

2021 HOUSE AGRICULTURE

HB 1475

2021 HOUSE STANDING COMMITTEE MINUTES

Agriculture Committee
Room JW327C, State Capitol

HB 1475
2/5/2021

Relating to an agriculture innovation fund and a transfer of legacy fund earnings; and to provide a continuing appropriation.

Chair D. Johnson called the meeting to order at 9:05 a.m.

Attendance	P or Ab
Chair D. Johnson	P
Vice Chair Trottier	P
Representative Beltz	P
Representative Buffalo	P
Representative Dobervich	P
Representative Fisher	P
Representative Headland	P
Representative Kiefert	P
Representative Richter	P
Representative Satrom	P
Representative Schreiber-Beck	P
Representative Skroch	P
Representative Thomas	P
Representative Tveit	P

Discussion Topics:

- Invest ND
- Innovation fund administered by APUC

Representative Satrom: Introduced the bill-Version #21.0693.02003-Attachment #5648

Doug Goehring, ND Agriculture Commissioner testified in favor: Attachment #5585

Mark Watne, President, ND Farmers Union testified in favor: Attachment #5620

Jeff Schafer, President, ND Stockmen's Association testified in favor

Dan Wogsland, Executive Director, ND Grain Growers Association testified in favor:
Attachment #5592

Kerry Dockter, Beef Producer testified in favor: Attachment #5637

Lance Gabe, ND Ethanol Producers Association testified in favor: Attachment #6114

Brenda Elmer, ND Corn Growers Association testified in favor for Randy Melvin:
Attachment #5622

Chair D. Johnson closed the hearing at 9:38 a.m.

Representative Schreiber-Beck moved to adopt amendment #21.0693.02003.

Representative Skroch seconded the motion.

Voice vote. Motion carried.

Representative Dobervich moved Do Pass as amended and rerefer to Appropriations.

Representative Schreiber-Beck seconded the motion.

Vote	
Chair D. Johnson	Y
Vice Chair Trottier	Y
Representative Beltz	Y
Representative Fisher	Y
Representative Headland	AB
Representative Kiefert	Y
Representative Richter	Y
Representative Satrom	Y
Representative Schreiber-Beck	Y
Representative Skroch	Y
Representative Thomas	Y
Representative Tveit	Y
Representative Buffalo	Y
Representative Dobervich	Y

Roll call vote. Motion passed 13-0-1. Representative Johnson is the carrier.

Additional written testimony: #5214, 5229, 5539, 5540, 5541, 5574, 5575, 5581, 5582, 5595, 5598, 5608

Chair D. Johnson adjourned at 9:45 a.m.

ReMae Kuehn, Committee Clerk

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1475

- Page 1, line 1, replace the first "a" with "two"
- Page 1, line 1, replace the first "section" with "sections"
- Page 1, line 1, replace "4.1-01" with "4.1-01.1"
- Page 1, line 5, replace "4.1-01" with "4.1-01.1"
- Page 1, line 7, remove "**- Advisory board**"
- Page 1, line 9, replace "2" with "3"
- Page 1, line 13, replace "agriculture innovation fund advisory board" with "agricultural products utilization commission"
- Page 1, line 14, remove "As appointed by the governor based on recommendations from agricultural"
- Page 1, remove lines 15 through 24
- Page 2, remove lines 1 through 3
- Page 2, line 4, remove "4."
- Page 2, line 4, replace "agriculture innovation fund advisory board" with "agricultural products utilization commission"
- Page 2, line 8, remove "real property and"
- Page 2, line 9, replace "to provide working capital" with "to construct infrastructure. Grants received under this section may not exceed thirty-five percent of the total cost of the project"
- Page 2, line 9, remove "agriculture innovation fund advisory"
- Page 2, line 10, replace "board" with "agricultural products utilization commission"
- Page 2, line 12, replace "advisory board" with "agricultural products utilization commission"
- Page 2, line 14, replace "5." with "3."
- Page 2, line 16, remove "advisory board"
- Page 2, line 17, replace "and agriculture commissioner" with "agricultural products utilization commission"
- Page 2, after line 24, insert:

SECTION 2. A new section to chapter 4.1-01.1 of the North Dakota Century Code is created and enacted as follows:

Agriculture innovation fund - Access to records.

OP
2/8/21

1. To the extent the agricultural products utilization commission determines the materials or data provided under section 1 of this Act consist of trade secrets or commercial, financial, or proprietary information of individuals or entities applying for loans or grants with the commission, materials and data submitted to, made by, or received by the commission, are not public records subject to section 44-04-18 and section 6 of article XI of the Constitution of North Dakota, and are subject to section 44-04-18.4.
2. A person may file a request with the commission to have material designated as confidential under subsection 1. The request must contain any information required by the commission and must include at least the following:
 - a. A general description of the nature of the information sought to be protected.
 - b. An explanation of why the information derives independent economic value, actual or potential, from not being generally known to other persons.
 - c. An explanation of why the information is not readily ascertainable by proper means of other persons.
 - d. A general description of any person that may obtain economic value from disclosure or use of the information, and how the person may obtain this value.
 - e. A description of the efforts used to maintain the secrecy of the information.
3. Any request under subsection 2 is confidential. The commission shall examine the request and determine whether the information is relevant to the matter at hand and is a trade secret under the definition in section 47-25.1-01 or 44-04-18.4. If the commission determines the information is either not relevant or not a trade secret, the commission shall notify the requester and the requester may ask for the return of the information and the request within ten days of the notice. If no return is sought, the information and request are public record.
4. The names or identities of independent technical reviewers on a project or program are confidential, may not be disclosed by the commission, and are not public records subject to section 44-04-18 or section 6 of article XI of the Constitution of North Dakota."

Page 2, line 31, after "Act" insert "until the amount transferred to the agriculture innovation fund totals one hundred fifty million dollars. After the transfers to the agriculture innovation fund under this section total one hundred fifty million dollars, the state treasurer shall transfer immediately any amounts designated for the agriculture innovation fund to the legacy fund to become part of the principal"

Re-number accordingly

REPORT OF STANDING COMMITTEE

HB 1475: Agriculture Committee (Rep. D. Johnson, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1475 was placed on the Sixth order on the calendar.

Page 1, line 1, replace the first "a" with "two"

Page 1, line 1, replace the first "section" with "sections"

Page 1, line 1, replace "4.1-01" with "4.1-01.1"

Page 1, line 5, replace "4.1-01" with "4.1-01.1"

Page 1, line 7, remove "**- Advisory board**"

Page 1, line 9, replace "2" with "3"

Page 1, line 13, replace "agriculture innovation fund advisory board" with "agricultural products utilization commission"

Page 1, line 14, remove "As appointed by the governor based on recommendations from agricultural"

Page 1, remove lines 15 through 24

Page 2, remove lines 1 through 3

Page 2, line 4, remove "4."

Page 2, line 4, replace "agriculture innovation fund advisory board" with "agricultural products utilization commission"

Page 2, line 8, remove "real property and"

Page 2, line 9, replace "to provide working capital" with "to construct infrastructure. Grants received under this section may not exceed thirty-five percent of the total cost of the project"

Page 2, line 9, remove "agriculture innovation fund advisory"

Page 2, line 10, replace "board" with "agricultural products utilization commission"

Page 2, line 12, replace "advisory board" with "agricultural products utilization commission"

Page 2, line 14, replace "5." with "3."

Page 2, line 16, remove "advisory board"

Page 2, line 17, replace "and agriculture commissioner" with "agricultural products utilization commission"

Page 2, after line 24, insert:

"SECTION 2. A new section to chapter 4.1-01.1 of the North Dakota Century Code is created and enacted as follows:

Agriculture innovation fund - Access to records.

1. To the extent the agricultural products utilization commission determines the materials or data provided under section 1 of this Act consist of trade secrets or commercial, financial, or proprietary information of individuals or entities applying for loans or grants with the commission, materials and data submitted to, made by, or received by the commission, are not public records subject to section 44-04-18 and section 6 of article XI of the Constitution of North Dakota, and are subject to section 44-04-18.4.
2. A person may file a request with the commission to have material designated as confidential under subsection 1. The request must contain any information required by the commission and must include at least the following:
 - a. A general description of the nature of the information sought to be protected.
 - b. An explanation of why the information derives independent economic value, actual or potential, from not being generally known to other persons.
 - c. An explanation of why the information is not readily ascertainable by proper means of other persons.
 - d. A general description of any person that may obtain economic value from disclosure or use of the information, and how the person may obtain this value.
 - e. A description of the efforts used to maintain the secrecy of the information.
3. Any request under subsection 2 is confidential. The commission shall examine the request and determine whether the information is relevant to the matter at hand and is a trade secret under the definition in section 47-25.1-01 or 44-04-18.4. If the commission determines the information is either not relevant or not a trade secret, the commission shall notify the requester and the requester may ask for the return of the information and the request within ten days of the notice. If no return is sought, the information and request are public record.
4. The names or identities of independent technical reviewers on a project or program are confidential, may not be disclosed by the commission, and are not public records subject to section 44-04-18 or section 6 of article XI of the Constitution of North Dakota."

Page 2, line 31, after "Act" insert "until the amount transferred to the agriculture innovation fund totals one hundred fifty million dollars. After the transfers to the agriculture innovation fund under this section total one hundred fifty million dollars, the state treasurer shall transfer immediately any amounts designated for the agriculture innovation fund to the legacy fund to become part of the principal"

Renumber accordingly

21.0693.02003

Sixty-seventh
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1475

Introduced by

Representatives Satrom, Hagert, Kempenich, Kiefert, Mitskog, Ostlie

Senators Conley, Wanzek

1 | A BILL for an Act to create and enact ~~at two~~ new ~~sections~~sections to chapter ~~4.1-01~~4.1-01.1 and a
2 | new section to chapter 21-10 of the North Dakota Century Code, relating to an agriculture
3 | innovation fund and a transfer of legacy fund earnings; and to provide a continuing
4 | appropriation.

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

6 | **SECTION 1.** A new section to chapter ~~4.1-01~~4.1-01.1 of the North Dakota Century Code is
7 | created and enacted as follows:

8 | **Agriculture innovation fund—~~Advisory board~~ - Continuing appropriation.**

9 | 1. There is created in the state treasury the agriculture innovation fund. The fund
10 | consists of all legacy fund earnings deposited in the fund under section ~~23~~ of this Act.
11 | Moneys in the fund may be spent by the Bank of North Dakota for loans as provided in
12 | this section and by the agriculture commissioner, pursuant to legislative
13 | appropriations, to provide grants to value-added agriculture businesses based on
14 | recommendations from the ~~agriculture innovation fund advisory board~~agricultural
15 | products utilization commission.

16 | 2. ~~As appointed by the governor based on recommendations from agricultural~~
17 | ~~organizations, the agriculture innovation fund advisory board consists of the following:~~

- 18 | ~~a. One member representing row crop farmers;~~
- 19 | ~~b. One member representing livestock producers;~~
- 20 | ~~c. One member representing a general farm organization;~~
- 21 | ~~d. One member representing specialty crop farmers;~~
- 22 | ~~e. One member representing value-added agriculture; and~~
- 23 | ~~f. One member representing cooperative agriculture businesses.~~

- 1 ~~3. The agriculture commissioner shall serve as an ex officio, nonvoting member of the~~
2 ~~committee. The term of office of each member of the advisory board is four years.~~
3 ~~Members may not serve more than two consecutive terms. The terms of office~~
4 ~~commence on July first. The initial terms of the advisory board members must be~~
5 ~~staggered following a method determined by the board. The advisory board shall~~
6 ~~select a chairman from among the members.~~
- 7 ~~4. The agriculture innovation fund advisory board agricultural products utilization~~
8 ~~commission shall meet at least quarterly to make recommendations for grants to~~
9 ~~support new or expanding value-added agriculture businesses which demonstrate~~
10 ~~financial feasibility, enhance profitability for farmers and ranchers, create jobs, and~~
11 ~~grow the state's economy. Grant funding may be used to purchase ~~real property and~~~~
12 ~~equipment, to support workforce training and development, and ~~to provide working-~~~~
13 ~~~~capital~~ to construct infrastructure. Grants received under this section may not exceed~~
14 ~~thirty-five percent of the total cost of the project. The agriculture innovation fund-~~
15 ~~advisory board agricultural products utilization commission shall develop guidelines for~~
16 ~~the grants, included eligibility criteria and reporting requirements. The guidelines must~~
17 ~~include priority for businesses with a majority of the ownership comprised of North~~
18 ~~Dakota residents. The advisory board agricultural products utilization commission may~~
19 ~~designate moneys in the fund for loans under this section.~~
- 20 5. Moneys in the fund designated for loans are appropriated to the Bank of North Dakota
21 on a continuing basis for the purpose of loan disbursements and administrative costs.
22 The Bank shall develop policies for the loans in consultation with the ~~advisory board-~~
23 ~~and agriculture commissioner~~ agricultural products utilization commission. The Bank
24 shall review loan applications. To be eligible for a loan under this section, an entity
25 shall agree to provide the Bank with information as requested. The Bank may develop
26 policies for loan participation with local financial institutions. The Bank shall deposit in
27 the fund all principal and interest paid on the loans made from the fund. The Bank may
28 use a portion of the interest paid on the outstanding loans as a servicing fee to pay for
29 administrative costs. The Bank shall contract with a certified public accounting firm to
30 audit the fund if the fund has any outstanding loans. The cost of the audit must be paid
31 from the fund.

1 **SECTION 2.** A new section to chapter 4.1-01.1 of the North Dakota Century Code is created
2 and enacted as follows:

3 **Agriculture innovation fund - Access to records.**

4 1. To the extent the agricultural products utilization commission determines the materials
5 or data provided under section 1 of this Act consist of trade secrets or commercial,
6 financial, or proprietary information of individuals or entities applying for loans or
7 grants with the commission, materials and data submitted to, made by, or received by
8 the commission, are not public records subject to section 44-04-18 and section 6 of
9 article XI of the Constitution of North Dakota, and are subject to section 44-04-18.4.

10 2. A person may file a request with the commission to have material designated as
11 confidential under subsection 1. The request must contain any information required by
12 the commission and must include at least the following:

13 a. A general description of the nature of the information sought to be protected.

14 b. An explanation of why the information derives independent economic value,
15 actual or potential, from not being generally known to other persons.

16 c. An explanation of why the information is not readily ascertainable by proper
17 means of other persons.

18 d. A general description of any person that may obtain economic value from
19 disclosure or use of the information, and how the person may obtain this value.

20 e. A description of the efforts used to maintain the secrecy of the information.

21 3. Any request under subsection 2 is confidential. The commission shall examine the
22 request and determine whether the information is relevant to the matter at hand and is
23 a trade secret under the definition in section 47-25.1-01 or 44-04-18.4. If the
24 commission determines the information is either not relevant or not a trade secret, the
25 commission shall notify the requester and the requester may ask for the return of the
26 information and the request within ten days of the notice. If no return is sought, the
27 information and request are public record.

28 4. The names or identities of independent technical reviewers on a project or program
29 are confidential, may not be disclosed by the commission, and are not public records
30 subject to section 44-04-18 or section 6 of article XI of the Constitution of North
31 Dakota.

1 **SECTION 3.** A new section to chapter 21-10 of the North Dakota Century Code is created
2 and enacted as follows:

3 **Legacy fund earnings transfer - State treasurer.**

4 From any legacy fund earnings transferred to the general fund at the end of each biennium
5 in accordance with section 26 of article X of the Constitution of North Dakota, twenty percent
6 must be transferred immediately by the state treasurer to the agriculture innovation fund under
7 section 1 of this Act until the amount transferred to the agriculture innovation fund totals one
8 hundred fifty million dollars. After the transfers to the agriculture innovation fund under this
9 section total one hundred fifty million dollars, the state treasurer shall transfer immediately any
10 amounts designated for the agriculture innovation fund to the legacy fund to become part of the
11 principal.

COMMISSIONER
DOUG GOEHRING



#5585

ndda@nd.gov
www.nd.gov/ndda

NORTH DAKOTA
DEPARTMENT OF AGRICULTURE
STATE CAPITOL
600 E. BOULEVARD AVE. – DEPT. 602
BISMARCK, ND 58505-0020

Testimony of Doug Goehring
Agriculture Commissioner
House Bill 1475
House Agriculture Committee
February 4, 2021

Chairman Johnson and members of the House Agriculture Committee, I am Agriculture Commissioner Doug Goehring and I am here to support House Bill 1475 as amended.

HB 1475 places authority for administration of the agriculture innovation fund with the Agricultural Products Utilization Commission (APUC). APUC is a good fit for this because the nine member commission is made up of people from a variety of backgrounds including agriculture, agribusiness, Department of Commerce, and our land grant university.

APUC has experience reviewing project proposals and determining merit based funding with built-in program accountability. The agriculture innovation fund is a natural fit with the types of proposals APUC already handles without duplicating efforts through the creation of another committee.

Chairman Johnson, members of the House Agriculture Committee, thank you for your consideration of HB 1475. I will stand for any questions.



Contact:
Matt Perdue, Lobbyist
mperdue@ndfu.org | 701.641.3303

**Testimony of
Mark Watne
North Dakota Farmers Union
Before the
House Agriculture Committee
February 5, 2021**

Mr. Chairman and members of the committee,

Thank you for the opportunity to testify on House Bill No. 1475. My name is Mark Watne, and I am the president of North Dakota Farmers Union (NDFU).


NDFU fully supports HB 1475. We believe this legislation will play a key role in improving farmers' and ranchers' incomes, creating new jobs and building a stronger state economy.

Since our founding, NDFU has been very concerned about consolidation in agriculture markets. At the beginning of the coronavirus pandemic, we witnessed firsthand the dangers of a highly centralized supply chain. As cattle prices dropped, beef prices skyrocketed and grocery store shelves went bare. These market dynamics created major challenges for producers and consumers.

One of the ways to free farmers from market concentration is to create stronger regional supply chains. In response to the cattle crisis last spring, our members urged us to explore ways to support local and regional slaughter plants. So far, we have learned a mid-sized plant is feasible in the state and would allow us to bring rendering back to North Dakota. Establishment of a rendering plant would, in turn, reduce costs for existing slaughter facilities in the state. Projects like this would also create upstream opportunities for ranchers, improve price discovery and limit major supply chain and pricing disruptions.

The Agriculture Innovation Fund could support continued progress in building out our state's slaughter capacity. It could also promote development of soybean crush facilities, new ethanol plants, feed mills, hemp processors and more. In each case, the projects would improve farmers' and ranchers' income and create new opportunities up and down the supply chain.

HB 1475 gives the Agricultural Products Utilization Commission (APUC) added funding and authority to support major value-added projects in our state. Through a combination of loans and grants APUC could provide financing packages that suit each business's unique needs.





This legislation sets four basic criteria to guide APUC in assisting projects based on their merits. To be eligible, projects must demonstrate financial feasibility, enhance profits for farmers and ranchers, create jobs and grow the state's economy. NDFU also supports amendments made to the legislation, including the 35% cap on grant funding to individual projects and the overall cap on the total fund. These changes will ensure APUC continues to serve as a responsible steward of state resources.

Finally, HB 1475 would add agriculture to the list of priorities in the Legacy Fund earnings discussion. The Legacy Fund was designed to benefit future generations of North Dakota. There has been a lot of focus on using Legacy Fund earnings to diversify our state's economy. NDFU believes the best way to encourage economic diversification is to build upon the strong base of our agriculture industry. HB 1475 would do just that, while promoting a better future for the next generation of family farmers and ranchers.

We urge a do pass on HB 1475. I will stand for any questions.





**North Dakota Grain Growers Association
Testimony in Support of HB 1475
House Agriculture Committee
February 5, 2021**

Chairman Johnson, members of the House Agriculture Committee, for the record my name is Dan Wogsland, Executive Director of the North Dakota Grain Growers Association (NDGGA). NDGGA, through our contracts with the North Dakota Wheat Commission and the North Dakota Barley Council, engages in domestic policy issues on the state and federal level on behalf of North Dakota wheat and barley farmers. I am providing testimony for you today on behalf of NDGGA in support of HB 1475.

HB 1475, as you are all aware, creates the Agriculture Innovation Fund which would provide loans and grants for needed value-added agricultural businesses based in North Dakota. The Bank of North Dakota would administer the loan program while the grant program would be under the auspices of the Agriculture Commissioner based on recommendations from the Agricultural Products Utilization Commission. Using these excellent administrative resources ensures that value-added agriculture will be fostered in the state and at the same time taxpayer dollars will be protected. To NDGGA this bodes very well for all of agriculture in North Dakota.

NDGGA also supports the confidentiality provisions contained in Section 2 of the bill. Businesses need and deserve adequate trade secret protections in place in order to protect their value-added projects.

Chairman Johnson, members of the House Agriculture Committee, increasing opportunities for value-added agricultural industries in North Dakota is an essential component for the continued success of our state's agriculture. Providing and obtaining the funding necessary is always a challenge; HB 1475 provides that essential piece of the value-added puzzle for the benefit of North Dakota agriculture and the North Dakota economy.

