

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/20/2015**

Bill/Resolution No.: SB 2183

- 1 A. **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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$0	\$0	\$0	\$0
Expenditures			\$0	\$0	\$0	\$0
Appropriations			\$0	\$0	\$0	\$0

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties		\$0	\$0
Cities		\$0	\$0
School Districts		\$0	\$0
Townships		\$0	\$0

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

This bill would make the President & General Manager of the State Mill a permanent Board member of the Northern Crops Council.

- 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.*

There would be no fiscal impact to this bill because the board members of the Northern Crops Council do not receive any per diem, no monthly salary, no expenses at all for any activities related to the Northern Crops Council. The Northern Crops Council meets formally 3 times per year at the Northern Crops Institute located on the NDSU campus in Fargo.

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.*

There would be no additional revenues because of this bill

- 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.*

there would be no additional expenditures because of this bill. See previous explanation in box 2B

- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

There are no additional appropriations because of this bill

**Name:** Mark F Weber

**Agency:** Northern Crops institute

**Telephone:** 701-231-7736

**Date Prepared:** 01/20/2015

**2015 SENATE AGRICULTURE**

**SB 2183**

# 2015 SENATE STANDING COMMITTEE MINUTES

**Agriculture Committee**  
Roosevelt Park Room, State Capitol

SB 2183  
1/22/2015  
Job # 22351

Conference Committee

Committee Clerk Signature

*Emmey Brothberg*

## Explanation or reason for introduction of bill/resolution:

Relating to the membership of the northern crops council.

## Minutes:

Attachments: #1-2

**Chairman Miller** opened hearing on SB 2183.

**Senator Campbell** introduced bill 2183.

**Mark Weber, Director of Northern Crops Institute:** (See attachment #1).

**Senator Klein:** Over the years have you called Vance (Vance Taylor, President of North Dakota Mill) in for consultation? So now rather than having to make sure that he comes to the meetings he will attend on a regular basis?

**Mark Weber:** We would attend regularly and we would be able to consult him. We need that expertise that we really lack in the flour mill.

**Chairman Miller:** Would you elaborate more on what the Northern Crops Institute is and your strategic plan?

**Mark Weber:** We were established in 1981 for the purpose of promoting the crops that we grow in this northern region. We receive state funding from the North Dakota legislature and we also receive state funding from the state of Minnesota, the state of South Dakota, and the other funding comes from the commodity groups in the four-state region: MN, ND, MT, and SD. We are not a research facility, although we are located on the campus and tap into the campus's scientific community.

We also bring trade teams from around the world. We've had visitors from about 130 countries that have come to the NCI (Northern Crops Institute) and they will spend two or three days, up to a week, learning how to utilize our crops in their food and feed products. So we are not teaching people how to grow crops, rather we are teaching them how to utilize our crops in the products that they make. So we will teach courses in pasta, in baking and utilizing our high quality spring wheat. The use of soy flour in various food ingredients. Dry beans and dry peas in some of the food products that are used in South East Asia. We work with corn and soy beans at our feed plant and we also have a

demonstration feed mill where we can bring folks throughout the world to educate them more on some of the finer aspects of feed manufacturing and how to utilize soybeans and corn from this region in their feed products.

**Chairman Miller:** So when we bring in a trade group from out of country, they come into your facility and you have a show case for them?

**Mark Weber:** Yes, and as an example last year we had a team from Indonesia and they brought their wheat samples with them and we did tests with wheat from this region and compared products. Our hard red spring wheat is some of the highest wheat in the world, of course it commands a premium and our challenge is price. They buy cheaper wheats on the world market and our wheats have become more of a blending wheat to blend their flour to desired levels. So we're not selling the concept of price but we're selling the concept of value. And we do this with all of our crops, soybeans, corn, and dry beans as well.

**Senator Klein:** So you are baking the bread and doing research to the degree that you are selling the quality of our spring wheat to show folks from all over the world?

**Mark Weber:** Yes, we do a side by side test where they can see the quality of our bread. And they can see the superiority of the higher protein of our hard red spring wheat.

**Vice Chairman Luick:** The numbers of wheats from other countries, are they comparable to what ours are?

(**Mark Weber** deferred the question to **Vance Taylor**, President of the ND Mill)

**Vance Taylor:** To answer that question, the main benefit of the North Dakota spring wheat is strength and absorption. Protein is ND spring wheat that comes out of our mill has water absorption that's around 2% higher than most of the other flour made in the country, even at an equivalent protein which allows bakeries to add more water.

