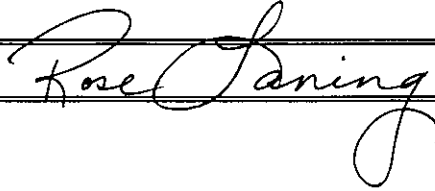
Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: April 27, 2009

Recorder Job Number: 12313

Committee Clerk Signature



Minutes:

Chairman Bowman opened the conference committee hearing on SB 2022 in reference to the State Seed Department. The minutes are to reflect that all conferees are present: **Senators Bowman, Krebsbach, Lindaas; Representatives Klein, Hawken, and Williams. Tammy Dolan, OMB and Sheila Sandness, Legislative Council** were also present.

Senator Bowman: I believe there is only one issue in this conference committee that we're going to deal with, and that is the employee salary equity adjustment so I would entertain a motion.

Senator Krebsbach: I think the motion would be for the Senate to recede from their amendments. Is that correct, because we put it on?

Sheila Sandness: It would be the Senate to accede to the House amendment. The House took it out and that's where it at right now.

Senator Krebsbach: I will change my motion that we accede to the House amendment.

Rep. Klein seconded.

Voice vote passed.

V. Chair Bowman closed the hearing on HB 2022.

**REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE)**

Bill Number SB 2022 (, as (S) engrossed):

Date: April 27, 2009

Your Conference Committee Senate Appropriations

For the Senate:

For the House:

	YES / NO			YES / NO	
<input checked="" type="checkbox"/> Bowman			<input checked="" type="checkbox"/> Klein		
<input checked="" type="checkbox"/> Krebsbach			<input checked="" type="checkbox"/> Hawken		
<input checked="" type="checkbox"/> Lindaas			<input checked="" type="checkbox"/> Williams		

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

1227

_____, and place _____ on the Seventh order.

_____, adopt (further) amendments as follows, and place _____ on the Seventh order:

_____, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

(S) Engrossed SB 2022 was placed on the Seventh order of business on the calendar.

DATE: _____

CARRIER: _____

LC NO. _____	of amendment
LC NO. _____	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Sen Krebsbach

SECONDED BY: Rep Klein

VOTE COUNT 6 YES 0 NO 0 ABSENT

REPORT OF CONFERENCE COMMITTEE

SB 2022, as engrossed: Your conference committee (Sens. Bowman, Krebsbach, Lindaas and Reps. Klein, Hawken, Williams) recommends that the **SENATE ACCEDE** to the House amendments on SJ page 1227 and place SB 2022 on the Seventh order.

Engrossed SB 2022 was placed on the Seventh order of business on the calendar.