"You Raise; We Represent"

Phone: 701-282-9361 | Fax: 701-404-5187 | 1002 Main Ave W. #3 West Fargo, N.D. 58078

Therefore the North Dakota Grain Growers Association respectfully requests that the House Agriculture Committee give HB 1475 a Do Pass recommendation and would urge the full House to concur.

HOUSE BILL 1475

Good Morning Chairman Johnson & Members of the House Agriculture Committee.

My name is Kerry Dockter and I am a beef producer from Central North Dakota.

I come before you this morning in support of HB 1475, The Agriculture Innovation Fund.

I believe this bill will be a valuable mechanism to help fund agricultural projects which can both add value to our North Dakota and also grow our agricultural economy.

I believe the opportunities could be endless as to what this fund can do for the growth and job development for North Dakota.

Again I am in support of HB 1475

Thank you for the opportunity to testify on this bill.

Testimony of Lance Gaebe
Executive Director

In Support of 1475
House Agriculture Committee
Feb. 5, 2021

Chairman Johnson and members of the House Agriculture Committee:

My name is Lance Gaebe, I am here on behalf of the North Dakota Ethanol Producers Association, which represents North Dakota's six ethanol plants and our industry stakeholders.

The Ethanol Producers Association supports the proposal in HB 1475 to enhance investment in emerging technologies and next generation agriculture opportunities. Expansion of sustainable and high value products and processes can lead to opportunities for agriculture that support high paying jobs and enhance economic activity.

North Dakota's ethanol industry already contributes more than \$623 million annually to the state's economy and provides thousands of direct and indirect jobs. The industry converts 200 million bushels of corn, representing half or more of the state's average corn crop, into 550 million gallons of ethanol, 80,000 tons of corn oil, and 1.5 million tons of dried distillers grains for livestock feed. We can do even more.

I want to offer an example of how we are adding even more value to an already clean energy product. Ethanol plants produce 18 pounds of nearly pure CO₂ for every bushel of corn processed. North Dakota ethanol plants are leading the nation in low carbon ethanol. The state Renewable Energy Council, along with private industry dollars, have invested in research to help commercialize emerging carbon dioxide capture technologies.

Capturing carbon improves the Carbon Intensity (CI) value of the ethanol as evaluated by several West Coast markets. Ethanol produced with a lower CI score is differentiated from other ethanol and is worth more in California and Oregon due to those states' Low Carbon Fuel Standards. The potential for this project and other added value efforts brings more wealth to North Dakota.

We thank you for your support of the state's ethanol industry in the past and urge your favorable consideration of HB 1475, which can support additional investments in agriculture diversification and processing enterprises. The state's ethanol producers appreciate your affirmative consideration.



**Testimony of Randy Melvin
On behalf of the North Dakota Corn Growers Association
February 5, 2021**

In Support of HB 1475

Chairman Johnson and members of the House Agriculture Committee,

My name is Randy Melvin and I am a member and the past- president of the North Dakota Corn Growers Association and I farm near Buffalo, ND.

The North Dakota Corn Growers Association supports House Bill 1475 which would expand the State of North Dakota's support for value added agriculture. We welcome the proposal to dedicate a portion of the Legacy Fund earnings to grants and loans delivered through the Agricultural Products Utilization Commission to help with workforce, equipment, and infrastructure of value-added business ventures; and to bolster the funds for these types of enterprises.

Part of our association's mission is to help develop and expand markets for North Dakota corn. We need additional, and diverse value-added projects in the state that can help process North Dakota's commodities and increase the demand. With generous lending terms and working capital for new projects and expansions of existing ones, the tools in this bill will provide more economic incentive to help spur varied opportunities and a boon for our farmers and ranchers and for our state.

We think that this legislation will have a hand in developing a more robust market for our crops and more opportunity for our states growers which helps our communities and North Dakota. We ask you to support HB 1475 as well.

Thank you for your time. I welcome any questions.

Testimony for 1475 Phil Murphy for ND Soybean Growers Association

Chairman and Committee, this bill utilizing APUC is a welcome addition to enhance the growth of agriculture in our state. It is understood that in addition to the changes leading to APUC fostering this growth, there is also a cap of 35% grant money for any single project proposed. I recall from these past ten years of participation at various levels in the legislative process that having skin in the game is looked upon favorably and hope this bill is as well. Thank you yet again, committee, for strongly considering a Do Pass recommendation on 1475.

Members of the House Agriculture Committee,

We are Travis and Ashley Bruner, farmers and ranchers near Drake, in District 6.

As members of North Dakota Farmers Union, we would like to request your support for HB 1475. With a portion of Legacy Fund earnings going toward an Agriculture Innovation Fund, this bill would support much needed value-added agriculture businesses in our state, including beef processing, soybean crush, biofuel plants, feed mills and much more. As producers, the bill would also improve our income, create new jobs in rural communities, and ultimately strengthen North Dakota's economy.

Agriculture is the main economic force in our state's economy; it's the foundation for what the great state of North Dakota stands for. North Dakota agriculture is fast pacing other states as we are number one in many crops, and our ranchers are working hard to produce top quality beef every day. Providing 20% of Legacy Fund earnings back to value-added agriculture will continue to develop and grow the agriculture industry in North Dakota and continue to progress our state forward as a leading agriculture state.

The recent pandemic has proven issues with food security and supply chain shortfalls. Allowing access to this program and these funds will provide a means to develop solutions and make progress towards improving these issues and supporting all sectors of our states agricultural system.

I urge you to support HB 1475 and continue to support agriculture funding in the state of North Dakota.

Thank you for your time, and leadership!
Travis and Ashley Bruner

Drake, District 6



Testimony of Connie Ova, CEO
Jamestown/Stutsman County Development Corporation
HB 1475
February 5, 2021

Chairman Johnson and members of the House Agriculture Committee. I'm Connie Ova, CEO of the Jamestown/Stutsman Development Corporation. I have served in this capacity since 2003. The Jamestown/Stutsman Development Corporation (JSDC) is dedicated to area economic development growth and diversification. JSDC was formally organized in 1991 to develop employment to improve business conditions and advance the interests of the City of Jamestown and Stutsman County, North Dakota by implementing and sustaining an organized effort to attract new businesses and industry, support existing businesses and industry, and encourage new business starts. Jamestown/Stutsman Development Corporation's focus is primary sector job creation.

I stand before you in support of HB 1475, which creates the agriculture innovation fund. This fund, in addition to providing loans to agriculture, also provides for the opportunity through the Bank of ND to provide grants to value added agriculture businesses based on recommendations from the agricultural products utilization commission (APUC). These dollars would come from earnings of the legacy fund. I have included with my testimony a copy of a statewide survey conducted last fall that reveals that the people of North Dakota overwhelmingly support investing the Legacy Fund within the state.

There are numerous studies done by APUC highlighting the economic impact of value-added agriculture businesses. We, here in Stutsman County, are home to many value-added ag businesses such as Cavendish Farms, Legume Matrix, Dakota Spirit Ag Energy to name a few. We currently are actively pursuing a soybean processing/crushing facility and an all under glass, 30-acre greenhouse. These projects will have a significant impact on the local and state economy.

"Value added" means adding value to a raw product by taking it to, at least, the next stage of production. This can be as simple as retaining ownership of your calves and placing them in a feedlot. Value-added agriculture refers most generally to manufacturing processes that increase the value of primary agricultural commodities. Value-added agriculture may also refer to increasing the economic value of a commodity through production processes, e.g., organic produce, or through regionally branded products that increase consumer appeal



and willingness to pay a premium over similar but undifferentiated products. It can also be described as the process that transforms

the raw agricultural product into something new through packaging, processing, cooling, drying, extracting, and other processes that change a product from its original raw form. As a result of this transformation, the customer base of a product and revenue sources for the producer are expanded.

JSDC understands the difficult position you have to determine the state's future, and we appreciate all the thoughtfulness you have put into managing this responsibility. Please consider how programs and resources support the communities in the entire state as you make these decisions.

Thank you for your time. I urge the committee's support of HB 1475.



North Dakota Legacy Fund: Statewide Survey

n=502 Likely Voters

MoE= ±4.4%

50% Cell Phone Interviews

Conducted: October 13-15, 2020

*Trusted Perspective
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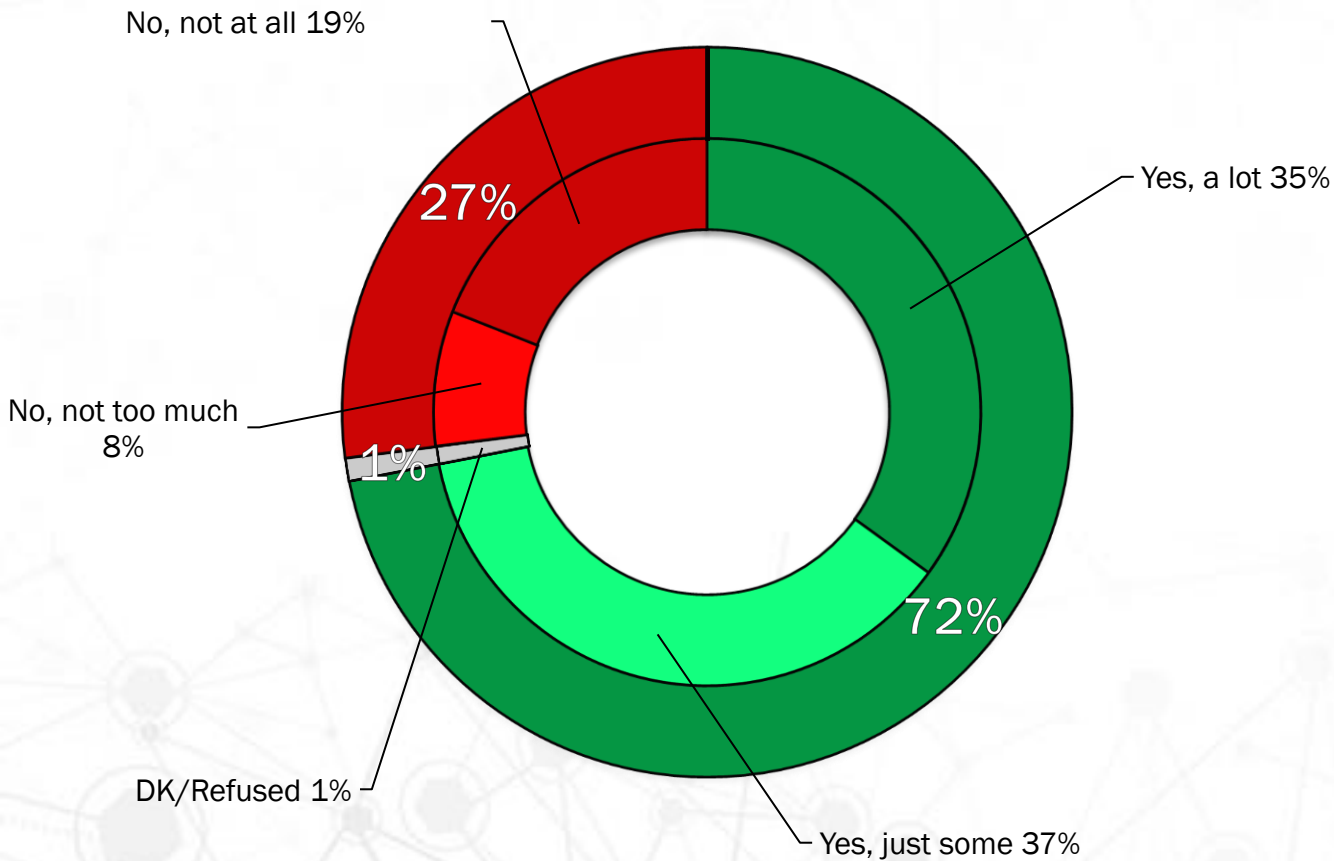
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Legacy Fund Awareness

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Nearly three-in-four voters (72%) are aware of the Legacy Fund. Voters with a high school level education or less are less aware (42%) than any other demographic group.

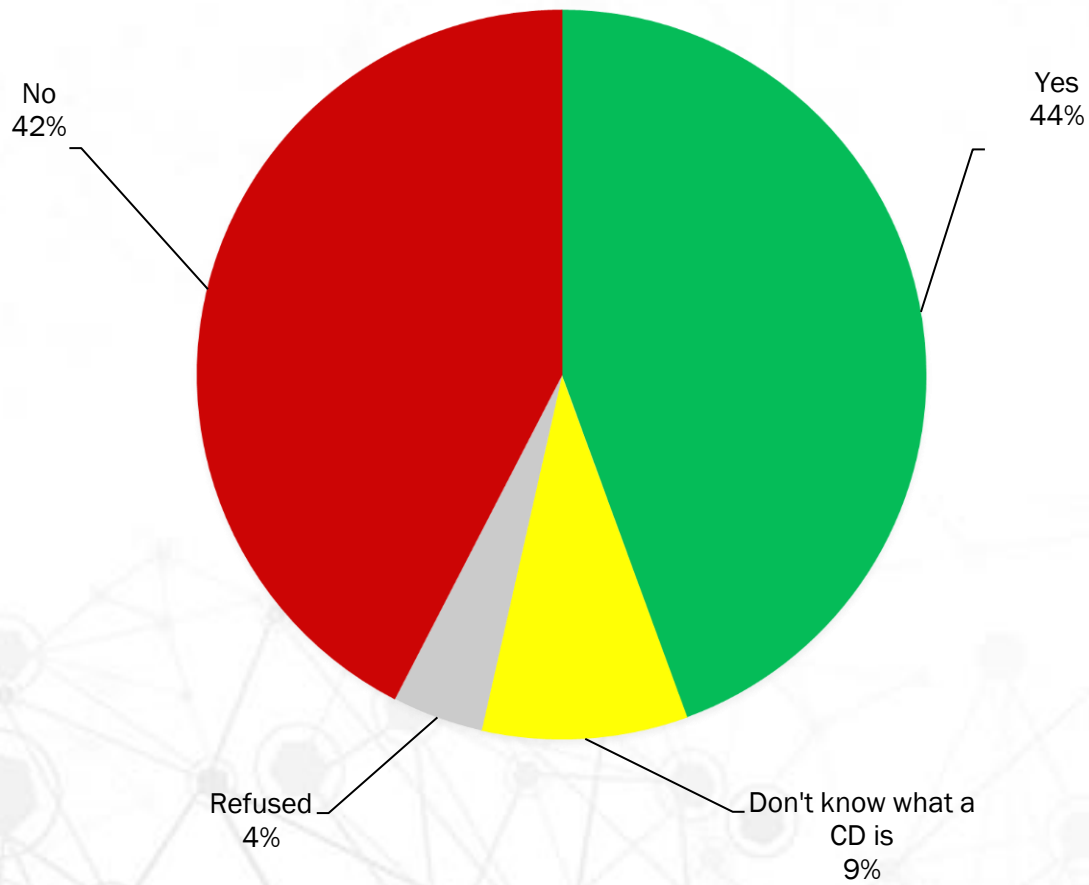
Q3. Are you aware that the state of North Dakota has an investment fund called the Legacy Fund?



	Size	Total Yes	Total No
Republican	35%	70%	28%
Independent	41%	72%	28%
Democrat	22%	76%	24%
Men 18-54	34%	75%	23%
Men 55+	14%	83%	16%
Women 18-54	22%	70%	30%
Women 55+	35%	66%	34%
High School or Less	21%	58%	42%
Some College	43%	74%	25%
Bachelor's	25%	79%	21%
Postgraduate	10%	84%	15%
Fargo/Valley City DMA	50%	73%	27%
Minot/Bismark/Dickinson DMA	50%	73%	26%

Voters are split between considering CDs to be an investment (44%) and not considering a CD to be an investment (42%).

Q15. Do you consider a Certificate of Deposit, also known as a CD, to be an investment similar to stocks, bonds and mutual funds?



	Size	Yes	No
Republican	35%	45%	38%
Independent	41%	46%	47%
Democrat	22%	40%	43%
Men 18-54	34%	45%	46%
Men 55+	14%	42%	54%
Women 18-54	22%	49%	33%
Women 55+	35%	41%	37%
High School or Less	21%	52%	29%
Some College	43%	39%	45%
Bachelor's	25%	48%	46%
Postgraduate	10%	33%	54%
Fargo/Valley City DMA	50%	44%	42%
Minot/Bismark/Dickinson DMA	50%	44%	42%

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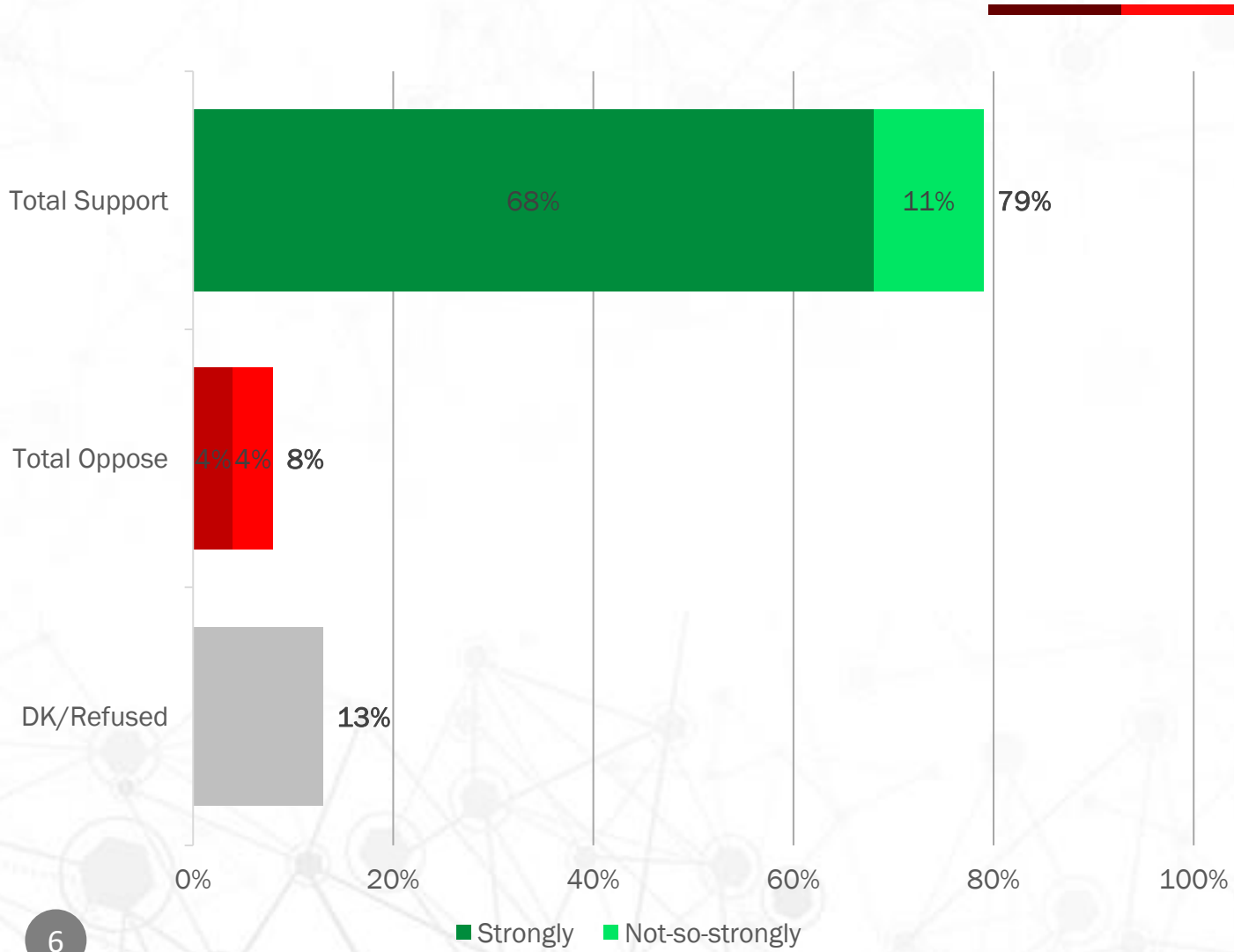
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Positions on Investment Opportunities

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Nearly four-in-five voters (79%) would support a greater portion of the investments to be made in North Dakota. Men 55+ (13%) and postgraduates (14%) are more opposed than other demographic groups.