**Vance Taylor, President and General Manager of the North Dakota Mill:** (see attached #2) (10:00)

**Senator Larsen:** I am interested in the mill to market, what are the ways you get it from where you are and how it breaks down into bulk or a loaf of bread?

**Vance Taylor:** We have a wide and diverse market area, only about 10% of our flour stays with a local area, which would be a 250 mile radius from the plant. Most of our flour is shipped out, either by bulk rail or box cars for bag product. Our biggest market area is up and down the east coast and the Ohio River valley. 55% of our flour is shipped out by bulk railcar. It would be 200,000 lbs of flour in each shipment. Those cars go either directly to some of the biggest bakeries in the country. We also do a lot of rail truck transfer where we go to a rail site and the flour will be pumped into a bulk truck and then delivered to a business. We do a lot of business in New York City like that. We work through distributors on the bag side and we also do a lot of direct business on the bags. We export a fair amount, mostly to the Caribbean islands through customers we have down in the Miami

area. We also market some flour to the Pacific Rim, mostly to Korea and we do that direct. We have four sales people located right in Grand Forks and they cover everything we do.

**Chairman Miller:** Do you do custom milling?

**Vance Taylor:** Yes, almost every customer wants something special; we manufacture about 300 different types of flour at the mill. We have several different protein levels and ash levels. We have different ingredients that we add, like enrichment and bleach and maturing agents. We have conventional and organic lines and 10% of what we do is durum. Almost everything is custom manufactured.

**Senator Klein:** So retail isn't your strong suit, you are doing this in major commodity loads?

**Vance Taylor:** Retail is about 2-3% of our business in any given year. It's a small segment but it's what we are known by, especially in ND. We ship our retail to an 11 state area in North Central United States. We have seen some nice growth in that area recently. In fact we just bought a new higher speed packer to give us more ability to more retail going forward. About half of the retail we do is the Dakota Maid brand and we also do quite a bit of private label retail for other customers.

**Senator Klein:** We aren't sending bulk shipments out for someone else to repackage, are we?

**Vance Taylor:** No, we try to stay away from that business. Although we do some private retail, mostly in the retail area and some 1500 lbs bags are private label. We try to stay focused on our own brands and try to build our reputation that way. Well over 95% of our products under a North Dakota mill brand.

**Senator Klein:** Are people buying less flour in bulk, has that changed the way you guys do business?

**Vance Taylor:** In general, it is gravitating towards smaller bags on the industrial side and retail side. We still do 25 for retail but we do that mainly through Sams Clubs. It is mostly 5 lbs and our new packer has the capability for 2 lbs bag of flour because consumers like that.

**Vice Chairman Luick:** As long as we are discussing production, how is the organic industry?

**Vance Taylor:** Still increasing, but not at the rate it was. What we have difficulty with is finding enough organic wheat to make the product our customers need. Last year, it was very difficult to find organic wheat; so far this year there has been enough organic wheat available.

**Chairman Miller:** One question pertinent to the bill, you're asking to put a particular business entity on the board. Do you think there is a possibility of other entities that are similar to your realm of operation feeling like they're being left out and that you might be

privy to information that they're not getting and giving you competitive advantage? It's a difficult question to ask since you are also a state agency of sorts.

**Vance Taylor:** Our title does include the word association and we are a for-profit business and we are also considered an agency. We did have some discussion about that issue, Mark Weber more so, so maybe I could defer the question to him.

**Mark Weber:** That issue was discussed. Currently we also have ad hoc members or members that come from all four states from the commodity groups and we also have members from industry that rotate serving on the board. We've had the president of Red River commodities, we currently have a person from general mills serving on our board of directors, so we've had various people from industry and the private sector that have come and gone, serving a stint on the board of directors. One of the policies that we have is that any of the work we might do with a private company that work is under confidentiality agreements. Board members do not have access to that private information.