2009 TESTIMONY

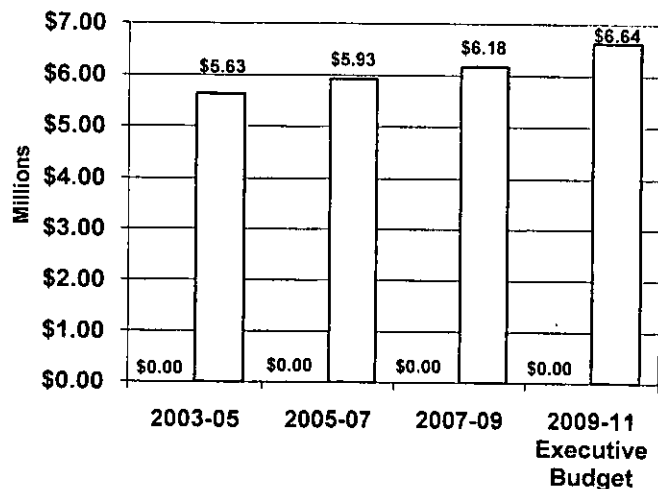
SB 2022

**Department 616 - State Seed Department
 Senate Bill No. 2022**

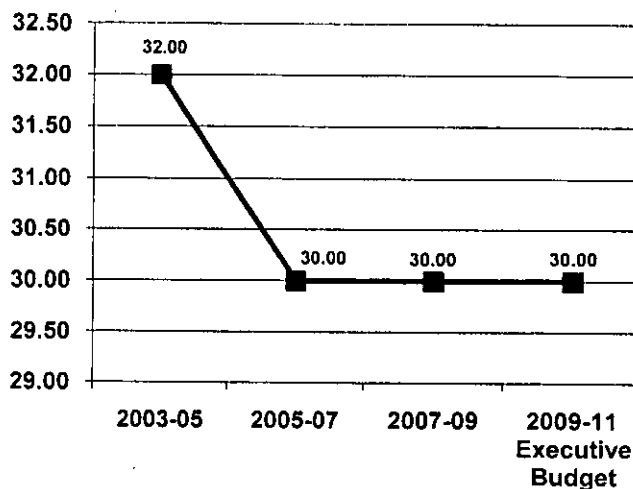
	FTE Positions	General Fund	Other Funds	Total
2009-11 Executive Budget	30.00	\$0	\$6,636,802	\$6,636,802
2007-09 Legislative Appropriations	30.00	0	6,179,126	6,179,126 ¹
Increase (Decrease)	0.00	\$0	\$457,676	\$457,676

¹The 2007-09 appropriation amounts include \$12,908 of other funds for the agency's share of the \$10 million funding pool appropriated to the Office of Management and Budget for special market equity adjustments for classified employees.

Agency Funding



FTE Positions



■ General Fund □ Other Funds

First House Action

The Senate did not change the executive budget recommendation for the State Seed Department. Attached is a summary of first house changes.

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Removes 2007-09 biennium funding for extraordinary repairs		(\$100,000)	(\$100,000)
2. Removes 2007-09 biennium funding for equipment over \$5,000		(\$40,000)	(\$40,000)
3. Removes 2007-09 biennium funding for information technology equipment/software over \$5,000		(\$10,000)	(\$10,000)
4. Provides funding for information technology equipment/software over \$5,000		\$10,000	\$10,000
5. Decreases grant funding to provide a total of \$200,000		(\$169,000)	(\$169,000)
6. Provides funding for extraordinary repairs		\$98,500	\$98,500
7. Provides funding for equipment over \$5,000 to update testing equipment		\$55,000	\$55,000
8. Provides funding to address salary equity issues, including \$1,491 for the related second-year salary increase		\$31,307	\$31,307
9. Provides one-time funding for information technology equipment/software over \$5,000 to update current turnkey software with new standardized programming tools and to provide total base and one-time funding of \$200,000		\$190,000	\$190,000

Continuing Appropriations

No continuing appropriations for this agency.

Major Related Legislation

Senate Bill No. 2125 - This bill relates to the State Seed Department's revolving fund and to the functions and responsibilities of the State Seed Commission, State Seed Department, and seed labelers.

Senate Bill No. 2242 - This bill provides an increase in per diem compensation for members of agriculture-related boards.

ATTACH:1

STATEMENT OF PURPOSE OF AMENDMENT:**Senate Bill No. 2022 - Funding Summary**

	Executive Budget	Senate Changes	Senate Version
State Seed Department			
State Seed Department	\$6,636,802	\$200,000	\$6,836,802
Total all funds	\$6,636,802	\$200,000	\$6,836,802
Less estimated income	6,636,802	200,000	6,836,802
General fund	\$0	\$0	\$0
FTE	30.00	0.00	30.00
Bill Total			
Total all funds	\$6,636,802	\$200,000	\$6,836,802
Less estimated income	6,636,802	200,000	6,836,802
General fund	\$0	\$0	\$0
FTE	30.00	0.00	30.00

Senate Bill No. 2022 - State Seed Department - Senate Action

	Executive Budget	Senate Changes	Senate Version
State Seed Department	\$6,636,802	\$200,000	\$6,836,802
Total all funds	\$6,636,802	\$200,000	\$6,836,802
Less estimated income	6,636,802	200,000	6,836,802
General fund	\$0	\$0	\$0
FTE	30.00	0.00	30.00

Department 616 - State Seed Department - Detail of Senate Changes

	Add Funds for Construction of a Storage Facility¹	Total Senate Changes
State Seed Department	200,000	200,000
Total all funds	\$200,000	\$200,000
Less estimated income	200,000	200,000
General fund	\$0	\$0
FTE	0.00	0.00

¹ This amendment adds, as an emergency, \$200,000 of federal or other funds for construction of a warehouse facility.



Kenneth J. Bertsch
 State Seed Commissioner

SB 2022
Seed Department Budget
Senate Appropriations Committee

January 21, 2009

Good morning Mr. Chairman and members of the Senate Appropriations Committee. For the record, my name is Ken Bertsch and I serve as State Seed Commissioner and administrator of the State Seed Department. I appreciate the opportunity to speak to you today on behalf of the State Seed Commission and to provide an overview of HB 1022, the Seed Department budget.