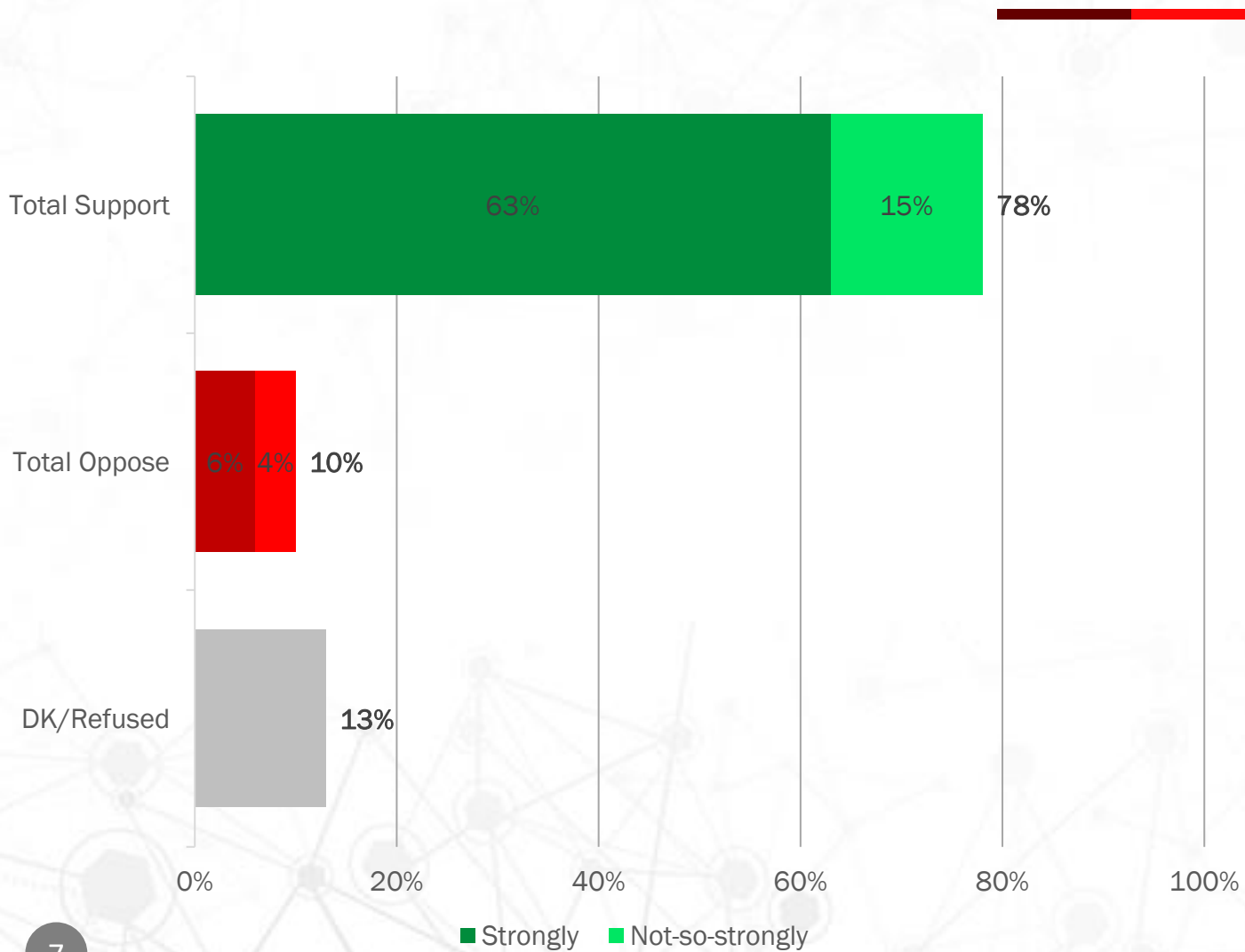
Q4. Currently, the Legacy Fund invests almost all of the funds outside the state and outside the country. Would you support or oppose a specific and greater portion of those investments to be made in North Dakota?



	Size	Total Support	Total Oppose	DK/Ref.
Republican	35%	85%	6%	8%
Independent	41%	72%	11%	17%
Democrat	22%	81%	5%	14%
Men 18-54	34%	75%	12%	13%
Men 55+	14%	72%	13%	15%
Women 18-54	22%	78%	5%	17%
Women 55+	35%	91%	4%	5%
High School or Less	21%	76%	9%	14%
Some College	43%	82%	5%	13%
Bachelor's	25%	80%	9%	11%
Postgraduate	10%	70%	14%	15%
Fargo/Valley City DMA	50%	76%	8%	15%
Minot/Bismark/Dickinson DMA	50%	81%	8%	11%

Nearly four-in-five voters (78%) would support allocating ten percent of the Legacy Fund to investments in North Dakota. Men 55+ (15%) and postgraduates (16%) are more opposed than other demographic groups.

Q5. Would you support or oppose allocating a specific amount of ten percent of the Legacy Fund for investments in North Dakota?



	Size	Total Support	Total Oppose	DK/Ref.
Republican	35%	80%	6%	13%
Independent	41%	75%	11%	14%
Democrat	22%	79%	12%	9%
Men 18-54	34%	76%	7%	17%
Men 55+	14%	72%	15%	13%
Women 18-54	22%	85%	7%	8%
Women 55+	35%	80%	13%	7%
High School or Less	21%	82%	11%	7%
Some College	43%	80%	9%	12%
Bachelor's	25%	78%	8%	14%
Postgraduate	10%	61%	16%	23%
Fargo/Valley City DMA	50%	78%	9%	13%
Minot/Bismark/Dickinson DMA	50%	77%	10%	12%

Question Six:

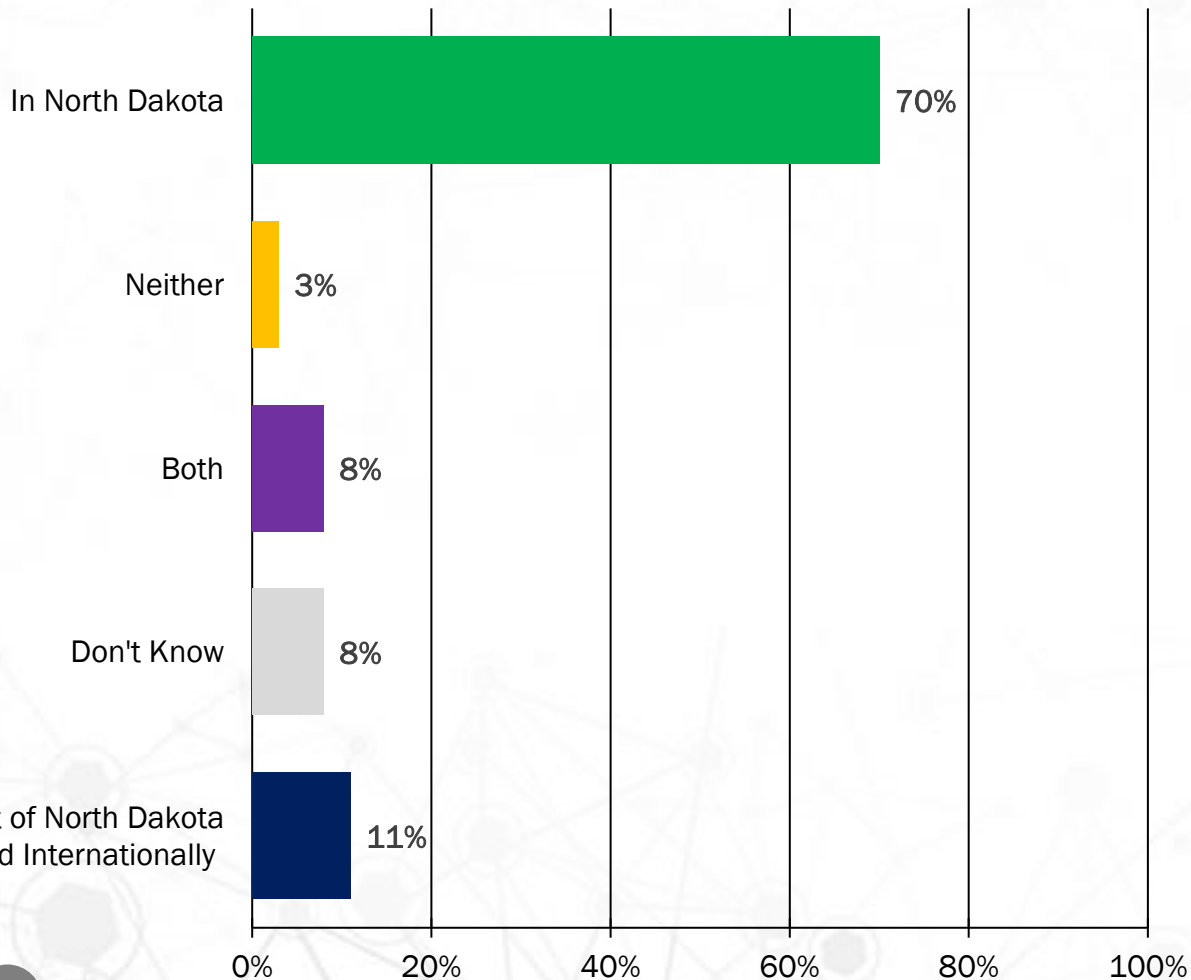
(Some/Other) people say that more of the Legacy Fund should be invested in North Dakota regardless of where the best investment opportunities may be.

...while...

(Some/Other) people say that nearly all of the legacy fund should continue to be invested out of North Dakota and internationally.

A majority of voters (70%) think that more of the Legacy Fund should be invested in North Dakota regardless of where the best investment opportunities might be.

Q6. I am going to read you two points of view about the Legacy Fund and please tell me which one you agree with more.



	Size	More Invested in ND	ND and International	Both
Republican	35%	76%	6%	7%
Independent	41%	64%	16%	8%
Democrat	22%	68%	8%	10%
Men 18-54	34%	59%	13%	15%
Men 55+	14%	70%	18%	1%
Women 18-54	22%	68%	9%	9%
Women 55+	35%	88%	5%	0%
High School or Less	21%	71%	13%	2%
Some College	43%	74%	6%	9%
Bachelor's	25%	65%	12%	12%
Postgraduate	10%	58%	20%	5%
Fargo/Valley City DMA	50%	66%	12%	8%
Minot/Bismark/Dickinson DMA	50%	73%	9%	8%

Question Seven:

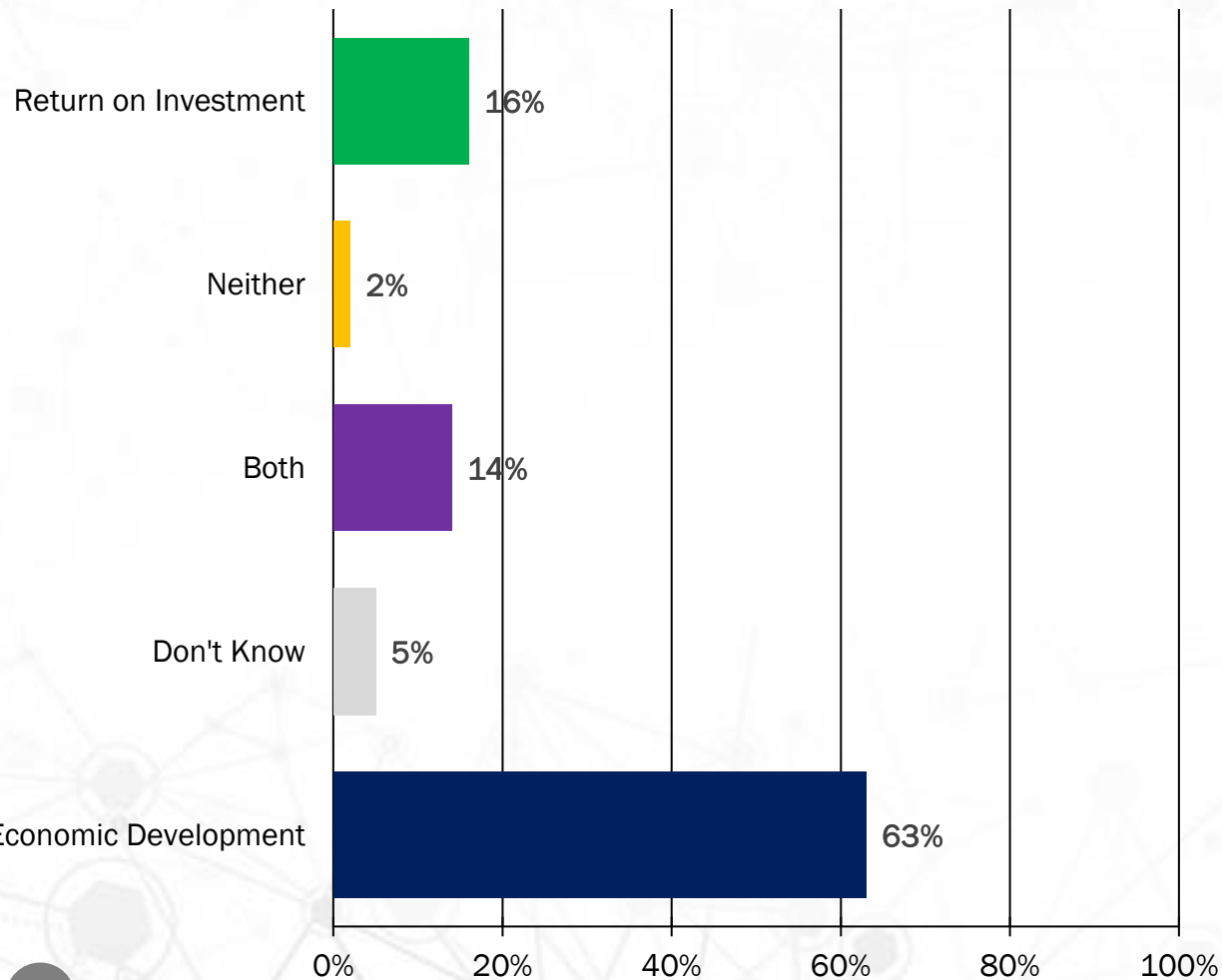
(Some/other) people say the legacy fund should be more concerned about getting a return on investments in things like stocks and bonds and less about economic development projects in North Dakota

...while...

(Some/other) people say the legacy fund should be more concerned about economic development projects in North Dakota and less about returns on investment in stocks and bonds.

A majority of voters think that the Legacy Fund should be more concerned about economic development in North Dakota over getting a return on investment.

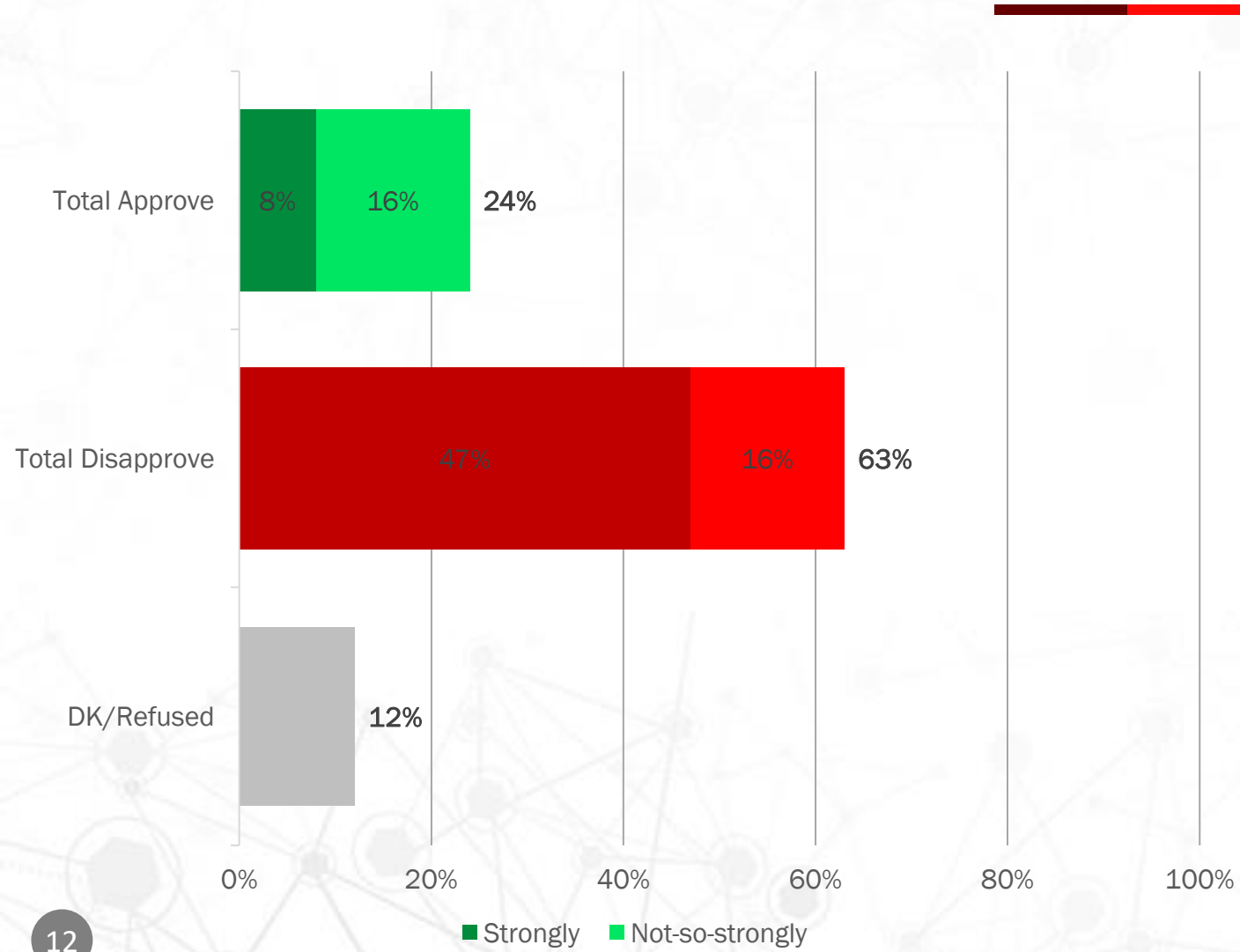
Q7. I am going to read you two points of view about the Legacy Fund and please tell me which one you agree with more.



	Size	Return on Investment	Economic Development in ND	Both
Republican	35%	20%	61%	15%
Independent	41%	16%	65%	14%
Democrat	22%	11%	62%	15%
Men 18-54	34%	17%	47%	26%
Men 55+	14%	26%	67%	5%
Women 18-54	22%	9%	72%	14%
Women 55+	35%	14%	80%	2%
High School or Less	21%	17%	75%	8%
Some College	43%	13%	64%	14%
Bachelor's	25%	17%	56%	20%
Postgraduate	10%	24%	49%	19%
Fargo/Valley City DMA	50%	15%	62%	16%
Minot/Bismark/Dickinson DMA	50%	17%	64%	13%

A majority of voters disapprove of a portion of the Legacy Fund currently being invested internationally.

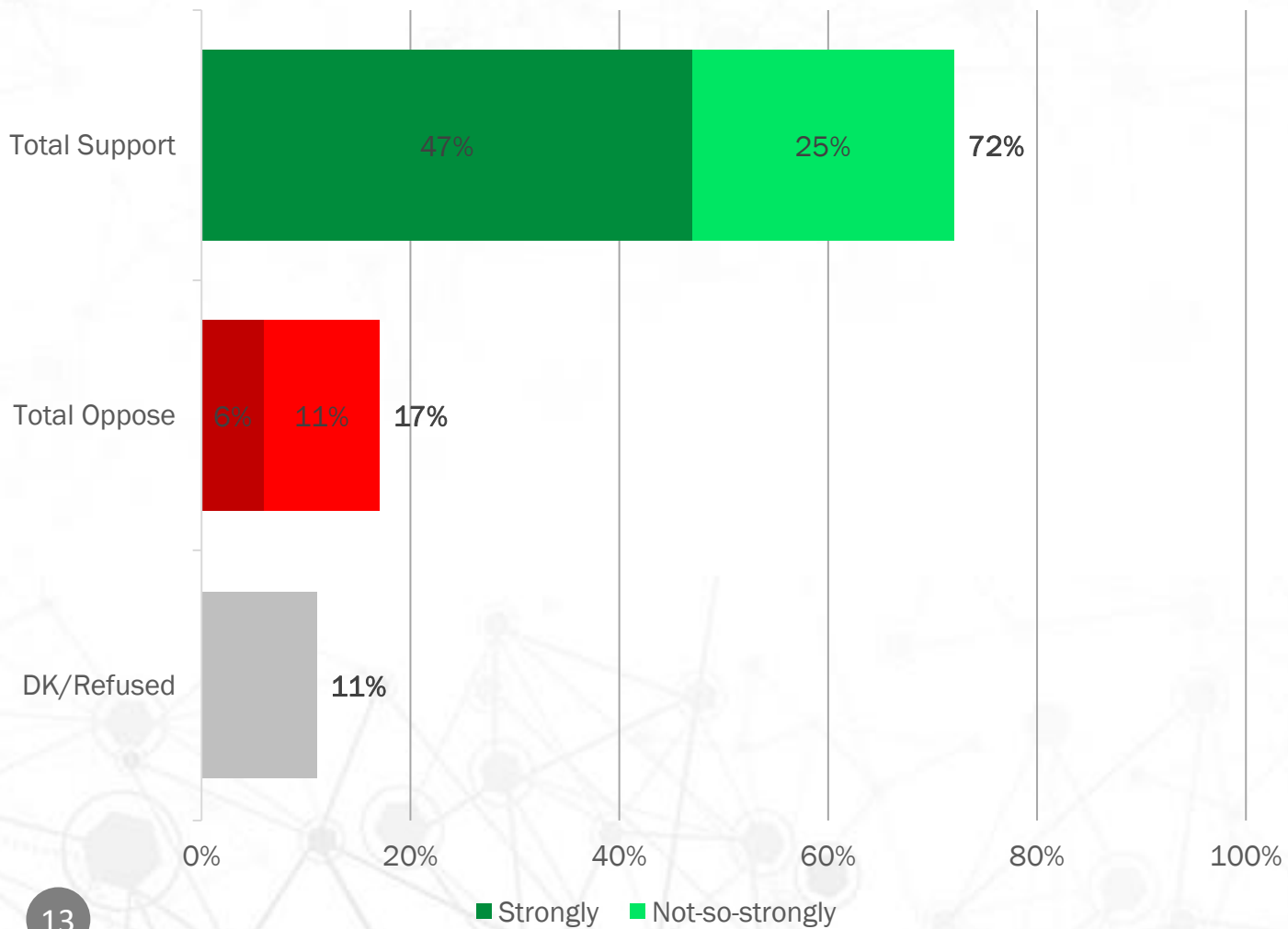
Q8. Do you approve or disapprove of the fact that twenty percent of the Legacy Fund is currently being invested internationally - investing in 90 different countries including China, Russia and Saudi Arabia?