**Senator Larsen:** I wanted to know more about the research side of what you do, is it all on the campus?

**Mark Weber:** The hard core research issue is left to NDSU and the surrounding land grant universities. Part of our mission is that we will not do basic research; that is the role of the scientific community. We will take some of that research that's been done and communicate those to our audiences and customers who come. Companies like to send some of their people to our laboratories for additional training so we will train their personnel on certain equipment and how to use it as well as how conduct various tests. For example, risk management is an important part of our programing. As the world now has moved to the private sector, there are a lot of companies out there that need additional training in risk management. If they are going to buy our commodities they need to understand our transportation and markets work. We make use of Barry Hall as a training center to assimilate live training as if it were happening on the Chicago board. If we don't have the expertise, we will ask professionals to lecture as well as demonstrate in the lab.

**Chairman Miller** closed the hearing on SB 2183.

**Senator Klein:** Moved Do Pass

**Senator Luick:** Seconded the motion

**Chairman Miller:** made clarification on the bill to **Senator Warner** who was testifying in another committee during a portion of the testimony.

**Chairman Miller:** closed the hearing on SB 2183.

**A Roll Call vote was taken. Yea: 6; Nay: 0; Absent: 0.**

Do Pass carries.

Senator Luick will carry the bill.

**2015 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 2183**

Senate Agriculture Committee

Subcommittee

Amendment LC# or Description: \_\_\_\_\_

- Recommendation:  Adopt Amendment  
 Do Pass  Do Not Pass  Without Committee Recommendation  
 As Amended  Rerefer to Appropriations  
 Place on Consent Calendar
- Other Actions:  Reconsider  \_\_\_\_\_

Motion Made By Senator Klein Seconded By Senator Luick

<b>Senators</b>	<b>Yes</b>	<b>No</b>	<b>Senators</b>	<b>Yes</b>	<b>No</b>
Chairman Joe Miller	Y		Sen. Erin Oban	Y	
Vice Chairman Larry Luick	Y		Sen. John M. Warner	Y	
Sen. Jerry Klein	Y				
Sen. Oley Larsen	Y				

Total Yes 6 No 0

Absent 0

Floor Assignment Senator Luick

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



**REPORT OF STANDING COMMITTEE**

**SB 2183: Agriculture Committee (Sen. Miller, Chairman)** recommends **DO PASS**  
(6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2183 was placed on the  
Eleventh order on the calendar.

**2015 HOUSE AGRICULTURE**

**SB 2183**

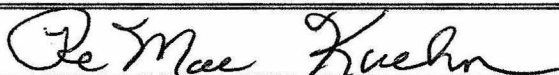
# 2015 HOUSE STANDING COMMITTEE MINUTES

**Agriculture Committee**  
Peace Garden Room, State Capitol

SB 2183  
3/12/2015  
Job #24741

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Relating to the membership of the northern crops council

## Minutes:

Attachments # 1 & 2

**Senator Tom Campbell, Bill Sponsor:** The Northern Crops Institute would like to add an additional member to their board from the ND State Mill. There is no cost. The board members are not paid.

**Mark Weber, Director of the Northern Crops Institute:** (Attachment #1)

(3:45)

**Vance Taylor, President and General Manager, ND State Mill and Elevator:**  
(Attachment #2)

**Vice Chair Wayne Trottier:** Moved Do Pass

**Representative Alex Looyen:** Seconded the motion

A Roll Call vote was taken: Yes 11, No 0, Absent 2.

Do Pass carries.

Representative Schreiber-Beck will carry the bill.

Date: 3/12/2015

Roll Call Vote #: 1

**2015 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 2183**

House **Agriculture** Committee

Subcommittee

Amendment LC# or Description: \_\_\_\_\_

**Recommendation**

- :  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar  
**Other Actions:**     Reconsider     \_\_\_\_\_

Motion Made By Rep. Trottier Seconded By Rep. Looyen

Representatives	Yes	No	Representatives	Yes	No
Chairman Dennis Johnson	X		Rep. Joshua Boschee	X	
Vice Chairman Wayne Trottier	X		Rep. Jessica Haak	X	
Rep. Bert Anderson	X		Rep. Alisa Mitskog	X	
Rep. Alan Fehr	X				
Rep. Craig Headland	X				
Rep. Tom Kading	AB				
Rep. Dwight Kiefert	AB				
Rep. Diane Larson	X				
Rep. Alex Looyen	X				
Rep. Cynthia Schreiber Beck	X				

**Total** (Yes) 11 No 0

**Absent** 2

Floor Assignment Rep. Schreiber-Beck

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

**REPORT OF STANDING COMMITTEE**

**SB 2183: Agriculture Committee (Rep. D. Johnson, Chairman) recommends DO PASS**  
(11 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SB 2183 was placed on the  
Fourteenth order on the calendar.