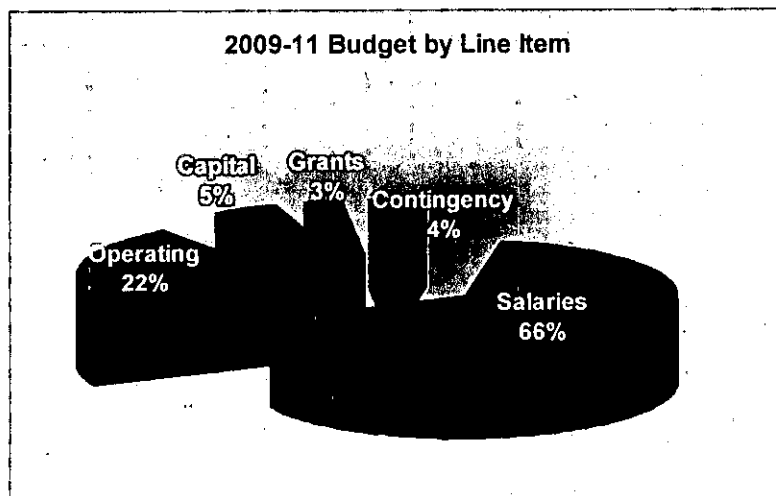
With the consent of the Committee, I will provide brief background of the budget request focusing on changes to the 09-11 as compared to the 07-09 appropriation.

The agency budget development process is guided by a long-range plan completed in late 2003 and updated annually, and is approved by the Seed Commission. The Commission is a nine-member board of directors appointed by associations throughout the state, which approves budgets, provides for policy changes and sets fees for the agency as per statutory authority.

As you know, the Seed Department is a self-funded agency whose budget consists (in total) of special funds, and whose revenues are derived from service fees.

Budget Described as Line Items

The Seed Department budget was converted to a single line budget in the 2005 Legislative Session. Six line items were previously used to describe the major operating functions of the budget. We will continue to outline these areas (salaries, operating, capital improvements, grants, contingencies) for purpose of comparison.



	<u>2007-2009</u>	<u>2009-11 Request</u>	<u>2009-11 Executive</u>
Salaries	3,987,647	4,041,964	4,410,823
Operating	1,472,479	1,472,479	1,472,479
Capital	150,000	353,500	353,500
Grants	369,000	200,000	200,000
Contingencies	200,000	200,000	200,000
Total	\$6,179,126	\$6,267,943	\$6,636,802

Discussion and Explanation

Section 1 of SB 2022 provides the base level, enhancements and final Executive budget appropriation of the previously mentioned single line budget.

First, committee members will notice that our testimony notes our total budget for 2007-2009 as \$6,179,126 rather than \$6,166,218 base level as described in SB 2022. The \$6,166,218 total is the final budget passed by the 2007 Legislature, and signed by Governor Hoeven. However, this figure does not take into account the impact of SB 2189, which added an additional \$12,908 in equity pool funding to our budget.

Following is a brief explanation of the budget increase in line item format:

1) Salaries

The net change is a result of the adjustments for cost to continue fiscal year 2009 4% salary increase (shown in the 2009-2011 Request column) and the Governor's salary increase recommendation (**5%-5%, shown in the Executive column**) impacting base salary and benefits package.

2) Operating

The Department is not requesting an increase for operating funds.

3) Capital Expenditures

The capital expenditures line increases by \$203,500. Included in the request is: \$200,000 for conversion of our custom software programs to current industry standards utilizing updated programming tools; \$55,000 increase to provide for updating laboratory equipment, and \$98,500 for facility repairs according to the extraordinary repairs buildings formula calculation provided by OMB.

4) Grants

NDSSD utilizes a grants line item to fund seed industry promotion efforts with grower final certification fees. Additional funds were shifted to the Grants line in 2008 to allow for Seed Commission action to contribute \$250,000 to the NDSU Greenhouse Facility project. The line item is reduced to normal levels in the 2009-2011 budget for a reduction of \$169,000.

5) Contingency

The Seed Department has commonly carried a contingency line in our budget to account for urgent situations such as Karnal Bunt or other phytosanitary emergencies. This line remains unchanged for the 2009-2001 budget.

In total, **SB 2022 represents an increase of \$457,676** over the 07-09 budget. The increase includes 1.4% requested by the Department and the balance from the Executive recommendation for compensation package adjustments.