	Size	Total Approve	Total Disapprove	DK/Ref.
Republican	35%	19%	74%	8%
Independent	41%	32%	58%	10%
Democrat	22%	19%	58%	23%
Men 18-54	34%	32%	54%	14%
Men 55+	14%	37%	56%	6%
Women 18-54	22%	13%	66%	21%
Women 55+	35%	15%	78%	6%
High School or Less	21%	27%	64%	9%
Some College	43%	22%	64%	14%
Bachelor's	25%	25%	65%	10%
Postgraduate	10%	30%	52%	18%
Fargo/Valley City DMA	50%	24%	61%	15%
Minot/Bismark/Dickinson DMA	50%	25%	66%	9%

Nearly three-in-four voters (72%) support the Legacy Fund investing in North Dakota even if it means taking on additional risk.

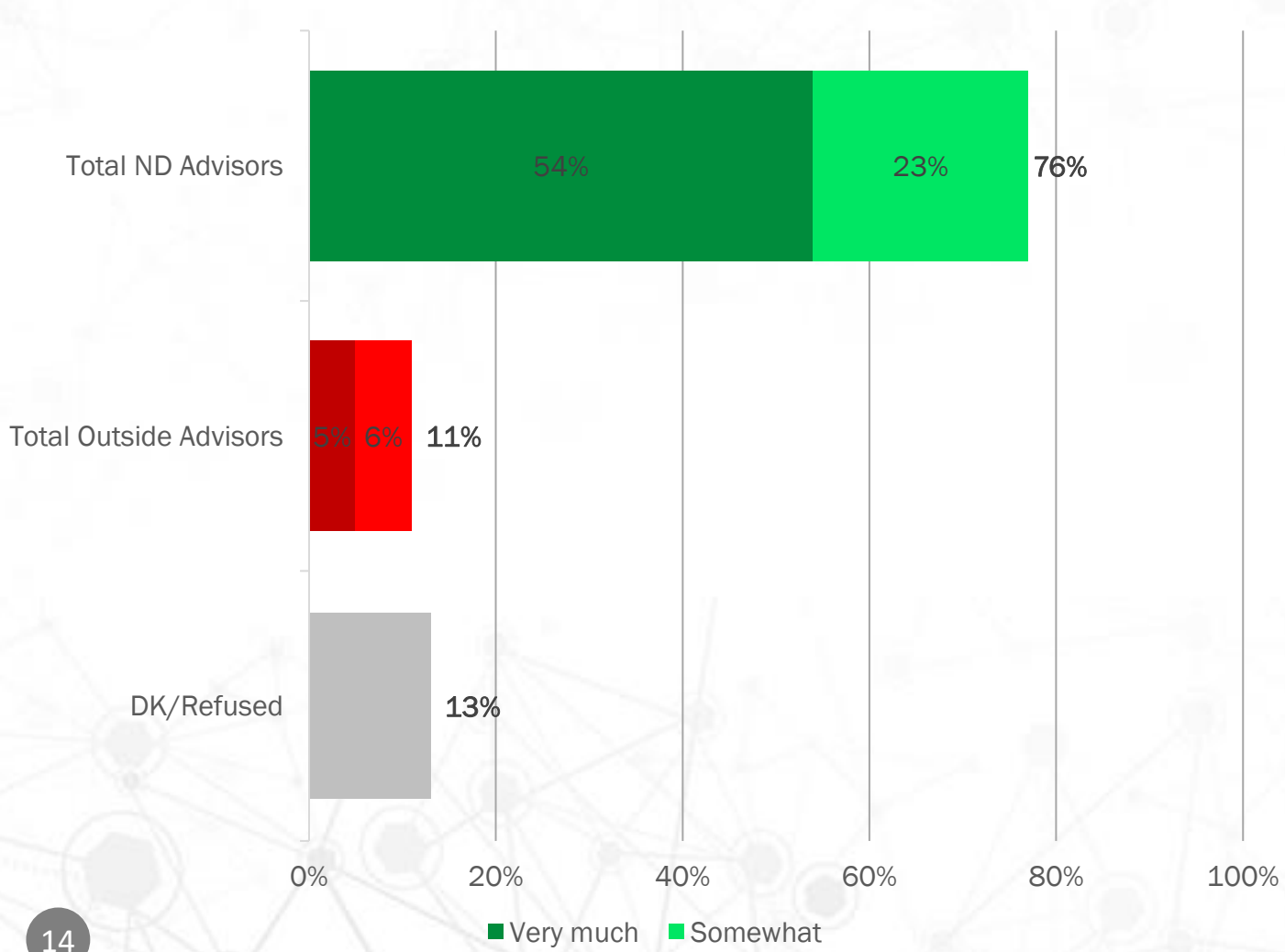
Q13. Would you support or oppose the Legacy Fund taking on additional risk if it meant investing in North Dakota companies, opportunities and North Dakota economic development?



	Size	Total Support	Total Oppose	DK/Ref.
Republican	35%	76%	14%	10%
Independent	41%	66%	22%	11%
Democrat	22%	76%	13%	11%
Men 18-54	34%	68%	21%	11%
Men 55+	14%	77%	19%	4%
Women 18-54	22%	76%	10%	15%
Women 55+	35%	75%	18%	7%
High School or Less	21%	69%	17%	14%
Some College	43%	71%	19%	10%
Bachelor's	25%	78%	14%	8%
Postgraduate	10%	68%	16%	16%
Fargo/Valley City DMA	50%	70%	19%	11%
Minot/Bismark/Dickinson DMA	50%	74%	15%	11%

More than three-in-four voters (76%) think that investment advisors from North Dakota are qualified to make investment decisions on behalf of the Legacy Fund.

Q14. Who do you think is more qualified to make investment decisions on behalf of the Legacy Fund: North Dakota investment advisors OR investment advisors from outside of North Dakota?



	Size	Total ND Advisors	Total Outside Advisors	DK/Ref.
Republican	35%	79%	10%	11%
Independent	41%	74%	11%	15%
Democrat	22%	76%	11%	12%
Men 18-54	34%	65%	15%	20%
Men 55+	14%	81%	10%	10%
Women 18-54	22%	79%	7%	14%
Women 55+	35%	87%	8%	5%
High School or Less	21%	78%	8%	15%
Some College	43%	74%	12%	13%
Bachelor's	25%	82%	8%	10%
Postgraduate	10%	67%	15%	17%
Fargo/Valley City DMA	50%	72%	12%	16%
Minot/Bismark/Dickinson DMA	50%	80%	9%	10%

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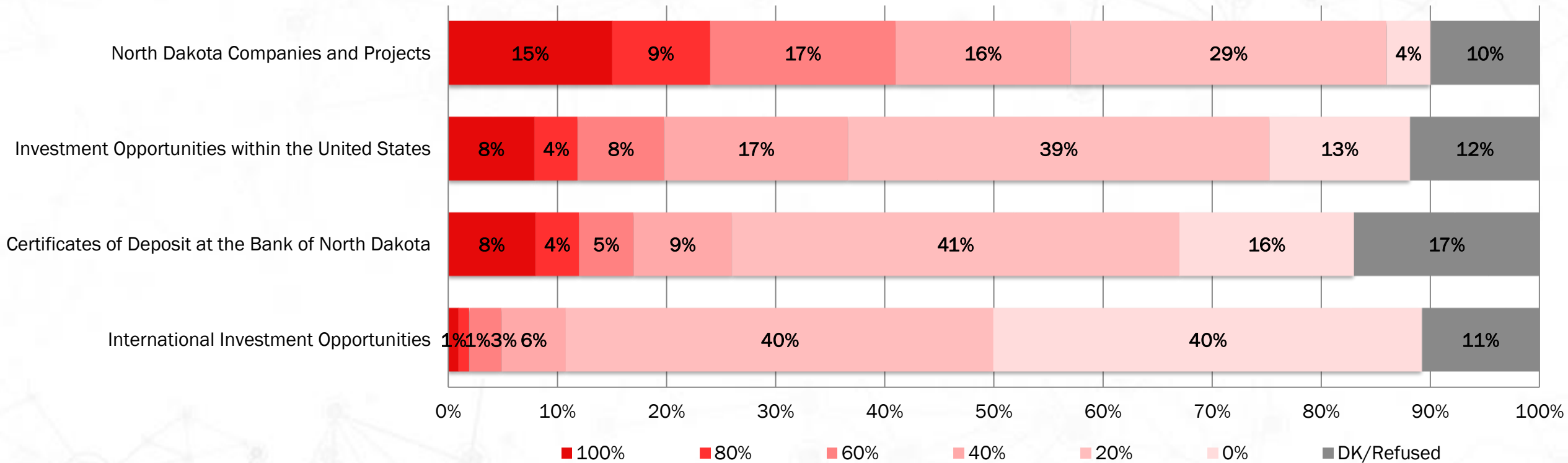
Investment Allocation

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More than two-in-five voters (41%) would allocate 60% or more of the Legacy Fund to North Dakota companies and projects.

Q9-Q12. Now I am going to read you a list of potential allocations for the Legacy Fund. After I read each one, please tell me how much of the Legacy Fund you think should be allocated on a scale of 0% to 100% with 0% meaning none of the Legacy Fund and 100% meaning all of it.



	North Dakota Companies and Projects	Investment Opportunities within the United States	Certificates of Deposit at the Bank of North Dakota	International Investment Opportunities
Total \geq 60%	41%	20%	17%	4%
Total \leq 40%	49%	68%	66%	85%

Women 55+ (60%) and voters with some college (50%) are most in favor of allocating 60% or more of the Legacy Fund to North Dakota companies and projects.

Q9-Q12. Now I am going to read you a list of potential allocations for the Legacy Fund. After I read each one, please tell me how much of the Legacy Fund you think should be allocated on a scale of 0% to 100% with 0% meaning none of the Legacy Fund and 100% meaning all of it.

	Size	North Dakota Companies and Projects		Certificates of Deposit at the Bank of North Dakota		Investment Opportunities within the United States		International Investment Opportunities	
		Total ≤40%	Total ≥60%	Total ≤40%	Total ≥60%	Total ≤40%	Total ≥60%	Total ≤40%	Total ≥60%
Republican	35%	43%	47%	61%	23%	65%	26%	87%	2%
Independent	41%	57%	33%	70%	15%	73%	17%	85%	6%
Democrat	22%	44%	42%	65%	12%	65%	17%	82%	4%
Men 18-54	34%	60%	31%	75%	11%	73%	18%	80%	8%
Men 55+	14%	61%	37%	69%	27%	65%	30%	92%	4%
Women 18-54	22%	43%	40%	62%	9%	65%	15%	83%	1%
Women 55+	35%	31%	60%	57%	28%	68%	22%	92%	2%
High School or Less	21%	45%	41%	56%	28%	63%	24%	83%	6%
Some College	43%	40%	50%	63%	18%	70%	19%	86%	4%
Bachelor's	25%	61%	31%	78%	10%	71%	19%	89%	2%
Postgraduate	10%	66%	20%	72%	6%	65%	19%	74%	8%
Fargo/Valley City DMA	50%	49%	38%	68%	12%	70%	16%	80%	6%
Minot/Bismark/Dickinson DMA	50%	49%	43%	64%	23%	66%	24%	90%	2%

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Research Design

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Research Design:



WPA Intelligence conducted a study of likely voters in North Dakota.

WPAi selected a random sample of registered voters in North Dakota using Registration Based Sampling (RBS) and adults using Random Digital Dialing (RDD). The sample for this survey was stratified based on geography, party, age, gender, and ethnicity. This methodology allows us to avoid post-survey “weighting” which can reduce the reliability of survey results.

Respondents were contacted by phone via a live telephone operator interview October 13-15, 2020. The study has a sample size of n=502 likely voters with a margin of error of $\pm 4.4\%$ in 95 out of 100 cases.



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Research Team:

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Chase Fowers – Data Analyst



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WPA ID: 20-443-04K

#5541

ND_LEGACYFUND_BRUSHFIRE_MQ_201015
NORTH DAKOTA
REGISTERED VOTERS
OCTOBER 13-15, 2020

SAMPLE:
 n=502 Registered Voters
 MoE=±4.4%
 50% Cell Phone Interviews

INTRODUCTION: Good evening. May I please speak with NAME FROM FILE? My name is _____ and I'm calling from WPA Intelligence, a national public opinion firm. This evening we're conducting a short scientific survey in North Dakota and we'd like to get your opinions. We're not selling anything and your responses will be completely confidential.

SCREENER

1. First, are you or any member of your immediate family a member of the news media, a Public Relations company, or an active participant with any political campaign?

1. Yes TERMINATE

2. No/All other 100%

2. Do you plan to vote in this year's general election for President and other state and local offices? Do you... ROTATE TOP TO BOTTOM, BOTTOM TO TOP

1. Definitely plan to vote 95%

2. Probably plan to vote 4%

3. It's fifty-fifty 1%

4. Probably plan not to vote TERMINATE

5. Definitely plan not to vote TERMINATE

6. DK/Refused DNR TERMINATE

Thinking of the Legacy Fund in North Dakota...

3. Are you aware that the state of North Dakota has an investment fund called the Legacy Fund?

1. Yes, a lot 35%

2. Yes, just some 37%

3. No, not too much 8%

4. No, not at all 19%

5. DK/Refused DNR 1%



As you may know, the Legacy Fund is a seven billion dollar fund created from a tax on oil and gas revenues in North Dakota. It was approved by the voters ten years ago. In recent years there has been growing public interest in how and where to invest the fund.

4. Currently, the Legacy Fund invests almost all of the funds outside the state and outside the country. Would you **ROTATE** support or oppose **END ROTATION** a specific and greater portion of those investments to be made in North Dakota?

IF SUPPORT/OPPOSE, ASK:

And, would you say you **STRONGLY** (support/oppose) or **NOT-SO-STRONGLY** (support/oppose)?

TOTAL SUPPORT	79%
TOTAL OPPOSE	8%
1. Strongly support	68%
2. Not-so-strongly support	11%
3. DK/Refused DNR	13%
4. Not-so-strongly oppose	4%
5. Strongly oppose	4%

5. Would you **ROTATE** support or oppose **END ROTATION** allocating a specific amount of ten percent of the Legacy Fund for investments in North Dakota?

IF SUPPORT/OPPOSE, ASK:

And, would you say you **STRONGLY** (support/oppose) or **NOT-SO-STRONGLY** (support/oppose)?

TOTAL SUPPORT	78%
TOTAL OPPOSE	10%
1. Strongly support	63%
2. Not-so-strongly support	15%
3. DK/Refused DNR	13%
4. Not-so-strongly oppose	4%
5. Strongly oppose	6%

6. I am going to read you two points of view about the Legacy Fund and please tell me which one you agree with more...ROTATE

(Some/Other) people say that more of the Legacy Fund should be invested in North Dakota regardless of where the best investment opportunities may be.

...while...

(Some/Other) people say that nearly all of the legacy fund should continue to be invested out of North Dakota and internationally.

1.	More of the Legacy Fund should be invested in North Dakota	70%
2.	Neither <u>DNR</u>	3%
3.	Both <u>DNR</u>	8%
4.	DK/Refused <u>DNR</u>	8%
5.	The Legacy Fund should continue to be invested out of North Dakota and internationally	11%

7. I am going to read you two points of view about the Legacy Fund and please tell me which one you agree with more...ROTATE

(Some/other) people say the legacy fund should be more concerned about getting a return on investments in things like stocks and bonds and less about economic development projects in North Dakota

...while...

(Some/other) people say the legacy fund should be more concerned about economic development projects in North Dakota and less about returns on investment in stocks and bonds.

1.	Return on Investment	16%
2.	Neither <u>DNR</u>	2%
3.	Both <u>DNR</u>	14%
4.	DK/Refused <u>DNR</u>	5%
5.	Economic Development in North Dakota	63%

8. Do you **ROTATE** approve or disapprove **END ROTATION** of the fact that twenty percent of the Legacy Fund is currently being invested internationally - investing in 90 different countries including China, Russia and Saudi Arabia.

IF APPROVE/DISAPPROVE, ASK:

And, would you say you **STRONGLY** (approve/disapprove) or **NOT-SO-STRONGLY** (approve/disapprove)?

TOTAL APPROVE	24%
TOTAL DISAPPROVE	63%
1. Strongly approve	8%
2. Not-so-strongly approve	16%
3. DK/Refused DNR	12%
4. Not-so-strongly disapprove	16%
5. Strongly disapprove	47%

Now I am going to read you a list of potential allocations for the Legacy Fund. After I read each one, please tell me how much of the Legacy Fund you think should be allocated on a scale of 0% to 100% with 0% meaning none of the Legacy Fund and 100% meaning all of it.

The (first/next) one is...**RANDOMIZE**

	Total ≤40%	0% 1.	20% 2.	40% 3.	60% 4.	80% 5.	100% 6.	DK/Ref. DNR 7.	Total ≥60%
9. North Dakota Companies and Projects	49%	4%	29%	16%	17%	9%	15%	10%	41%
10. Certificates of Deposit at the Bank of North Dakota	66%	16%	41%	9%	5%	4%	8%	17%	17%
11. Investment Opportunities within the United States	68%	13%	39%	17%	8%	4%	8%	12%	20%
12. International Investment Opportunities	85%	40%	40%	6%	3%	1%	1%	11%	4%

13. Would you **ROTATE** support or oppose **END ROTATION** the Legacy Fund taking on additional risk if it meant investing in North Dakota companies, opportunities and North Dakota economic development?

IF SUPPORT/OPOSE, ASK:

And, would you say you **STRONGLY** (support/oppose) or **NOT-SO-STRONGLY** (support/oppose)?

TOTAL SUPPORT	72%
TOTAL OPOSE	17%
1. Strongly support	47%
2. Not-so-strongly support	25%
3. DK/Refused DNR	11%
4. Not-so-strongly oppose	11%
5. Strongly oppose	6%

14. Who do you think is more qualified to make investment decisions on behalf of the Legacy Fund: **ROTATE** North Dakota investment advisors OR investment advisors from outside of North Dakota **END ROTATION**?

IF CHOICE ASK:

And, would you say you **VERY MUCH** (choice) or just **SOMEWHAT** (choice)?

TOTAL NORTH DAKOTA INVESTMENT ADVISORS	76%
TOTAL INVESTMENT ADVISORS FROM OUTSIDE OF NORTH DAKOTA	11%
1. Very much North Dakota investment advisors	54%
2. Somewhat North Dakota investment advisors	23%
3. DK/Refused DNR	13%
4. Somewhat investment advisors from outside of North Dakota	6%
5. Very much investment advisors from outside of North Dakota	5%

15. Do you consider a Certificate of Deposit, also known as a CD, to be an investment similar to stocks, bonds and mutual funds? **ROTATE**

1. Yes	44%
2. No	42%
3. Don't know what a CD is	9%
4. Refused DNR	4%

Now, I have just a few more questions for demographic purposes only....

16. In politics today, do you usually think of yourself as a **ROTATE** Republican, Independent, or Democrat? **END**
ROTATION

IF REPUBLICAN/DEMOCRAT, ASK:

Do you think of yourself as a **STRONG** (Republican/Democrat) or **NOT-SO-STRONG** (Republican/Democrat)?