**2015 TESTIMONY**

**SB 2183**



An international center for meeting and learning about northern grown crops of the United States

**Testimony by Mark Weber, Director, Northern Crops Institute  
Senate Bill 2183  
Senate Agriculture Committee, Senator Joe Miller, chairman  
January 22, 2015**

For the record my name is Mark Weber and I serve as the Director of the Northern Crops Institute (NCI). Thank you for giving me the opportunity to appear before you today.

The Northern Crops Institute (NCI) was authorized by the 1983 North Dakota Legislature for the purpose of promoting our crops grown in this northern region. As part of the initial legislation, the Northern Crops Council (NCC) was created and charged with the responsibility of carrying out the NCI's mission including language describing how NCC members are selected. Current law includes six permanent members and additional members selected by the permanent members.

These permanent NCC members include the ND Agriculture Commissioner, President of North Dakota State University, a representative selected by the ND Wheat Commission, a representative selected by the ND Oilseed Council, a representative selected by the ND Soybean Council and a representative selected by the ND Barley Council.

We would like to seek a change in the Century Code to enable the President and General Manager of the North Dakota Mill or his designee to serve as a permanent member of the NCC. North Dakota Mill's industry leadership and technical expertise would be invaluable to us. We have a demonstration pilot scale flour mill located at our facility but we lack the necessary experience to more fully utilize the mill to its fullest capabilities and efficiencies. The North Dakota Mill, serving as a permanent NCC member would help ensure that we have the right strategic plan in place to enable us to properly assist the milling and baking industry world-wide in both education and technical support.

Additional members include no fewer than five or more than seven farmers producing crops from ND, SD, MN, or MT selected by the permanent members and no more than four members from industries that process northern grown crops selected by the permanent members.

The NCC holds three board meetings per year and members do not receive any per diem or expenses from the NCI. The meetings are traditionally held at the NCI facilities located on the NDSU campus in Fargo. Members may send a designee to attend the meetings if they cannot attend for any reason.

The NCC met on November 25, 2014 and approved a motion to seek this change. The ND Industrial Commission has also lent its support for this proposal. I am happy to answer any questions that you might have. Thank you for your attention and consideration for this bill.



**Senate Agriculture Committee**

**Senate Bill No. 2183**

**North Dakota Mill & Elevator Association**

**January 22, 2015**

Mr. Chairman and Senators:

For the record my name is Vance Taylor, President and General Manager of the North Dakota Mill. Thank you for the opportunity to testify today in support of SB 2183.

The North Dakota Mill, located in Grand Forks, is now the 9<sup>th</sup> largest wheat milling company in the United States. Our 7 milling units have the capacity to produce 3.8 million pounds of flour per day. The mill normally operates 24 hours per day 5 to 7 days per week adding value to over 26 million bushels of North Dakota spring wheat and durum per year.

For many years the North Dakota Mill has had a very close relationship with the Northern Crops Institute. Becoming a permanent member of the Northern Crops Institute fits well with North Dakota Mill's mission statement, which is to promote and provide support to North Dakota agriculture, commerce and industry. Provide superior quality, consistency and service to our customers. Grow the business and provide a profit to our owners – the citizens of North Dakota. Conduct our business with the highest integrity so that our employees, customers, suppliers and owners are proud to be associated with the North Dakota Mill.

Benefits of North Dakota Mill's membership in the Northern Crops Institute are many including closer access to Northern Crop Institute's technical product development expertise, test milling capabilities, product safety know how and employee training programs. Membership will also facilitate closer working relationships with other Northern Crops Institute permanent members.



As a permanent member North Dakota Mill would assist Northern Crops Institute with its pilot mill operations and procedures, employee milling operations education at North Dakota Mill as well as Northern Crops Institute, and wheat flour and durum technical support. North Dakota Mill's current knowledge of milling and baking market issues would be beneficial contributions to Northern Crops Institute's strategic planning process.

Both the North Dakota Mill and Northern Crops Institute work with many international customers. By working together, with North Dakota Mill as a permanent member, we could capitalize on synergies provided by the combined expertise of both entities.