A depiction of our budget by **major program area** is provided as an appendix in page 4 of this testimony.

Amendment

Over the past two years, the Seed Department has been cooperating with USDA-APHIS and the ND Department of Agriculture to carry out soil surveys intended to determine the presence or absence of a quarantine pest called the Potato Cyst Nematode. This USDA-APHIS testing protocol has been instituted in a bilateral trade agreement with Canada to allow for trade between the two countries after nematode finds in Idaho and Alberta.

This PCN testing requires warehouse space designed to dry and store soil samples that are currently sent to Idaho for testing and disposal. This warehousing and drying process has been carried out at our regional facility in Grafton, where the Seed Department has provided space in our storage/garage area for use by the federal and state personnel.

The space required to carry out the soil survey project is far more than we can provide in a garage type space attached to our Grafton office.

USDA-APHIS has expressed interest in creating a long-term arrangement in Grafton, due to the central location of the city in relation to the soil survey project. We are negotiating with USDA to create a **use agreement**, whereby USDA agrees to pay space rental in advance of use, in exchange for sole use of facilities constructed by another party.

This use agreement would allow the Seed Department to build a warehouse structure adjoining our facility that would provide adequate space to dry and store samples and equipment used in the soil survey (samplers, trailers etc.). Under the use agreement, we would continue to provide USDA/NDDA personnel with office space during peak sampling times. Upon completion of the use agreement, estimated at ten (10) years, the Seed Department would assume ownership/title of the warehouse addition. Essentially, the contract provides for pre-payment of rents over the agreement term.

We currently estimate the construction cost of a warehouse addition at approximately \$120,000. However, the USDA-APHIS state director and I are working to expand the current project blueprint from 2500 sq. ft. to 4000 sq. ft. to account for the possibility that the soil nematode testing should need to be performed on-site in a laboratory type enclosure inside the warehouse. I estimate that the additional size may increase the cost to \$150,000-\$200,000.

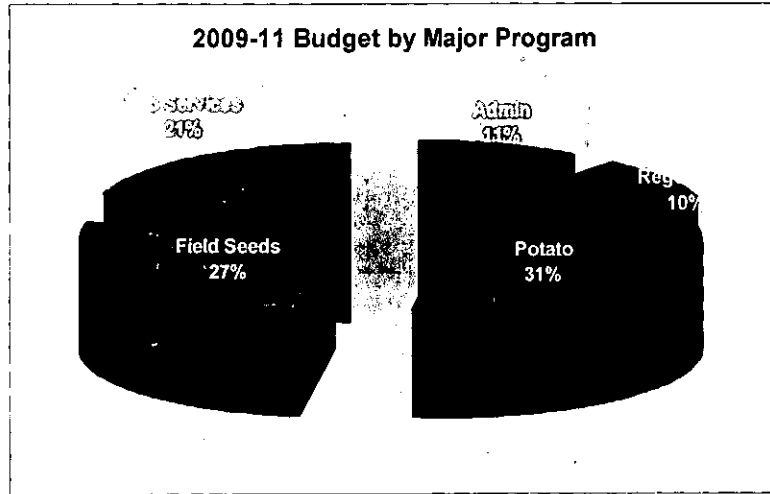
I am asking the committee to consider and approve an amendment that would allow the Seed Department to construct an addition to our Grafton facility, and receive and expend funds for the project. Also, an emergency clause on the amendment would be appropriate and necessary, as we would need to break ground on the project in spring in order to be operational by August when the soil survey commences.

Thank you for the opportunity to present information on SB 2022 and for your consideration of the amendment to the budget. I will be happy to answer any questions the Committee may have on this budget or the Seed Department programs and operations.

APPENDIX

Overview of Programs

The Seed Department operates five major programs: Administration, Seed Regulatory, Field Seed Certification, Potato Certification and Laboratory Services. The graph below illustrates the internal budget allocation to the main agency programs as represented in the Governor's recommendation.



	<u>2007-2009</u>	<u>2009-11 Request</u>	<u>2009-11 Executive</u>
Administration	752,600	706,100	706,100
Seed Regulatory	603,089	608,926	649,614
Potato Program	1,941,916	1,963,262	2,108,876
Field Seed Program	1,622,861	1,715,631	1,791,667
Lab Services Program	1,258,660	1,274,024	1,380,545
Total	\$6,179,126	\$6,267,943	\$6,636,802



Kenneth J. Bertsch
State Seed Commissioner

SB 2022
Seed Department Budget
House Appropriations Committee

February 27, 2009

Good morning Mr. Chairman and members of the House Appropriations Education and Environment Sub-Committee. For the record, my name is Ken Bertsch and I serve as State Seed Commissioner and administrator of the State Seed Department. I appreciate the opportunity to speak to you today on behalf of the State Seed Commission and to provide an overview of SB 2022, the Seed Department budget.