TOTAL REPUBLICAN	35%
TOTAL DEMOCRAT	22%
1. Strong Republican	27%
2. Not-So-Strong Republican	8%
3. Independent/Something Else	41%
4. DK/Refused DNR	2%
5. Not-So-Strong Democrat	6%
6. Strong Democrat	16%

17. What is the highest level of formal education you have completed?

1. High school or Less	21%
2. Some College /Associates Degree	43%
3. Bachelor's Degree	25%
4. Post graduate	10%
5. DK/Refused DNR	1%

18. Which of the following best describes your race or ethnicity?

1. White	90%
2. Hispanic, Mexican, Latino, Spanish	2%
3. African-American	1%
4. Asian	<1%
5. Native American	1%
6. Other (specify) _____	3%
7. Refused DNR	3%

19. In what year were you born? **RECORD EXACT FOUR DIGIT RESPONSE; RECODE INTO CATEGORIES**

1. 18-24	6%
2. 25-34	18%
3. 35-44	15%
4. 45-54	17%
5. 55-64	20%
6. 65-74	11%
7. 75 or over	9%
8. Refused DNR	5%

20.	Sex:	<u>BY OBSERVATION</u>	
	1.	Male	51%
	2.	Female	49%
21.	DMA:	<u>PRE-CODE</u>	
	1.	Fargo/Valley City	50%
	2.	Minot/Bismark/Dickinson	50%
22.	Interview Method:	<u>PRE-CODE</u>	
	1.	Cell	50%
	2.	Landline	50%

February 4, 2021

House Agriculture Committee

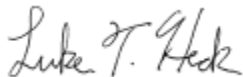
Re: Written Testimony in Support of H.B. 1475.

Dear Members of the House Agriculture Committee:

My name is Luke Heck, and I am a resident of Fargo, ND. I submit this written testimony in support of H.B. 1475. In short, H.B. 1475 seeks to further invest within our state, for the benefit of North Dakotans. This proposal further affirms our state's commitments to our in-state agricultural industry. More importantly, however, H.B. 1475 reaffirms our commitment to farmers across this state by ensuring we invest appropriate resources in the industry. Moreover, H.B. 1475 commits a specific portion of our legacy fund earnings back into our farming economy. As our legacy fund principal continues to grow, its earnings will follow. As a result, H.B. 1475 would not only be a short term infusion into our farming communities, but it would also allow for continued, sustainable long-term growth of the industry as well.

Finally, H.B. 1475 further accomplishes the desires of our state's residents. While not necessarily dispositive to legacy fund earnings, an October 2020 survey conducted by the Jamestown/Stutsman County Economic Development Corporation (JSDC), submitted herewith, found that North Dakotans want our legacy fund resources invested within the state. JSDC's survey found that, by a 10-to-1 margin, North Dakotans want a specific and greater portion of the legacy fund to be invested within North Dakota. Additionally, 72% of those surveyed support the legacy fund portfolio taking on additional risk in order to accomplish in-state investing. Simply put, regardless of whether it is legacy fund earnings or principal, H.B. 1475 affirms the will of the people of the State of North Dakota by affirming their desire to invest within the state. Because of this, I respectfully request that you send H.B. 1475 to the House floor with a "Do Pass" recommendation.

Very truly yours,



Luke T. Heck

LTH
Attachment



For Immediate Release
October 19, 2020

Contact: Ms. Connie Ova, Chief Executive Officer
Jamestown/Stutsman County Development Corporation (JSDC)
connie@growingjamestown.com
701-252-6861

ND Voters Support Major Changes to Legacy Fund

Ground-Breaking Research Conducted For Economic Development in North Dakota

The people of North Dakota overwhelmingly support investing the Legacy Fund within the state, according to a new statewide survey of likely voters conducted by WPA Intelligence.

By a margin of 10-1 (79%-8%), voters want “a specific and greater portion” of the fund to be invested within North Dakota.

Overall, the survey calls for a major shift from the current policies governing the fund. Almost two in three voters want the legacy fund to be “more concerned about economic development projects and less concerned about getting a return on investment in things like stocks and bonds.”

Moreover, by a 72%-12% margin, voters support the legacy fund “taking on additional risk” if it means “investing in North Dakota companies, opportunities and North Dakota economic development.”

“This ground-breaking research is clear. The people of North Dakota want the legacy fund invested in economic development projects in our own state. They want to see the fund used to grow and diversify our economy. They are less interested in traditional investments such as stocks and bonds. And they disagree strongly with the questionable investments being made outside our country,” said Connie Ova, chief executive officer of the Jamestown Stutsman County Development Corporation, a member of the Economic Development Association of North Dakota (EDND). “The State Investment Board should heed these results and adjust their policies accordingly.”



“We brought in a highly respected national public opinion research firm with significant experience in North Dakota, WPA Intelligence, to help us design and conduct this important research,” Ova said. We will be sharing these findings with all the members of EDND and with anyone willing to listen to what our citizens want the Legacy Fund to do in the future.”

The survey includes many other key findings including:

- By a nearly 8-1 margin (76% to 11%), voters say North Dakota investment advisors are more qualified than advisors outside the state to make decisions on behalf of the Legacy Fund. (Currently, the fund uses a San Francisco based consultant and over 20 Wall Street money managers who decide how to invest the fund. Voters overwhelmingly want that policy to change).
- By a 4-1 margin, voters want the Legacy Fund to “take on additional risk” with its investments if it means keeping the money in North Dakota for economic development opportunities.
- By a 78% to 10% margin, the voters support the recent proposal to invest a fixed 10% of the Legacy Fund principal in North Dakota. However, 4 in 10 voters are willing to allocate over 60% of the fund to be invested in the state.
- 63% of voters disapprove of even a small portion (20%) of the Legacy Fund being invested internationally. Nearly half of all voters strongly disapprove of these international investments.
- Most voters rank certificates of deposit (CDs) low on the scale of how they would allocate investments of the Legacy Fund.

“The people of North Dakota believe that investing in the state means more than purchasing CDs at the Bank of North Dakota. Actually, the voters clearly rank CDs low on the investment scale. They want the Legacy Fund invested in North Dakota economic development projects over stocks, bonds or CDs. And they certainly don’t want the money going out of state,” said Chris Wilson, CEO of WPA Intelligence, who conducted the survey following recent reports about Legacy Fund investment proposals.

“It’s not a close call. The voters want dramatic changes made to the policies of the State Investment Board when it comes to investing the principal of the Legacy Fund. The people want the fund invested to grow and diversify our own economy, not the economies of other states or countries,” Ova said.

According to Chris Wilson, this survey could also lay the groundwork for a statewide ballot initiative in 2022 when the voters could add the words “within the state” to clarify the current constitutional language. That simple change would require the State Investment Board to invest 100% of the Legacy Fund within North Dakota.



About the Legacy Fund: North Dakota voters approved a constitutional amendment in 2010 to establish the Legacy Fund. While there is no stated purpose in the Constitution for how the fund is to be spent or invested, many believe it was going to be used to directly benefit North Dakota's economy and build "lasting legacies in our local communities." The legacy fund is not a pension fund. It has no retiree obligations against it. One thing that is clear in the constitutional language, however, is that the State Investment Board (SIB) "shall invest the principal of the Legacy Fund." How and where to invest the funds are decisions made by the 11 member SIB.

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Testimony HB1475
Samuel Wagner
Lobbyist #1034

Mr Chairman and the Committee,

My name is Sam Wagner and I am testifying today for the Dakota Resource Council and its members. DRC has more than 600 members statewide and was founded to protect North Dakota's natural resources and family farms and ranches.

I would like to state that our organization supports the idea of using the legacy fund to support agricultural value added business and especially local slaughtering facilities. The issue that we would like the committee to address is the language that states that priority will be given to businesses that are owned by the majority of North Dakotans. We feel this leaves too much room for non-North Dakota businesses to be given legacy fund dollars. We would like to see the following amendments.

Section 4

The agriculture innovation fund advisory board shall meet at least quarterly to make recommendations for grants to support new or expanding value-added agriculture businesses which demonstrate financial feasibility, enhance profitability for farmers and ranchers, create jobs, and grow the state's economy. Grant funding may be used to purchase real property and equipment, to support workforce training and development, and to provide working capital. The agriculture innovation fund advisory board shall develop guidelines for the grants, included eligibility criteria and reporting requirements. The guidelines must **only be used include priority** for businesses with a majority of the ownership comprised of North Dakota residents. The advisory board may designate moneys in the fund for loans under this section.

Our stance is that North Dakotans should be the only people that should be allowed to benefit from the legacy fund or low interest Bank of North Dakota Loans. Our residents, many of them farmers and ranchers have had to deal with the brunt of the impacts of the oil boom. Because the legacy fund is funded by oil and gas dollars, North Dakotans, many of whom faced the impacts of oil and gas, should be the ones who benefit from legacy fund dollars. We should use this fund to set up businesses that can continue to drive our economy long after our oil and natural gasses are used up. If a multinational corporation or nationwide corporation wants to come to North Dakota we can assure you that lack of access to start up capital or the inability to get a loan would not be the reason that they can't set up a business here.

In our view, it would be in our best interests if the state set up businesses like local slaughtering facilities and feed plants that are North Dakota owned because North Dakotan businesses should be the ones benefiting from the legacy fund. North Dakota businesses often do business

locally and understand local producers. We cannot always guarantee that with a multinational corporation.

We would urge you to strongly consider the amendments proposed and congratulate you for coming up with legislation that strengthens agriculture in North Dakota.

Feb.4, 2021

House Bill 1475

Dear Mr. Chairman, I stand in support of House Bill 1475. I stand with North Dakota Farmers in support of the use of legacy funds to support agriculture in North Dakota. I think that a beef packing plant supported by legacy funds would promote agriculture in North dakota.

Sincerely,
Kevin Brokaw

Feb.4, 2021

#5582

House Bill 1475

Dear Mr. Chairman, I stand in support of House Bill 1475. I stand with North Dakota Farmers in support of the use of legacy funds to support agriculture in North Dakota.

Sincerely,
Jackie Brokaw



BECKER RANCH
Pat Becker - Monte Becker - Jarrod Becker
8950 - 27th Avenue
Selfridge, ND 58568-9554



#5595

To: House Ag Committee

HB 1475

I Support HB 1475

My name is Patrick Lee Becker, I have been involved in production agriculture since 1974.

With the current political environment in the United States, I believe it is critical for North Dakota to establish an Agriculture Innovation Fund. The Legacy Fund would be a perfect source to provide appropriations to keep North Dakota ahead of the curve when it comes to production agriculture.

February 4, 2021

Members of the House Agriculture Committee,

I stand in support of House Bill 1475. I feel part of the Legacy Fund should be used to support agriculture in our state. This would help bring new business to our state and help grow our state in agriculture. I support our state start its own beef processing plant, feed mills, biofuel plants, etc. This would help create new jobs throughout our great state of North Dakota.

Thank you,

Ryan and Marcie Brokaw

Forbes ND 58439

Dear House Ag Committee Members,

Please vote "yes" on HB 1487.

Please remember, that a vote "yes" does not kill the state checkoff, it simply allows each of us to choose whether or not we support the message of the North Dakota Beef Commission. Maybe those who do support it want to give more than \$1 head. They are free to do so.

As a producer we should be able to vote where we want our hard earned money to go towards. In my opinion the state checkoff is not going to the right places to help support producers like myself. If the \$1 checkoff was going towards COOL then I would be in favor of it.

Cattle buyers and people that feed calves say how good of quality the cattle from North Dakota are so why not promote our own producers by funding a COOL program.

Thank you for voting "yes" on HB 1487

2021 HOUSE APPROPRIATIONS

HB 1475

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Brynhild Haugland Room, State Capitol

HB 1475
2/17/2021

Relating to an agriculture innovation fund and a transfer of legacy fund earnings; and to provide a continuing appropriation.

8:35 Chairman Delzer – Called the meeting to order for HB 1475, roll call was taken;

Attendance	P/A
Representative Jeff Delzer	P
Representative Keith Kempenich	P
Representative Bert Anderson	P
Representative Larry Bellew	P
Representative Tracy Boe	P
Representative Mike Brandenburg	P
Representative Michael Howe	P
Representative Gary Kreidt	P
Representative Bob Martinson	P
Representative Lisa Meier	P
Representative Alisa Mitskog	P
Representative Corey Mock	P
Representative David Monson	P
Representative Mike Nathe	P
Representative Jon O. Nelson	P
Representative Mark Sanford	P
Representative Mike Schatz	P
Representative Jim Schmidt	P
Representative Randy A. Schobinger	P
Representative Michelle Strinden	P
Representative Don Vigesaa	P

Discussion Topics:

- Agriculture Innovation Fund
- Ag Products Utilization Commission (APUC)

8:36 Representative Dennis Johnson- Introduces HB 1475 and testifies in favor of the bill

8:41 Committee discussion

Additional written testimony: No Written testimony

8:58 Chairman Delzer- Closes the meeting for HB 1475

Risa Berube, House Appropriations Committee Clerk

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Brynhild Haugland Room, State Capitol

HB 1475
2/22/2021

Relating to an agriculture innovation fund and a transfer of legacy fund earnings; and to provide a continuing appropriation.

8:40 Chairman Delzer- Opened the meeting for HB 1475

Attendance	P/A
Representative Jeff Delzer	P
Representative Keith Kempenich	P
Representative Bert Anderson	P
Representative Larry Bellew	P
Representative Tracy Boe	P
Representative Mike Brandenburg	A
Representative Michael Howe	P
Representative Gary Kreidt	P
Representative Bob Martinson	P
Representative Lisa Meier	P
Representative Alisa Mitskog	P
Representative Corey Mock	P
Representative David Monson	P
Representative Mike Nathe	P
Representative Jon O. Nelson	P
Representative Mark Sanford	P
Representative Mike Schatz	P
Representative Jim Schmidt	P
Representative Randy A. Schobinger	P
Representative Michelle Strinden	P
Representative Don Vigesaa	P

Discussion Topics:

- Amendment
- Interest buy-down
- 5 million dollar transfer out of general fund

8:43 Representative Kempenich Explains the amendment for HB 1475 (21.0693.03002)

8:46 Committee discussion

8:54 Representative Kempenich Moves the amendment 21.0693.03002 to HB 1475

Representative Boe Second

Further discussion

8:54 Voice Vote- Motion Carries

8:55 Representative Kempenich Makes a motion for a Do Pass as Amended

Representative Boe Second

Further discussion

8:59 Roll call vote was taken;

Representatives	Vote
Representative Jeff Delzer	N
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	N
Representative Tracy Boe	Y
Representative Mike Brandenburg	A
Representative Michael Howe	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	N
Representative Alisa Mitskog	Y
Representative Corey Mock	Y
Representative David Monson	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Mark Sanford	Y
Representative Mike Schatz	N
Representative Jim Schmidt	N
Representative Randy A. Schobinger	N
Representative Michelle Strinden	Y
Representative Don Vigasaa	Y

Motion Carries 14-6-1 Representative Brandenburg will carry the bill

Additional written testimony: No written testimony

9:01 Chairman Delzer- Closes the meeting for HB 1475

Risa Berube,

House Appropriations Committee Clerk


2/22/21

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1475

Page 1, line 1, replace "two" with "a"

Page 1, line 1, replace "sections" with "section"

Page 1, line 1, remove "and a new section to"

Page 1, line 2, remove "chapter 21-10"

Page 1, line 2, remove "and"

Page 1, line 3, replace "a transfer of legacy fund earnings; and" with "; to provide an appropriation;"

Page 1, line 3, after "appropriation" insert "; and to provide for a transfer"

Page 1, line 9, replace "legacy fund earnings deposited in the fund under section 3 of this Act" with "moneys transferred to the fund by the legislative assembly, interest upon moneys in the fund, and payments of interest and principal on loans made from the fund"

Page 1, line 10, replace "may be spent by" with "are appropriated to"

Page 1, line 10, remove "for loans as provided in"

Page 1, remove lines 11 and 12

Page 1, line 13, replace "recommendations from the agricultural products utilization commission" with "on a continuing basis for loan disbursements and administrative costs pursuant to this section"

Page 1, line 14, remove "The agricultural products utilization commission shall meet at least quarterly to make"

Page 1, line 15, replace "recommendations for grants" with "Loans may be issued from the fund"

Page 1, line 17, remove "Grant funding may be used"

Page 1, remove lines 18 through 23

Page 1, line 24, replace "commission may designate moneys in the fund for loans under this section" with "Value-added agriculture businesses include food production or processing facilities; feed or pet food processing facilities; commodity processing facilities; agriculture product manufacturers; and animal agriculture production facilities, including swine, poultry, and feed lot production facilities"

Page 2, line 1, remove "Moneys in the fund designated for loans are appropriated to the Bank of North Dakota"

Page 2, remove line 2

Page 2, line 9, after "costs" insert ", which may not exceed one-half of one percent of the amount of the interest payment"

Page 2, remove lines 12 through 31

Page 3, replace lines 1 through 22 with:

OP
2/22/21

"SECTION 2. APPROPRIATION - TRANSFER TO AGRICULTURE INNOVATION FUND. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, or so much of the sum as may be necessary, which the office of management and budget shall transfer to the agriculture innovation fund during the biennium beginning July 1, 2021, and ending June 30, 2023."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment:

- Removes the Agricultural Products Utilization Commission from making recommendations for grants and loans from the agriculture innovation fund.
- Removes the authorization for the Agriculture Commissioner to issue grants from the fund.
- Clarifies loans may be issued to support value-added agriculture businesses.
- Removes the allocation of legacy fund earnings to the agriculture innovation fund.
- Transfers \$5 million from the general fund to the agriculture innovation fund during the 2021-23 biennium.

REPORT OF STANDING COMMITTEE

HB 1475, as engrossed: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 6 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1475 was placed on the Sixth order on the calendar.

Page 1, line 1, replace "two" with "a"

Page 1, line 1, replace "sections" with "section"

Page 1, line 1, remove "and a new section to"

Page 1, line 2, remove "chapter 21-10"

Page 1, line 2, remove "and"

Page 1, line 3, replace "a transfer of legacy fund earnings; and" with "; to provide an appropriation;"

Page 1, line 3, after "appropriation" insert "; and to provide for a transfer"

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Page 2, remove line 2

Page 2, line 9, after "costs" insert ", which may not exceed one-half of one percent of the amount of the interest payment"

Page 2, remove lines 12 through 31

Page 3, replace lines 1 through 22 with:

"SECTION 2. APPROPRIATION - TRANSFER TO AGRICULTURE INNOVATION FUND. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, or so much of the sum as may be necessary, which the office of management and budget shall transfer to the agriculture innovation fund during the biennium beginning July 1, 2021, and ending June 30, 2023."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment:

- Removes the Agricultural Products Utilization Commission from making recommendations for grants and loans from the agriculture innovation fund.
- Removes the authorization for the Agriculture Commissioner to issue grants from the fund.
- Clarifies loans may be issued to support value-added agriculture businesses.
- Removes the allocation of legacy fund earnings to the agriculture innovation fund.
- Transfers \$5 million from the general fund to the agriculture innovation fund during the 2021-23 biennium.

2021 SENATE AGRICULTURE

HB 1475

2021 SENATE STANDING COMMITTEE MINUTES

Agriculture Committee Fort Union Room, State Capitol

HB 1475
3/12/2021

relating to an agriculture innovation fund

Chair Luick opened the hearing at 8:59 a.m. All members were present. Senators Luick, Myrdal, Hogan, Klein, Lemm, and Larsen.

Discussion Topics:

- Diversification in agriculture
- Investments in North Dakota
- Investments out of state
- Legacy Fund

Representative Bernie Satrom introduced the bill [9:00].

Representative Keith Kempenich testified in favor [9:18].

Doug Goehring, Agriculture Commissioner testified in favor and submitted testimony #8918 [9:30].

Senator Terry Wanzek testified in favor [9:49].

Mark Watne, President of North Dakota Farmers Union testified in favor and submitted testimony #8910 [10:02].

Gerald Bachmeier, ND Ethanol Producers Association testified in favor and submitted testimony #8906 [10:06].

Julie Ellingson, ND Stockman's Association testified in favor [10:12].

Todd Steinwand, Bank of North Dakota testified in favor [10:14].

Dan Wogsland, ND Grain Growers Association testified in favor and submitted testimony #8895 [10:25].

Samuel Wagner, Dakota Resource Council testified neutral and submitted testimony #8673 [10:27].

Kelvin Hullet, Bank of North Dakota to answer questions and submitted testimony #8897 [10:32].

Additional written testimony: 8341, 8342, 8343, 8388, and 8758.

Chair Luick ended the hearing at 10:32 a.m.

Alice Delzer, Committee Clerk

COMMISSIONER
DOUG GOEHRING



ndda@nd.gov
www.nd.gov/ndda

**NORTH DAKOTA
DEPARTMENT OF AGRICULTURE**

STATE CAPITOL
600 E. BOULEVARD AVE. – DEPT. 602
BISMARCK, ND 58505-0020

**Testimony of Doug Goehring
Agriculture Commissioner
North Dakota Department of Agriculture
House Bill 1475
Senate Agriculture Committee
March 12, 2021**

Chairman Luick and members of the Senate Agriculture Committee, I am Agriculture Commissioner Doug Goehring and I am here in support of HB 1475 as amended.

HB 1475 as amended creates the Agriculture Diversification and Development (ADD) Fund in chapter 4.1-01.1 of the North Dakota Century Code. The ADD fund will be utilized for loans through the Bank of North Dakota and grants administered by the Agriculture Commissioner through the Agricultural Products Utilization Commission.