The North Dakota Industrial Commission supports this proposal, which was approved by the Northern Crops Council on November 25, 2014.

Thank you for your time and consideration on SB 2183. I will be happy to answer any questions.

#1



An international center for meeting and learning about northern grown crops of the United States

**Testimony by Mark Weber, Director, Northern Crops Institute**  
**Senate Bill 2183**  
**House Agriculture Committee, Representative Dennis Johnson, Chairman**  
**March 12, 2015**

For the record my name is Mark Weber and I serve as the Director of the Northern Crops Institute (NCI). Thank you for giving me the opportunity to appear before you today.

The Northern Crops Institute (NCI) was authorized by the 1981 North Dakota Legislature for the purpose of promoting our crops grown in this northern region. As part of the initial legislation, the Northern Crops Council (NCC) was created and charged with the responsibility of carrying out the NCI's mission including language describing how NCC members are selected. Current law includes six permanent members and additional members selected by the permanent members.

These permanent NCC members include the ND Agriculture Commissioner, President of North Dakota State University, a representative selected by the ND Wheat Commission, a representative selected by the ND Oilseed Council, a representative selected by the ND Soybean Council and a representative selected by the ND Barley Council.

We would like to seek a change in the Century Code to enable the President and General Manager of the North Dakota Mill or his designee to serve as a permanent member of the NCC. North Dakota Mill's industry leadership and technical expertise would be invaluable to us. We have a demonstration pilot scale flour mill located at our facility but we lack the necessary experience to more fully utilize the mill to its fullest capabilities and efficiencies. The North Dakota Mill, serving as a permanent NCC member would help ensure that we have the right strategic plan in place to enable us to properly assist the milling and baking industry world-wide in both education and technical support.

Additional members include no fewer than five or more than seven farmers producing crops from ND, SD, MN, or MT selected by the permanent members and no more than four members from industries that process northern grown crops selected by the permanent members.

The NCC holds three board meetings per year and members do not receive any per diem or expenses from the NCI. The meetings are traditionally held at the NCI facilities located on the NDSU campus in Fargo. Members may send a designee to attend the meetings if they cannot attend for any reason.

The NCC met on November 25, 2014 and approved a motion to seek this change. The ND Industrial Commission has also lent its support for this proposal. I am happy to answer any questions that you might have. Thank you for your attention and consideration for this bill.



**House Agriculture Committee**  
**Senate Bill No. 2183**  
**North Dakota Mill & Elevator Association**  
**March 12, 2015**

Mr. Chairman and Representatives:

For the record my name is Vance Taylor, President and General Manager of the North Dakota Mill. Thank you for the opportunity to testify today in support of SB 2183.

The North Dakota Mill, located in Grand Forks, is now the 9<sup>th</sup> largest wheat milling company in the United States. Our 7 milling units have the capacity to produce 3.8 million pounds of flour per day. The mill normally operates 24 hours per day 5 to 7 days per week adding value to over 26 million bushels of North Dakota spring wheat and durum per year.

For many years the North Dakota Mill has had a very close relationship with the Northern Crops Institute. Becoming a permanent member of NCI fits well with NDM's mission statement which is to promote and provide support to North Dakota agriculture, commerce and industry. Provide superior quality, consistency and service to our customers. Grow the business and provide a profit to our owners – the citizens of North Dakota. Conduct our business with the highest integrity so that our employees, customers, suppliers and owners are proud to be associated with the North Dakota Mill.

Benefits of NDM membership in NCI are many including closer access to NCI's technical product development expertise, test milling capabilities, product safety know how and employee training programs. Membership will also facilitate closer working relationships with other NCI permanent members.

As permanent members NDM would assist NCI with its pilot mill operations and procedures, employee milling operations education at NDM as well as NCI, wheat flour and durum technical support. NDM's current knowledge of milling and baking market issues would be beneficial contributions to NCI's strategic planning process.

Both the State Mill and NCI work with many international customers. By working together, with NDM as a permanent member, we could capitalize on synergies provided by the combined expertise of both entities.

The North Dakota Industrial Commission supports this proposal, which was approved by the Northern Crops Council on November 25, 2014.

Thank you for your time and consideration on SB 2183. I will be happy to answer any questions.