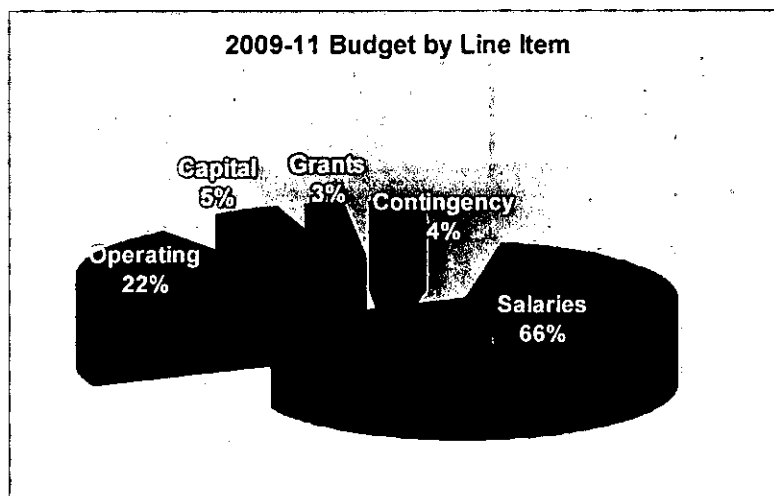
With the consent of the Committee, I will provide brief background of the budget request focusing on changes to the 09-11 as compared to the 07-09 appropriation.

The agency budget development process is guided by a long-range plan completed in late 2003 and updated annually, and is approved by the Seed Commission. The Commission is a nine-member board appointed by agriculture associations throughout the state, which approves budgets, provides for policy changes and sets fees for the agency as per statutory authority.

As you know, the Seed Department is a self-funded agency whose budget consists of special funds, and whose revenues are derived from service fees.

Budget Described as Line Items

The Seed Department budget was converted to a **single line budget** in the 2005 Legislative Session. Six line items were previously used to describe the major operating functions of the budget. I will briefly outline these areas (salaries, operating, capital improvements, grants, contingencies) for purpose of comparison.



	<u>2007-2009</u>	<u>09-11 Request</u>	<u>09-11 Executive</u>	<u>09-11 Senate</u>
Salaries	3,987,647	4,041,964	4,410,823	4,410,823
Operating	1,472,479	1,472,479	1,472,479	1,472,479
Capital	150,000	353,500	353,500	553,500
Grants	369,000	200,000	200,000	200,000
Contingencies	200,000	200,000	200,000	200,000
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Section 1 of SB 2022 provides the base level, enhancements and final Executive budget appropriation of the previously mentioned single line budget.

First, committee members will notice that our testimony notes our total budget for 2007-2009 as \$6,179,126 rather than \$6,166,218 base level as described in SB 2022.

The \$6,166,218 total is the final budget passed by the 2007 Legislature, and signed by Governor Hoeven. However, this figure does not take into account the impact of SB 2189 (2007 session), which added an additional \$12,908 in equity pool funding to our budget.

Following is a brief explanation of the budget increase in line item format: (**Seed Department request shown in blue, Executive budget in black, Senate/engrossed version in red**)

1) Salaries

The net change as requested in the **09-11 Executive** column is a result of two adjustments:

- a) Cost to continue fiscal year 2009 4% salary increase as shown in the Department's **2009-2011 Request** column
- b) Governor's salary increase recommendation of 5% and 5% as shown in the **2009-2011 Executive** column

The engrossed version of the SB 2022 salary line remained unchanged.

2) Operating

The Department is not requesting an increase for operating funds.

3) Capital Expenditures

In the Executive budget recommendation, the capital expenditures line increases by \$203,500. Included in the Department's request is:

- a) \$200,000 for conversion of our custom software programs to current industry standards utilizing updated programming tools
- b) \$55,000 increase to provide for updating laboratory equipment
- c) \$98,500 for facility repairs according to the extraordinary repairs buildings formula calculation provided by OMB

Additionally: The engrossed version of SB 2022 (represented in the **09-11 Senate column**) contains an additional \$200,000 in capital expenditure authority requested by the Seed Department in an amendment to the Senate Appropriations committee. I will explain the reason for the amendment and appropriation at the end of this presentation.