The loan portion of the program includes an interest buydown for eligible value-added agriculture businesses. The interest buydown would follow a similar schedule as other buydown programs that include zero percent interest for the first three years of the loan, one percent interest for the next two years, and an interest rate equal to a standard BND loan for all subsequent years.

The grant fund portion would not be added to APUC funding, but APUC is a good fit for the administration of this new fund because the nine member commission is made up of people from a variety of backgrounds including agriculture, agribusiness, Department of Commerce, and our land grant university.

The ADD grants will provide incentives for value-added agriculture development in ways that APUC does not. The ADD grants would be available for supporting workforce training and development activities as well as for offsetting onsite infrastructure such as completing the last mile of pipe to connect to rural water, finishing an approach, or putting in fire suppression systems.

APUC has an existing structure and process for reviewing project proposals and determining merit based funding with built-in program accountability. The Agriculture Diversification and Development Fund grant program is a natural fit with the types of proposals APUC already handles without duplicating efforts through the creation of another committee.

Chairman Luick and committee members, thank you for your consideration of HB 1475 as amended. I will stand for any questions.

PROPOSED AMENDMENT TO REENGROSSED HOUSE BILL NO. 1475

Page 1, line 1, after "A BILL", replace all that follows with:

"for an Act to create and enact two new sections to chapter 4.1-01.1 of the North Dakota Century Code, relating to an agriculture diversification and development fund; to provide an appropriation; to provide a continuing appropriation; and to provide for transfers.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 4.1-01.1 of the North Dakota Century Code is created and enacted as follows:

Agriculture diversification and development fund – Continuing appropriation.

1. There is created in the state treasury the agriculture diversification and development loan fund. The fund consists of all moneys transferred to the fund by the legislative assembly, interest upon moneys in the fund, and payments of interest and principal on loans made from the fund. Moneys in the fund are appropriated on a continuing basis for loan disbursements and administrative costs pursuant to this section by the Bank of North Dakota. Of the moneys transferred to the fund by the legislative assembly, fifty percent shall be appropriated to the agriculture commissioner for disbursement of grants.

Agriculture diversification and development fund loan program

1. The Bank may issue loans from the fund to support new or expanding value-added agriculture businesses which demonstrate financial feasibility, enhance profitability for farmers and ranchers, create jobs, and grow the state's economy. Value-added agriculture businesses include food production or processing facilities; feed or pet food processing facilities; commodity processing facilities; agriculture product manufacturers; and animal agriculture production facilities, including swine, poultry, and feed lot production facilities.
2. The Bank shall review the business plan, financial statements, and other information necessary for the Bank to determine which applications will be approved by the Bank for final loan approval. The terms of the loan must include:
 - a. Zero percent interest for the first three years of the loan;
 - b. One percent interest for the next two years of the loan; and
 - c. An interest rate equal to a standard Bank of North Dakota loan for all subsequent years.
3. To be eligible for a loan under this chapter, an entity shall agree to provide the Bank of North Dakota with information as requested by the Bank.

SECTION 2. A new section to chapter 4.1-01.1 of the North Dakota Century Code is created and enacted as follows:

Agriculture diversification and development fund grant program

1. The commissioner shall administer the agriculture diversification and development fund grant program through the agricultural products utilization commission. Grant funding shall support new or expanding value-added agriculture businesses which demonstrate financial feasibility, enhance profitability for farmers and ranchers, create jobs, and grow the state's economy. Grant funding may be used to purchase equipment, to support workforce training and development, and for onsite infrastructure. Value-added agriculture businesses include food production or processing facilities; feed or pet food processing facilities; commodity processing facilities; agriculture product manufacturers; and animal agriculture production facilities, including swine, poultry, and feed lot production facilities.
2. The agricultural products utilization commission shall develop guidelines for the grants, including eligibility criteria and reporting requirements. The guidelines must include priority for businesses with a majority of the ownership comprised of North Dakota residents. The agricultural products utilization commission shall review grant applications and make funding recommendations to the commissioner.

Agriculture diversification and development fund grants program – Access to records

1. To the extent the agricultural products utilization commission determines the materials or data provided under section 1 of this Act consist of trade secrets or commercial, financial, or proprietary information of individuals or entities applying for grants with the commission, materials and data submitted to , made by, or received by the commission, are not public records subject to section 44-04-18 and section 6 article XI of the Constitution of North Dakota, and are subject to section 44-04-18.4.
2. A person may file a request with the commission to have material designated as confidential under subsection 1. The request must contain any information required by the commission and must include at least the following:
 - a. A general description of the nature of the information sought to be protected.
 - b. An explanation of why the information derives independent economic value, actual or potential, from not being generally known to other persons,
 - c. An explanation of why the information is not readily ascertainable by proper means of other persons,
 - d. A general description of any person that may obtain economic value from disclosure or use of the information, and how the person may obtain this value,
 - e. A description of the efforts used to maintain the secrecy of the information
3. Any request under subsection 2 is confidential. The commission shall examine the request and determine whether the information is relevant to the matter at

hand and is a trade secret under the definition in section 47-25.01-01 or 44-04-18.4. if the commission determines the information is either not relevant or not a trade secret, the commission shall notify the requester and the requester may ask for the return of the information and the request within ten days of the notice. If no return is sought, the information and request are public record.

4. The names or identities of independent technical reviewers on a project or program are confidential, may not be disclosed by the commission, and are not public records subject to section 44-04-18 or section 6 of article XI of the Constitution of North Dakota.

SECTION 3. APPROPRIATION – TRANSFER TO AGRICULTURE DIVERSIFICATION AND DEVELOPMENT FUND.

There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$20,000,000, or so much of the sum as may be necessary, to the agriculture diversification and development fund during the biennium beginning July 1, 2021, and ending June 30, 2023.”

THIRD ENGROSSMENT

Sixty-seventh
Legislative Assembly
of North Dakota

REENGROSSED HOUSE BILL NO. 1475

Introduced by

Representatives Satrom, Hagert, Kempenich, Kiefert, Mitskog, Ostlie
Senators Conley, Wanzek

A BILL for an Act to create and enact two new sections to chapter 4.1-01.1 of the North Dakota Century Code, relating to an agriculture diversification and development fund; to provide an appropriation; to provide a continuing appropriation; and to provide for transfers.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 4.1-01.1 of the North Dakota Century Code is created and enacted as follows:

Agriculture diversification and development fund – Continuing appropriation.

1. There is created in the state treasury the agriculture diversification and development loan fund. The fund consists of all moneys transferred to the fund by the legislative assembly, interest upon moneys in the fund, and payments of interest and principal on loans made from the fund. Moneys in the fund are appropriated on a continuing basis for loan disbursements and administrative costs pursuant to this section by the Bank of North Dakota. Of the moneys transferred to the fund by the legislative assembly, fifty percent shall be appropriated to the agriculture commissioner for disbursement of grants.

Agriculture diversification and development loan program

1. The Bank may issue loans from the fund to support new or expanding value-added agriculture businesses which demonstrate financial feasibility, enhance profitability for farmers and ranchers, create jobs, and grow the state's economy. Value-added agriculture businesses include food production or processing facilities; feed or pet food processing facilities; commodity processing facilities; agriculture product manufacturers; and animal agriculture production facilities, including swine, poultry, and feed lot production facilities.
2. The Bank shall review the business plan, financial statements, and other information necessary for the Bank to determine which applications will be approved by the Bank for final loan approval. The terms of the loan must include:
 - a. Zero percent interest for the first three years of the loan;
 - b. One percent interest for the next two years of the loan; and

- c. An interest rate equal to a standard Bank of North Dakota loan for all subsequent years.
3. To be eligible for a loan under this chapter, an entity shall agree to provide the Bank of North Dakota with information as requested by the Bank.

SECTION 2. A new section to chapter 4.1-01.1 of the North Dakota Century Code is created and enacted as follows:

Agriculture diversification and development grant program

1. The commissioner shall administer the agriculture diversification and development grant program through the agricultural products utilization commission. Grant funding shall support new or expanding value-added agriculture businesses which demonstrate financial feasibility, enhance profitability for farmers and ranchers, create jobs, and grow the state's economy. Grant funding may be used to purchase equipment, to support workforce training and development, and for onsite infrastructure. Value-added agriculture businesses include food production or processing facilities; feed or pet food processing facilities; commodity processing facilities; agriculture product manufacturers; and animal agriculture production facilities, including swine, poultry, and feed lot production facilities.
2. The agricultural products utilization commission shall develop guidelines for the grants, including eligibility criteria and reporting requirements. The guidelines must include priority for businesses with a majority of the ownership comprised of North Dakota residents. The agricultural products utilization commission shall review grant applications and make funding recommendations to the commissioner.

Agriculture diversification and development fund grants program – Access to records

1. To the extent the agricultural products utilization commission determines the materials or data provided under section 1 of this Act consist of trade secrets or commercial, financial, or proprietary information of individuals or entities applying for grants with the commission, materials and data submitted to , made by, or received by the commission, are not public records subject to section 44-04-18 and section 6 article XI of the Constitution of North Dakota, and are subject to section 44-04-18.4.
2. A person may file a request with the commission to have material designated as confidential under subsection 1. The request must contain any information required by the commission and must include at least the following:
 - a. A general description of the nature of the information sought to be protected.

- b. An explanation of why the information derives independent economic value, actual or potential, from not being generally known to other persons,
 - c. An explanation of why the information is not readily ascertainable by proper means of other persons,
 - d. A general description of any person that may obtain economic value from disclosure or use of the information, and how the person may obtain this value,
 - e. A description of the efforts used to maintain the secrecy of the information
3. Any request under subsection 2 is confidential. The commission shall examine the request and determine whether the information is relevant to the matter at hand and is a trade secret under the definition in section 47-25.01-01 or 44-04-18.4. if the commission determines the information is either not relevant or not a trade secret, the commission shall notify the requester and the requester may ask for the return of the information and the request within ten days of the notice. If no return is sought, the information and request are public record.
4. The names or identities of independent technical reviewers on a project or program are confidential, may not be disclosed by the commission, and are not public records subject to section 44-04-18 or section 6 of article XI of the Constitution of North Dakota.

SECTION 3. APPROPRIATION – TRANSFER TO AGRICULTURE DIVERSIFICATION AND DEVELOPMENT FUND.

There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$20,000,000, or so much of the sum as may be necessary, to the agriculture diversification and development fund during the biennium beginning July 1, 2021, and ending June 30, 2023.



Contact:
Matt Perdue, Lobbyist
mperdue@ndfu.org | 701.641.3303

**Testimony of
Mark Watne
North Dakota Farmers Union
Before the
Senate Agriculture Committee
March 12, 2021**

Mr. Chairman and members of the committee,

Thank you for the opportunity to testify on House Bill No. 1475. My name is Mark Watne, and I am the president of North Dakota Farmers Union.

NDFU supports HB 1475 with the proposed amendment. We believe this legislation will play a key role in improving farmers' and ranchers' incomes, creating new jobs and building a stronger state economy.

HB 1475 would promote the development of value-added agriculture projects of all types. That list could include beef slaughter and rendering, soybean crush, feed mills, hemp processors, feedlots and more. Projects like these create upstream opportunities for higher value agricultural production and downstream opportunities for further processing, marketing and retail.

The proposed amendment includes two parts. The first is an interest rate buydown program. This is modeled off the Innovation Loan Fund to Support Technology Advancement, more commonly known as the LIFT fund. The interest rate buydown program would provide new value-added projects with zero percent interest for the first three years and one percent interest for the next two years.

The amendment also includes a grant provision. These grants would be placed in a distinct, segregated fund that would be awarded by the Agricultural Products Utilization Commission (APUC). APUC has supported wealth creation and opportunities for farmers and ranchers since 1979. The Agriculture Innovation Fund builds upon APUC's success by creating a new fund to support shovel-ready, large-scale projects.

The legislation sets four basic criteria to ensure Agriculture Innovation Fund dollars are awarded based on a project's merits. To be eligible, projects must demonstrate financial feasibility, ability to enhance farmers' and ranchers' profits, jobs creation and state economic growth. HB 1475 builds upon our already strong agricultural base to diversify and strengthen our state's economy and create new opportunities in rural communities.

We urge adoption of the proposed amendment and a "Do Pass" on HB 1475. I will stand for any questions.

Testimony of Gerald Bachmeier

President of North Dakota Ethanol Producers Association and CEO of Red Trail Energy

To the Senate Agriculture Committee
In Support of House Bill 1475

March 12, 2021

Chairman Luick and members of the Agriculture Committee:

I am Gerald Bachmeier, I serve as the president of the North Dakota Ethanol Producers Association, which represents North Dakota's six ethanol plants, industry stakeholders and associated businesses. I am here today to support Senate Bill 1475 to enhance financing assistance to additional value-added agriculture opportunities.

The Ethanol Producers Association supports the proposal in HB 1475 to enhance investment in emerging technologies and next generation agriculture opportunities. Expansion of sustainable products, high value processes, livestock feeding, and new markets can lead to opportunities for agriculture that support high paying jobs and enhance economic activity.

North Dakota's ethanol industry already contributes more than \$623 million annually to the state's economy and provides thousands of direct and indirect jobs. North Dakota's economy is dependent on agriculture and ethanol is an important part of that economy- the industry converts 200 million bushels of corn (40 to 60% of the state's average corn crop) into 543 million gallons of ethanol and 1.5 million tons of dried distillers grains for livestock feed.

We compliment the legislature's proactive focus on supporting value added agriculture. We appreciate the proposals that will continue to encourage agricultural processing. As introduced, HB 1475 included a substantial appropriation for grants and loans to support processing and feeding operations. While we understand state budget challenges, we hope this committee will increase the funding from the present \$5 million in the bill to at least \$20 million to be available to buydown interest on loans extended to value-added startups, expansions, and process investments.

I want to update the committee on our efforts toward a next generation opportunity to add more value to ethanol by capturing and storing carbon dioxide (CO₂). Ethanol plants produce 18 pounds of CO₂ from every bushel of corn processed. Our industry recognizes an opportunity capture that CO₂ to generate additional revenue.

At Red Trail Energy in Richardton, we are working in coordination with the Energy and Environmental Research Center on a Carbon Capture and Storage project, which has the potential for tens of millions of dollars of economic impact per year. The Renewable Energy Council, along with private industry, have supported research to help commercialize emerging CO₂ capture technologies. This opportunity has the promise of bringing significant impact to North Dakota and extending value to numerous industries. Red Trail Energy has done the research, made the investment, received the permits and gained process

approvals to gain additional value for our ethanol by capturing the CO₂ we produce. By pulling off the CO₂ and geologically storing it, we improve the Carbon Intensity (CI) value of the ethanol as evaluated by several West Coast markets. Ethanol produced with a lower CI score is differentiated from other ethanol and is worth more in California and Oregon due to their Low Carbon Fuel Standards.

North Dakota ethanol producers are also capturing the corn oil which is being used for industrial lubricants and renewable diesel fuel. Our members are investing in projects like these, to further process ethanol, corn or other agriculture products into higher-value products, help generate additional revenue. Expanding the value-added interest buydown can help support investments that are good for farmers, communities, and North Dakota.

We thank you for your support of the state's ethanol industry in the past and urge your favorable consideration of HB 1475, which can support additional investments in agriculture diversification and processing enterprises. The ethanol producers appreciate your affirmative consideration.

I will be glad to answer any questions you may have.



**North Dakota Grain Growers Association
Testimony in Support of HB 1475
Senate Agriculture Committee
March 12, 2021**

Chairman Luick, members of the Senate Agriculture Committee, for the record my name is Dan Wogsland, Executive Director of the North Dakota Grain Growers Association (NDGGA). NDGGA, through our contracts with the North Dakota Wheat Commission and the North Dakota Barley Council, engages in domestic policy issues on the state and federal level on behalf of North Dakota wheat and barley farmers. I am providing testimony for you today on behalf of NDGGA in support of the hog housed HB 1475 which has been presented to the Committee today.

HB 1475 creates the new Agriculture Diversification and Development (ADD) Fund which would provide loans and grants for needed value-added agricultural businesses based in North Dakota. The legislation, utilizing the excellent resources of the Agriculture Commissioner, the North Dakota Department of Agriculture, Bank of North Dakota and the Agricultural Products Utilization Commission, ensures that value-added agriculture will be nurtured in the state and at the same time protects the use of taxpayer dollars. To NDGGA this bodes very well for the state of North Dakota.

NDGGA supports the loan and grant provisions contained in this new bill. Additionally, NDGGA supports the confidentiality provisions of the legislation. In total HB 1475 looks to take a much-needed leap forward in providing for value added agricultural enterprises in North Dakota.

Chairman Luick, members of the Senate Agriculture Committee, increasing opportunities for value-added agricultural industries in North Dakota is an essential component for the continued success of our state's agriculture. Providing and obtaining the funding necessary for value added agriculture is always a challenge; HB 1475 provides the essential pieces of the value-added puzzle which will benefit North Dakota agriculture and the North Dakota economy now and in the future.

"You Raise; We Represent"

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Therefore the North Dakota Grain Growers Association respectfully requests that the Senate Agriculture Committee give HB 1475 a Do Pass recommendation and would urge the full Senate to concur.

Testimony HB1475
Samuel Wagner
Lobbyist #1034

Mr Chairman and the Committee,

My name is Sam Wagner and I am testifying today for the Dakota Resource Council and its members. DRC has more than 600 members statewide and was founded to protect North Dakota's natural resources and family farms and ranches.

I would like to state that our organization supports the idea of using the legacy fund to support agricultural value added business and especially local slaughtering facilities. The issue that we would like the committee to address is the language that states that priority will be given to businesses that are owned by the majority of North Dakotans. We feel this leaves too much room for non-North Dakota businesses to be given legacy fund dollars. We would like to see the following amendments.

Section 4

The agriculture innovation fund advisory board shall meet at least quarterly to make recommendations for grants to support new or expanding value-added agriculture businesses which demonstrate financial feasibility, enhance profitability for farmers and ranchers, create jobs, and grow the state's economy. Grant funding may be used to purchase real property and equipment, to support workforce training and development, and to provide working capital. The agriculture innovation fund advisory board shall develop guidelines for the grants, included eligibility criteria and reporting requirements. The guidelines must **only be used include priority** for businesses with a majority of the ownership comprised of North Dakota residents. The advisory board may designate moneys in the fund for loans under this section.

Our stance is that North Dakotans should be the only people that should be allowed to benefit from the legacy fund or low interest Bank of North Dakota Loans. Our residents, many of them farmers and ranchers, have had to deal with the brunt of the impacts of the oil boom. Because the legacy fund is funded by oil and gas dollars, North Dakotans, many of whom faced the impacts of oil and gas, should be the ones who benefit from legacy fund dollars. We should use this fund to set up businesses that can continue to drive our economy long after our oil and natural gasses are used up. If a multinational corporation or nationwide corporation wants to come to North Dakota we can assure you that lack of access to start up capital or the inability to get a loan would not be the reason that they can't set up a business here.

In our view, it would be in our best interests if the state set up businesses like local slaughtering facilities and feed plants that are North Dakota owned because North Dakotan businesses should be the ones benefiting from the legacy fund. North Dakota businesses often do business

locally and understand local producers. We cannot always guarantee that with a multinational corporation.

In conclusion we support the premise of this bill, but we also urge you to strongly consider amending this bill to prevent out of state companies from benefiting from Legacy Fund dollars.

March 12, 2021
Kelvin Hullet, Market Manager
Bank of North Dakota
HB1475

Position: Neutral

Kelvin Hullet will not have formal testimony. He will be available for questions should they arise.

Testimony of Connie Ova, CEO
Jamestown/Stutsman County Development Corporation
HB 1475
March 9, 2021

Chairman Luick and members of the Senate Agriculture Committee. I'm Connie Ova, CEO of the Jamestown/Stutsman Development Corporation. I have served in this capacity since 2003. The Jamestown/Stutsman Development Corporation (JSDC) is dedicated to area economic development growth and diversification. JSDC was formally organized in 1991 to develop employment to improve business conditions and advance the interests of the City of Jamestown and Stutsman County, North Dakota by implementing and sustaining an organized effort to attract new businesses and industry, support existing businesses and industry, and encourage new business starts. Jamestown/Stutsman Development Corporation's focus is primary sector job creation.

I stand before you in support of HB 1475, which creates the agriculture innovation fund. This fund, in addition to providing loans to agriculture, also provides for the opportunity through the Bank of ND to provide grants to value added agriculture businesses based on recommendations from the agricultural products utilization commission (APUC). These dollars would come from earnings of the legacy fund. I have included with my testimony a copy of a statewide survey conducted last fall that reveals that the people of North Dakota overwhelmingly support investing the Legacy Fund within the state. There are numerous studies done by APUC highlighting the economic impact of value-added agriculture businesses. We, here in Stutsman County, are home to many value-added ag businesses such as Cavendish Farms, Legume Matrix, Dakota Spirit Ag Energy to name a few and are pursuing a soybean processing/crushing facility and an all under glass, 30 acre greenhouse that will have a significant impact on the local and state economy.

“Value added” means adding value to a raw product by taking it to, at least, the next stage of production. This can be as simple as retaining ownership of your calves and placing them in a feedlot. Value-added agriculture refers most generally to manufacturing processes that increase the value of primary agricultural commodities. Value-added agriculture may also refer to increasing the economic value of a commodity through particular production processes, e.g., organic produce, or through regionally branded products that increase consumer appeal and willingness to pay a premium over similar but undifferentiated products. It can also be described as the process that transforms the raw agricultural product into something new through packaging, processing, cooling, drying, extracting, and other processes that change a product from its original raw form. As a result of this transformation, the customer base of a product and revenue sources for the producer are expanded.

JSDC understands the difficult position you have to determine the state's future, and we appreciate all the thoughtfulness you have put into managing this responsibility. Please consider how programs and resources support the communities in the entire state as you make these decisions.

I urge the committee's support of HB 1475.

#8342



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North Dakota Legacy Fund: Statewide Survey

n=502 Likely Voters

MoE= $\pm 4.4\%$

50% Cell Phone Interviews

Conducted: October 13-15, 2020

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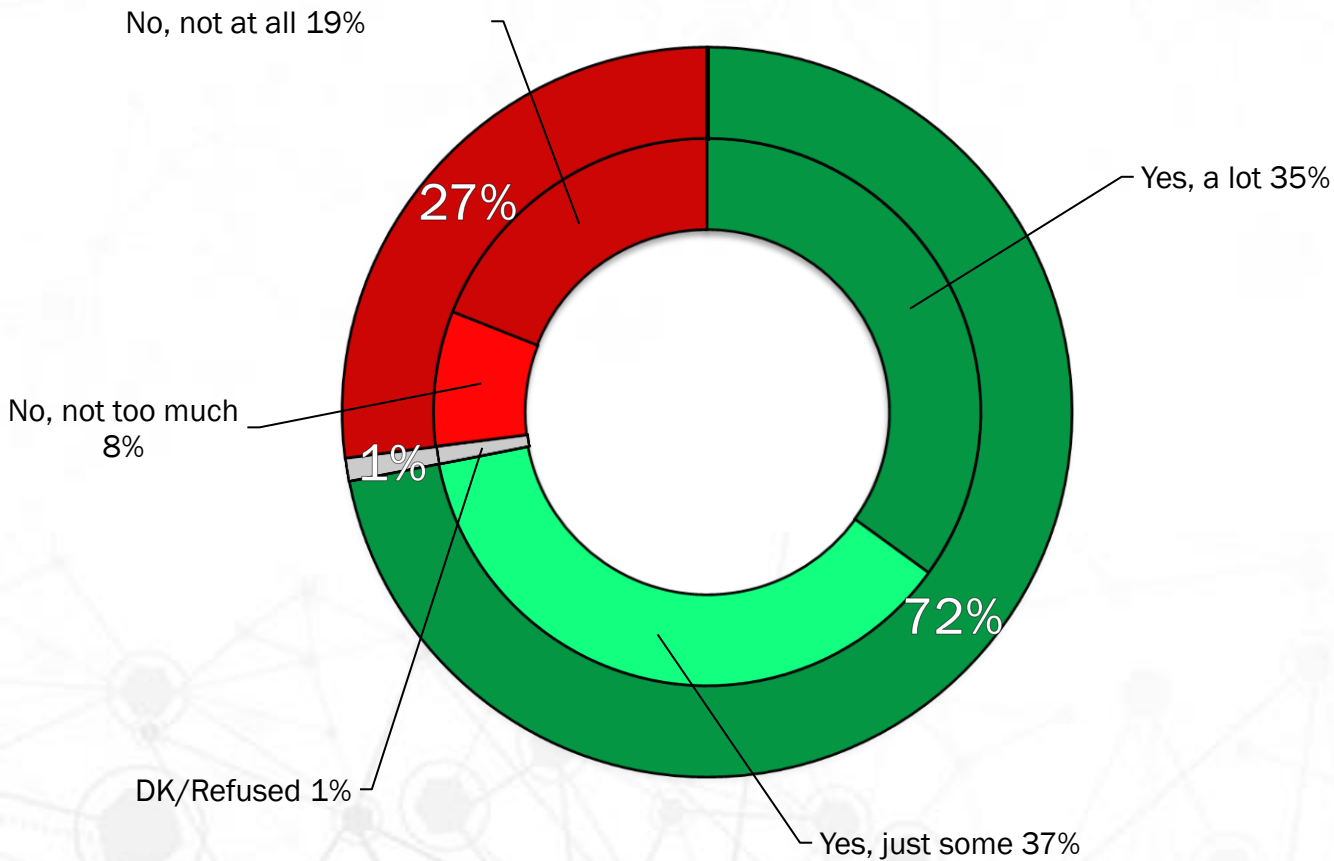
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Legacy Fund Awareness

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Nearly three-in-four voters (72%) are aware of the Legacy Fund. Voters with a high school level education or less are less aware (42%) than any other demographic group.

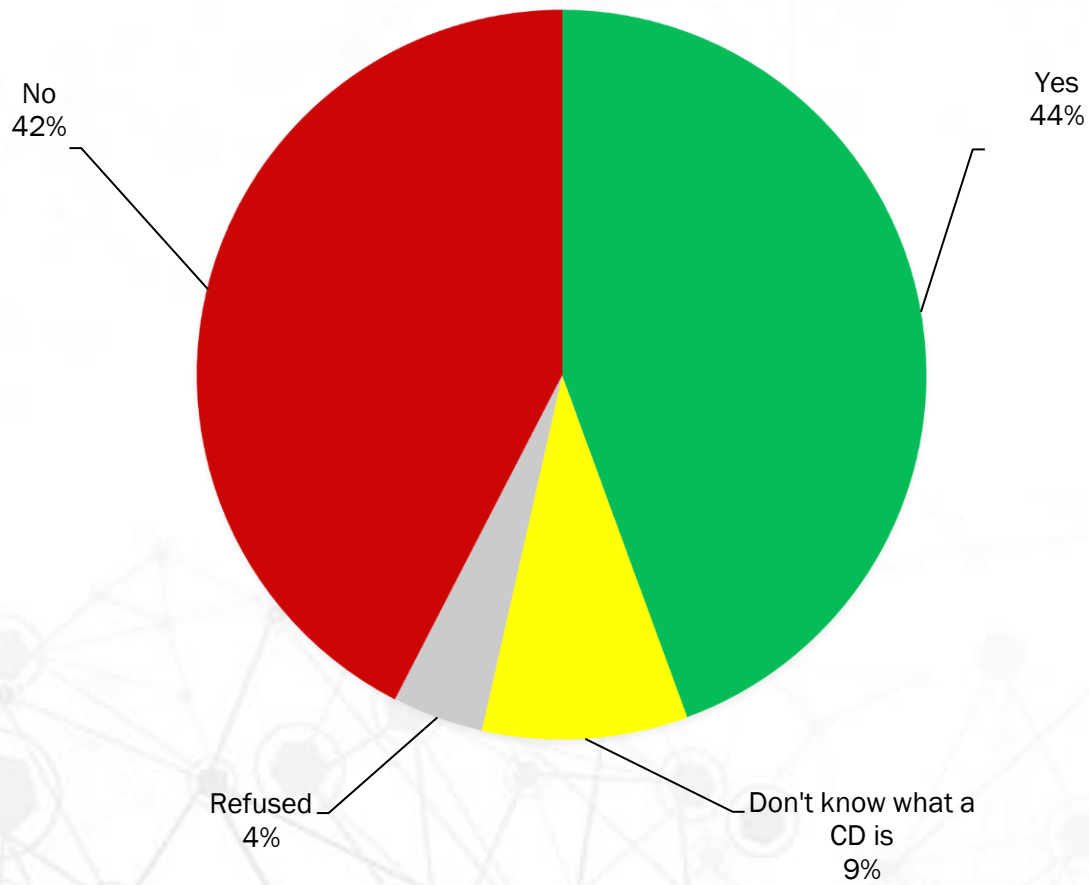
Q3. Are you aware that the state of North Dakota has an investment fund called the Legacy Fund?



	Size	Total Yes	Total No
Republican	35%	70%	28%
Independent	41%	72%	28%
Democrat	22%	76%	24%
Men 18-54	34%	75%	23%
Men 55+	14%	83%	16%
Women 18-54	22%	70%	30%
Women 55+	35%	66%	34%
High School or Less	21%	58%	42%
Some College	43%	74%	25%
Bachelor's	25%	79%	21%
Postgraduate	10%	84%	15%
Fargo/Valley City DMA	50%	73%	27%
Minot/Bismark/Dickinson DMA	50%	73%	26%

Voters are split between considering CDs to be an investment (44%) and not considering a CD to be an investment (42%).

Q15. Do you consider a Certificate of Deposit, also known as a CD, to be an investment similar to stocks, bonds and mutual funds?



	Size	Yes	No
Republican	35%	45%	38%
Independent	41%	46%	47%
Democrat	22%	40%	43%
Men 18-54	34%	45%	46%
Men 55+	14%	42%	54%
Women 18-54	22%	49%	33%
Women 55+	35%	41%	37%
High School or Less	21%	52%	29%
Some College	43%	39%	45%
Bachelor's	25%	48%	46%
Postgraduate	10%	33%	54%
Fargo/Valley City DMA	50%	44%	42%
Minot/Bismark/Dickinson DMA	50%	44%	42%

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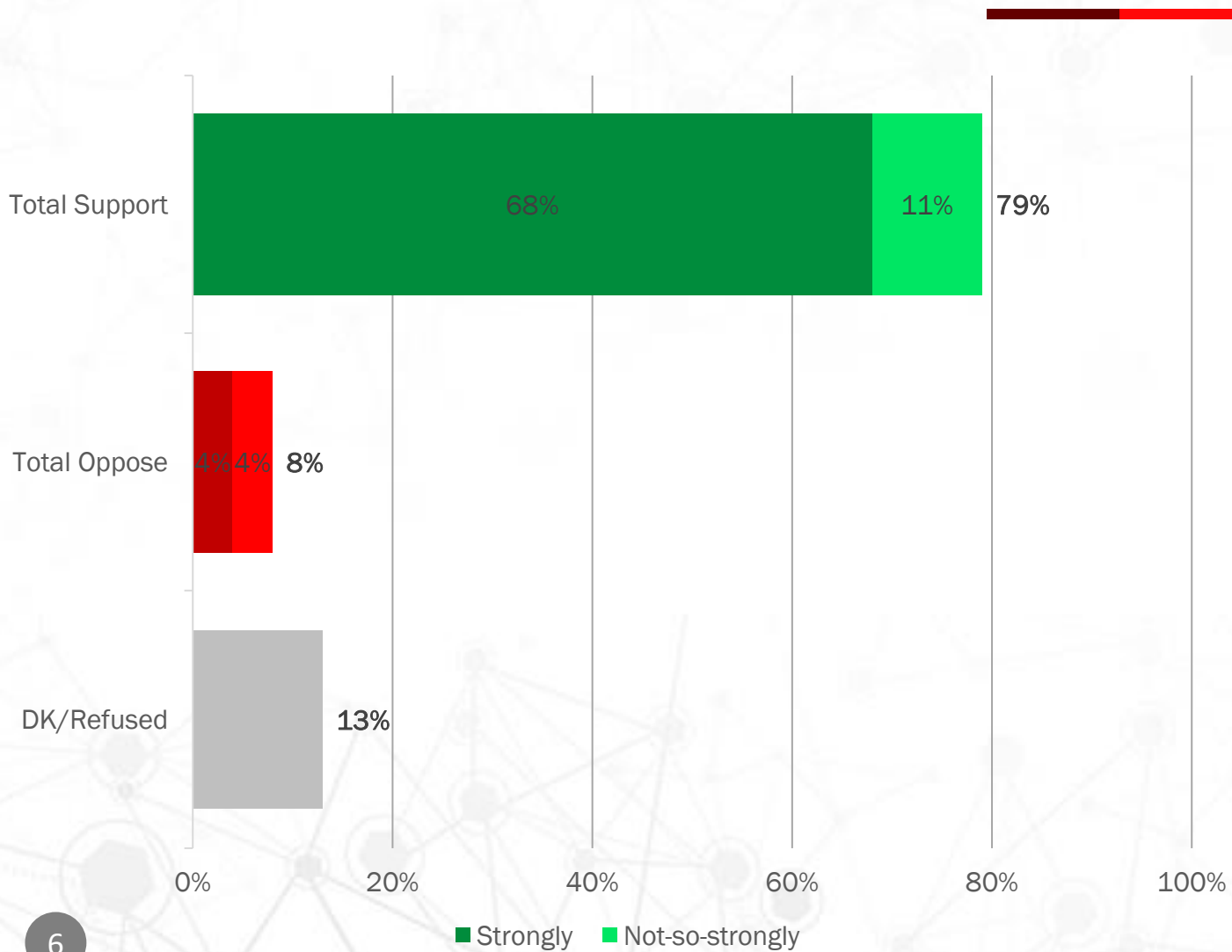
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Positions on Investment Opportunities

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Nearly four-in-five voters (79%) would support a greater portion of the investments to be made in North Dakota. Men 55+ (13%) and postgraduates (14%) are more opposed than other demographic groups.

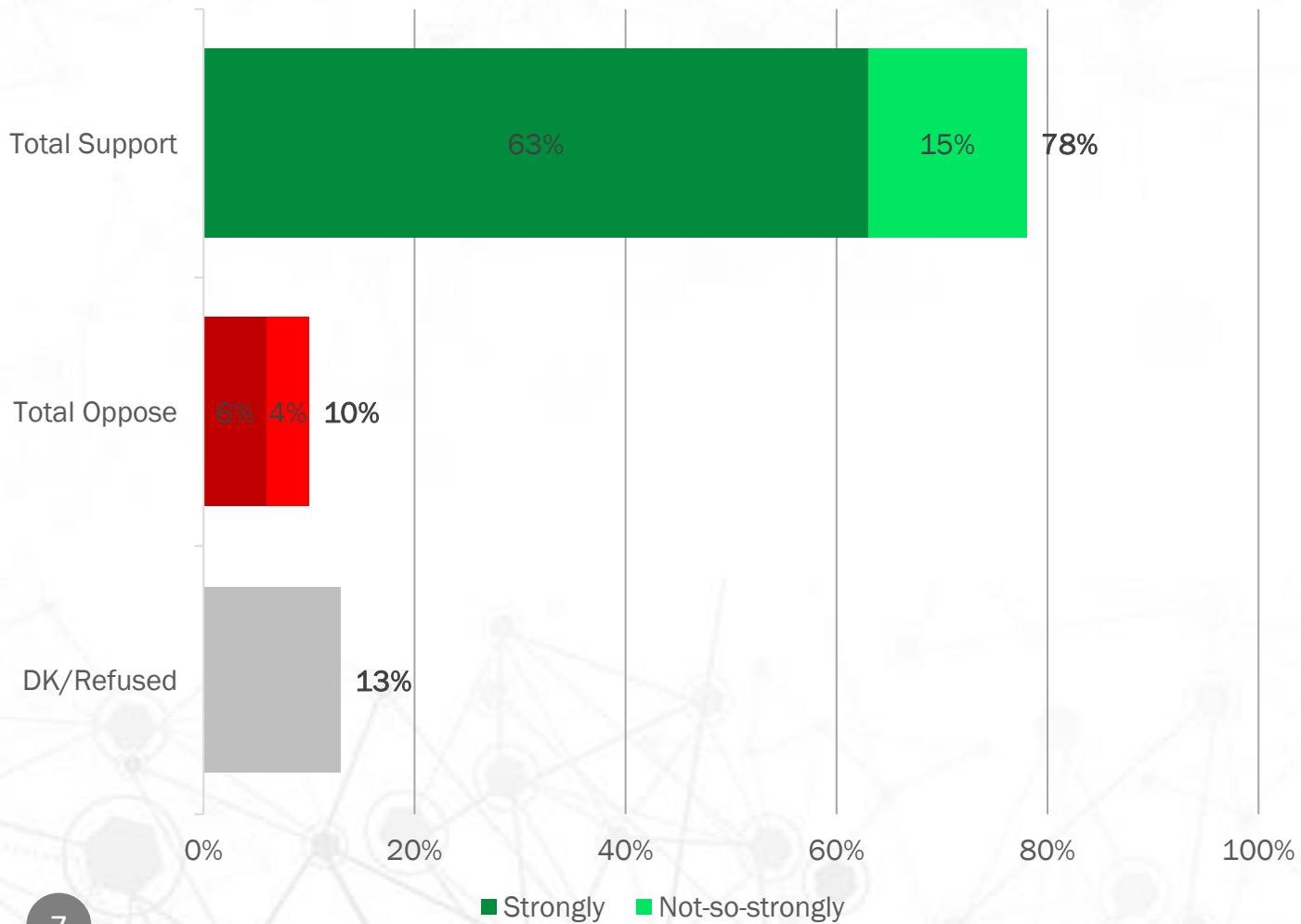
Q4. Currently, the Legacy Fund invests almost all of the funds outside the state and outside the country. Would you support or oppose a specific and greater portion of those investments to be made in North Dakota?



	Size	Total Support	Total Oppose	DK/Ref.
Republican	35%	85%	6%	8%
Independent	41%	72%	11%	17%
Democrat	22%	81%	5%	14%
Men 18-54	34%	75%	12%	13%
Men 55+	14%	72%	13%	15%
Women 18-54	22%	78%	5%	17%
Women 55+	35%	91%	4%	5%
High School or Less	21%	76%	9%	14%
Some College	43%	82%	5%	13%
Bachelor's	25%	80%	9%	11%
Postgraduate	10%	70%	14%	15%
Fargo/Valley City DMA	50%	76%	8%	15%
Minot/Bismark/Dickinson DMA	50%	81%	8%	11%

Nearly four-in-five voters (78%) would support allocating ten percent of the Legacy Fund to investments in North Dakota. Men 55+ (15%) and postgraduates (16%) are more opposed than other demographic groups.

Q5. Would you support or oppose allocating a specific amount of ten percent of the Legacy Fund for investments in North Dakota?



	Size	Total Support	Total Oppose	DK/Ref.
Republican	35%	80%	6%	13%
Independent	41%	75%	11%	14%
Democrat	22%	79%	12%	9%
Men 18-54	34%	76%	7%	17%
Men 55+	14%	72%	15%	13%
Women 18-54	22%	85%	7%	8%
Women 55+	35%	80%	13%	7%
High School or Less	21%	82%	11%	7%
Some College	43%	80%	9%	12%
Bachelor's	25%	78%	8%	14%
Postgraduate	10%	61%	16%	23%
Fargo/Valley City DMA	50%	78%	9%	13%
Minot/Bismark/Dickinson DMA	50%	77%	10%	12%

Question Six:

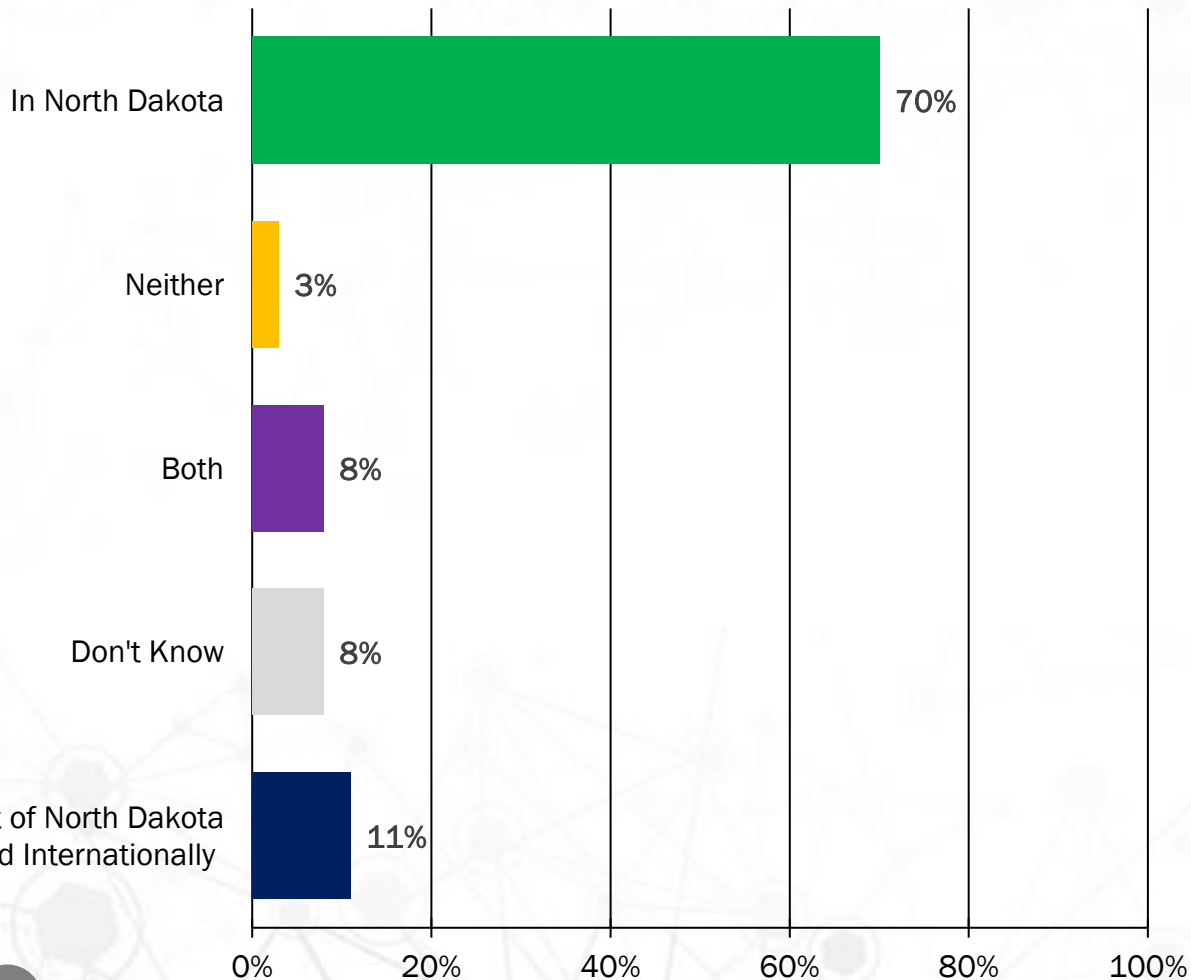
(Some/Other) people say that more of the Legacy Fund should be invested in North Dakota regardless of where the best investment opportunities may be.