4) Grants

NDSSD utilizes a grants line item to fund seed industry promotion efforts with grower final certification fees.

Contingency funds were shifted to the Grants line in 2008 to allow for Seed Commission action to contribute \$250,000 to the NDSU Greenhouse Facility project. The line item is reduced to normal levels in the 2009-2011 budget request, for a reduction in the grants line of \$169,000.

5) Contingency

The Seed Department has commonly carried a contingency line in our budget to account for phytosanitary emergencies during the biennial budget cycle. This line remains unchanged for 2009-2011.

In total, **SB 2022 represents an increase of \$657,676** over the 07-09 budget. The increase includes;

- a) 1.4% base increase in the original Department budget request (capital related)
- b) Executive branch recommendation for compensation package adjustments
- c) \$200,000 in capital construction funds requested by the Department in Senate amendment

A depiction of our budget by **major program area** is provided as an appendix in page 5 of this testimony.

Explanation of Senate Amendments

Over the past two years, the Seed Department has been cooperating with USDA-APHIS and the ND Department of Agriculture to carry out soil surveys for a quarantine pest called the Potato Cyst Nematode. This USDA-APHIS testing protocol has been instituted in a bilateral trade agreement with Canada to allow for trade between the two countries after nematode finds in Idaho and Alberta.

This PCN testing requires warehouse space designed to collect, dry and store soil samples that are currently sent to Idaho for testing and disposal. This warehousing and drying process has been carried out at our regional facility in Grafton, where the Seed Department has provided space in our storage/garage area for use by the federal and state personnel.

The space required to carry out the soil survey project is far more than we can provide in a garage type space attached to our Grafton office.

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This use agreement would allow the Seed Department to build a warehouse structure adjoining our facility that would provide adequate space to dry and store samples and equipment used in the soil survey (samplers, trailers etc.). Under the use agreement, we would continue to provide USDA/NDDA personnel with office space during peak sampling times. Upon completion of the use agreement, estimated at ten (10) years, the Seed Department would assume ownership/title of the warehouse addition. Essentially, the contract provides for pre-payment of rents over the agreement term.

Current estimates place the construction cost of a warehouse addition at approximately \$120,000. However, the USDA-APHIS state director and I are working to expand the current project blueprint from 2500 sq. ft. to 4000 sq. ft. to account for the possibility that the soil nematode testing should need to be performed on-site in a laboratory type enclosure inside the warehouse. I estimate that the additional size may increase the cost to \$150,000-\$200,000.

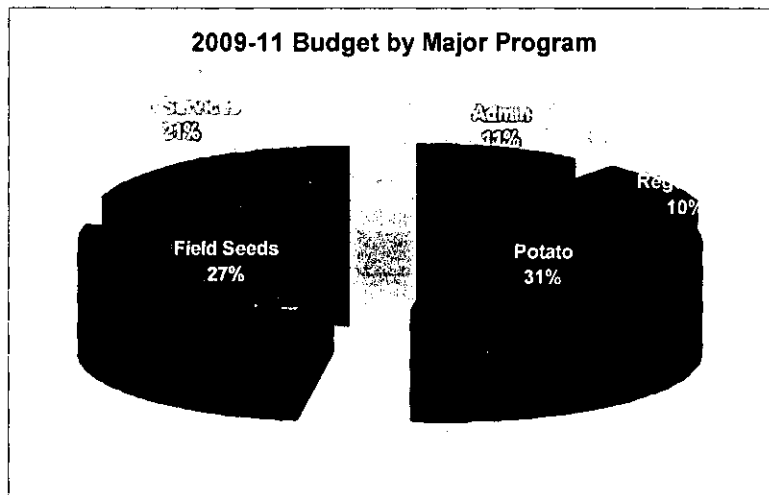
We requested, and the Senate approved, an amendment allowing the Seed Department to receive and expend funds for the project. As discussed, the amendment provided an additional \$200,000 in spending authority to our budget, which will be internally allocated to our capital line. Also, the Senate approved an emergency clause, as we would need to break ground on the project in spring in order to be operational by fall of 2009 when the soil survey commences.

Thank you for the opportunity to present information on SB 2022. I will be happy to answer any questions the Committee may have on this budget or the Seed Department programs and operations.

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