...while...

(Some/Other) people say that nearly all of the legacy fund should continue to be invested out of North Dakota and internationally.

A majority of voters (70%) think that more of the Legacy Fund should be invested in North Dakota regardless of where the best investment opportunities might be.

Q6. I am going to read you two points of view about the Legacy Fund and please tell me which one you agree with more.



	Size	More Invested in ND	ND and International	Both
Republican	35%	76%	6%	7%
Independent	41%	64%	16%	8%
Democrat	22%	68%	8%	10%
Men 18-54	34%	59%	13%	15%
Men 55+	14%	70%	18%	1%
Women 18-54	22%	68%	9%	9%
Women 55+	35%	88%	5%	0%
High School or Less	21%	71%	13%	2%
Some College	43%	74%	6%	9%
Bachelor's	25%	65%	12%	12%
Postgraduate	10%	58%	20%	5%
Fargo/Valley City DMA	50%	66%	12%	8%
Minot/Bismark/Dickinson DMA	50%	73%	9%	8%

Question Seven:

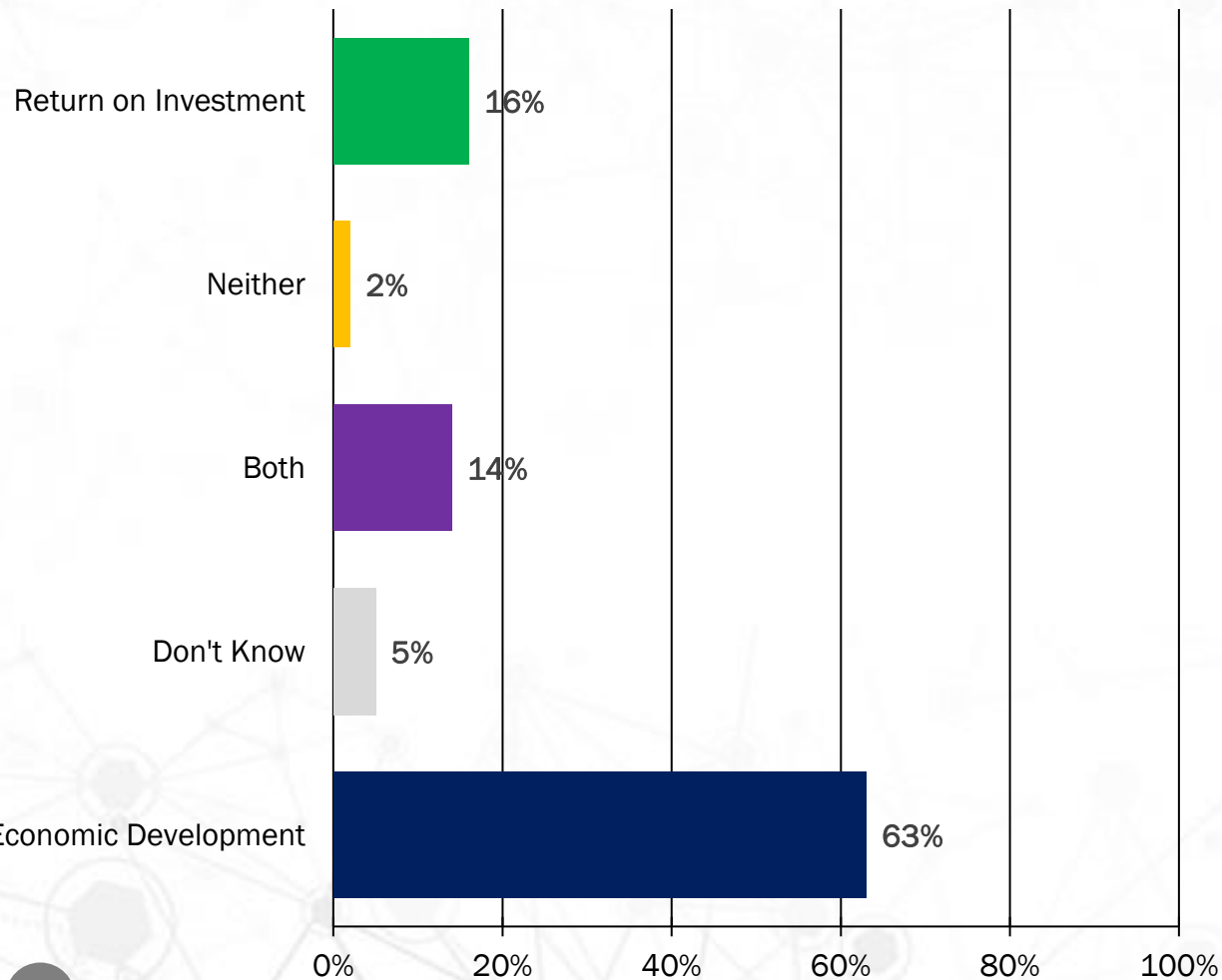
(Some/other) people say the legacy fund should be more concerned about getting a return on investments in things like stocks and bonds and less about economic development projects in North Dakota

...while...

(Some/other) people say the legacy fund should be more concerned about economic development projects in North Dakota and less about returns on investment in stocks and bonds.

A majority of voters think that the Legacy Fund should be more concerned about economic development in North Dakota over getting a return on investment.

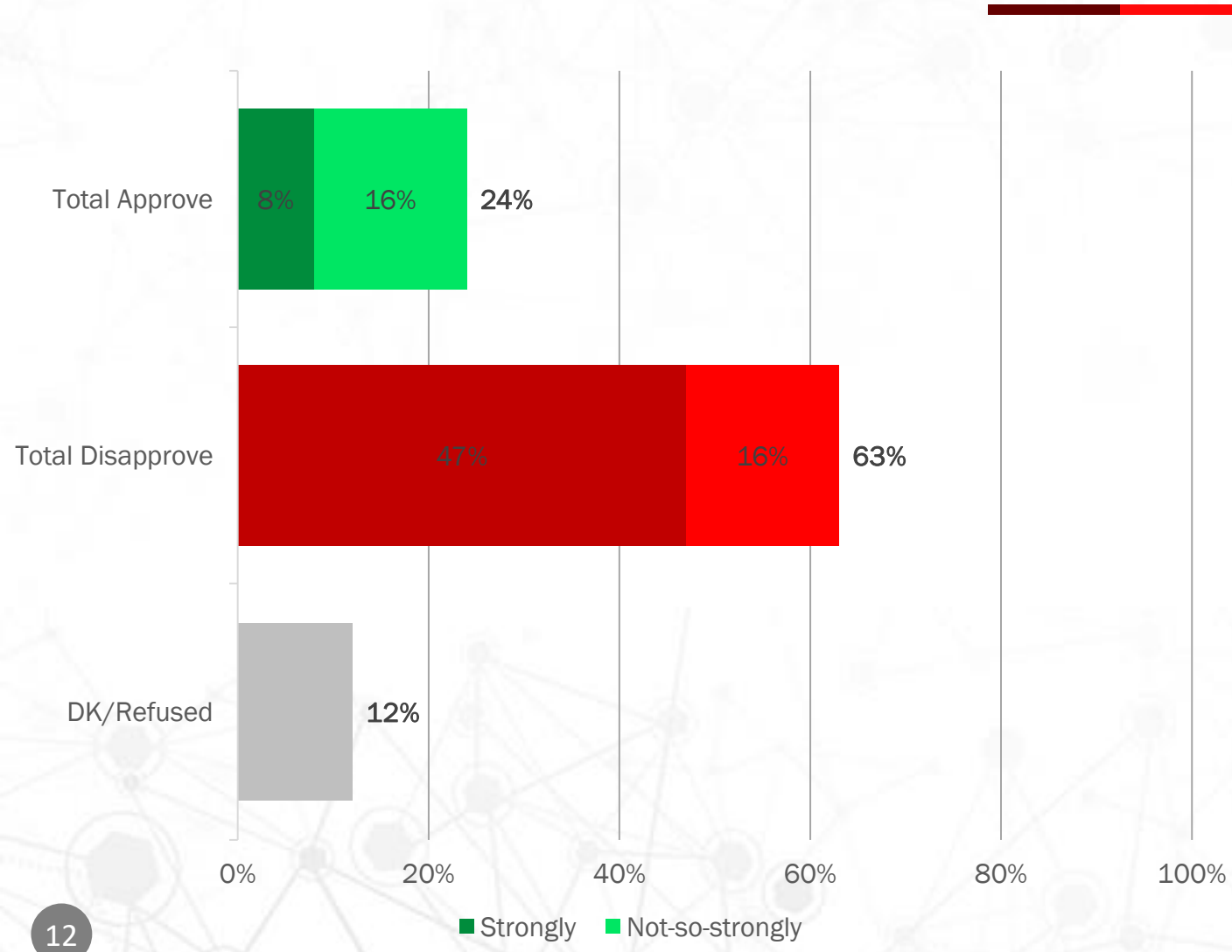
Q7. I am going to read you two points of view about the Legacy Fund and please tell me which one you agree with more.



	Size	Return on Investment	Economic Development in ND	Both
Republican	35%	20%	61%	15%
Independent	41%	16%	65%	14%
Democrat	22%	11%	62%	15%
Men 18-54	34%	17%	47%	26%
Men 55+	14%	26%	67%	5%
Women 18-54	22%	9%	72%	14%
Women 55+	35%	14%	80%	2%
High School or Less	21%	17%	75%	8%
Some College	43%	13%	64%	14%
Bachelor's	25%	17%	56%	20%
Postgraduate	10%	24%	49%	19%
Fargo/Valley City DMA	50%	15%	62%	16%
Minot/Bismark/Dickinson DMA	50%	17%	64%	13%

A majority of voters disapprove of a portion of the Legacy Fund currently being invested internationally.

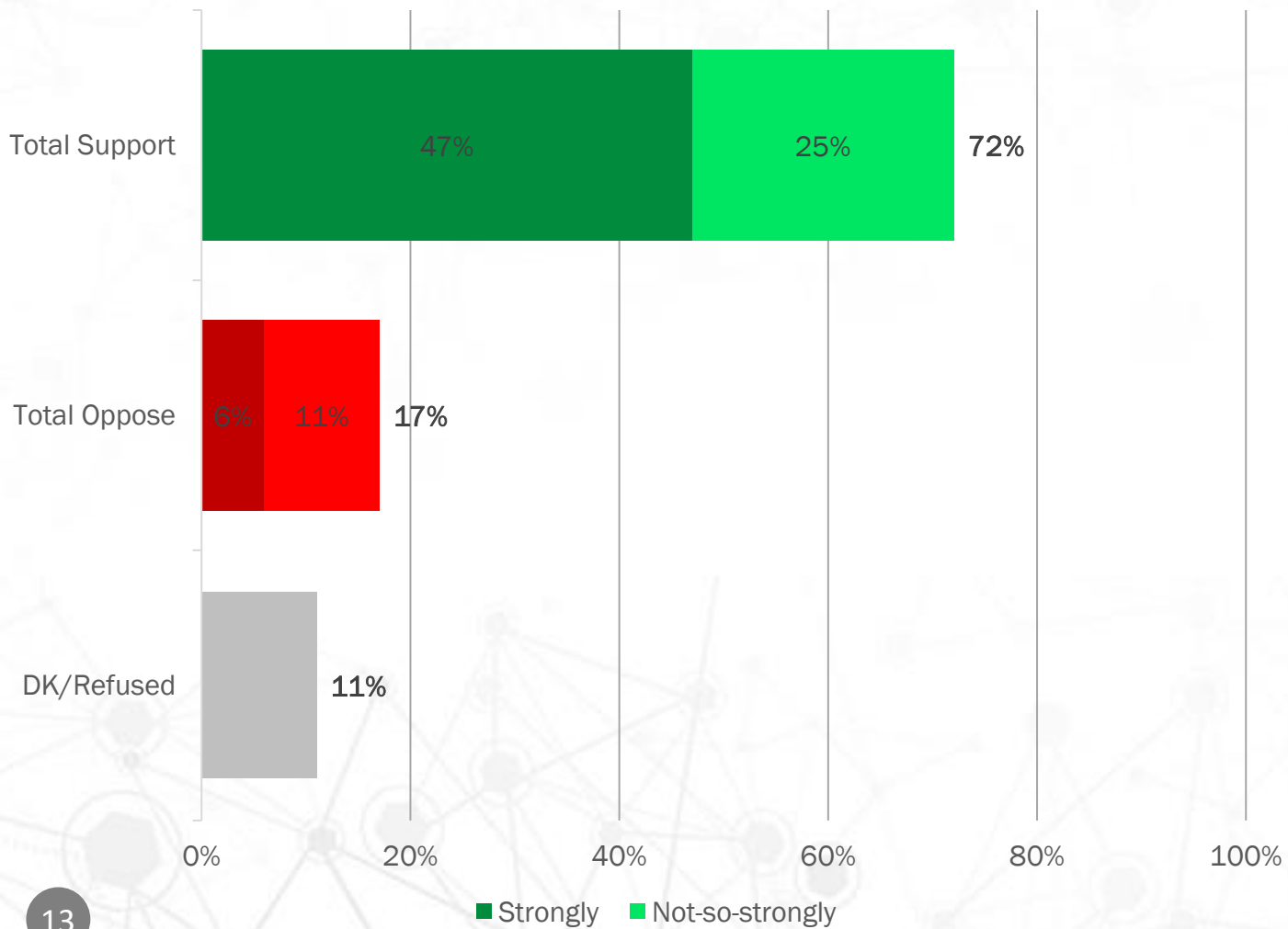
Q8. Do you approve or disapprove of the fact that twenty percent of the Legacy Fund is currently being invested internationally - investing in 90 different countries including China, Russia and Saudi Arabia?



	Size	Total Approve	Total Disapprove	DK/Ref.
Republican	35%	19%	74%	8%
Independent	41%	32%	58%	10%
Democrat	22%	19%	58%	23%
Men 18-54	34%	32%	54%	14%
Men 55+	14%	37%	56%	6%
Women 18-54	22%	13%	66%	21%
Women 55+	35%	15%	78%	6%
High School or Less	21%	27%	64%	9%
Some College	43%	22%	64%	14%
Bachelor's	25%	25%	65%	10%
Postgraduate	10%	30%	52%	18%
Fargo/Valley City DMA	50%	24%	61%	15%
Minot/Bismark/Dickinson DMA	50%	25%	66%	9%

Nearly three-in-four voters (72%) support the Legacy Fund investing in North Dakota even if it means taking on additional risk.

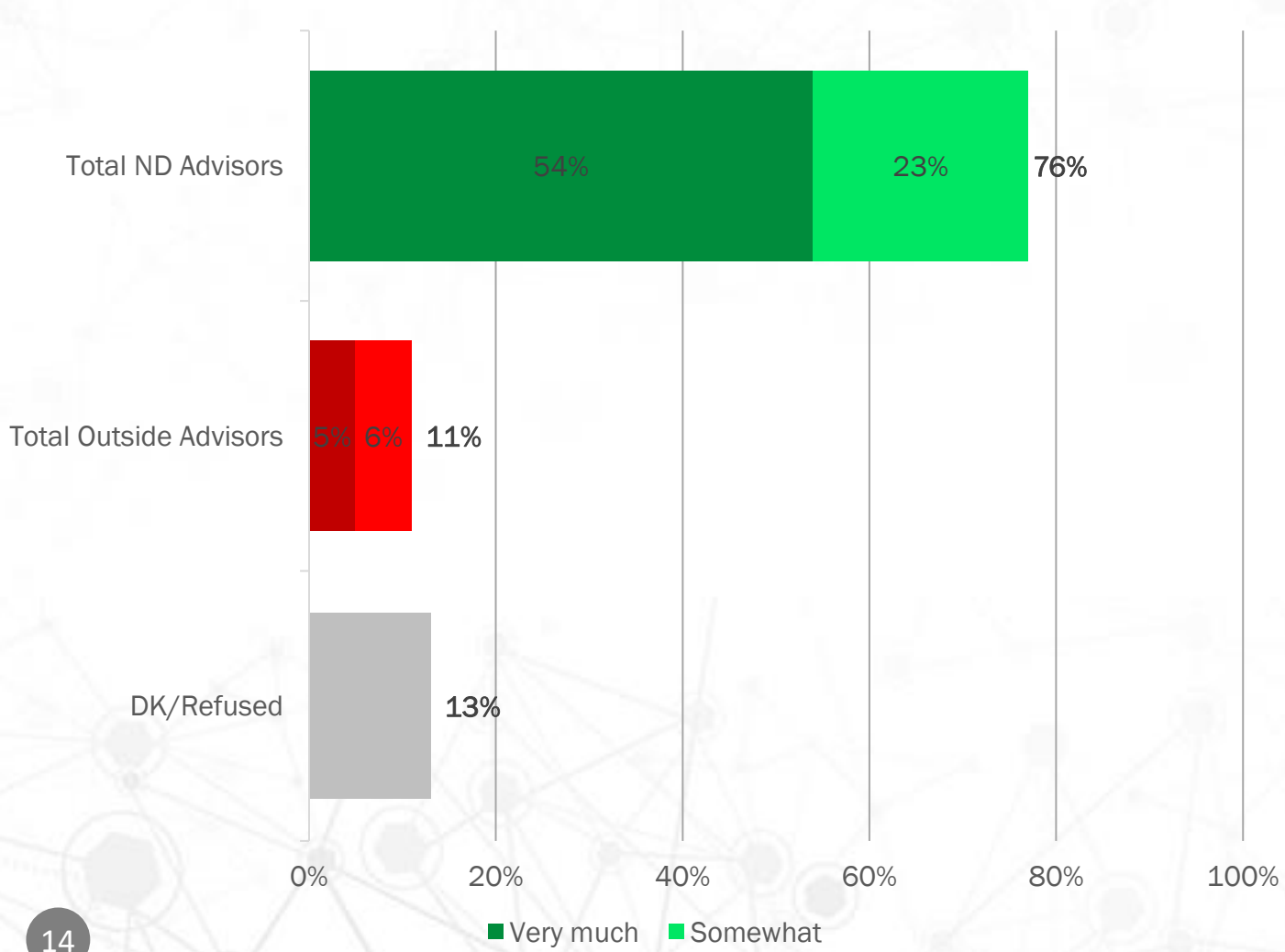
Q13. Would you support or oppose the Legacy Fund taking on additional risk if it meant investing in North Dakota companies, opportunities and North Dakota economic development?



	Size	Total Support	Total Oppose	DK/Ref.
Republican	35%	76%	14%	10%
Independent	41%	66%	22%	11%
Democrat	22%	76%	13%	11%
Men 18-54	34%	68%	21%	11%
Men 55+	14%	77%	19%	4%
Women 18-54	22%	76%	10%	15%
Women 55+	35%	75%	18%	7%
High School or Less	21%	69%	17%	14%
Some College	43%	71%	19%	10%
Bachelor's	25%	78%	14%	8%
Postgraduate	10%	68%	16%	16%
Fargo/Valley City DMA	50%	70%	19%	11%
Minot/Bismark/Dickinson DMA	50%	74%	15%	11%

More than three-in-four voters (76%) think that investment advisors from North Dakota are qualified to make investment decisions on behalf of the Legacy Fund.

Q14. Who do you think is more qualified to make investment decisions on behalf of the Legacy Fund: North Dakota investment advisors OR investment advisors from outside of North Dakota?



	Size	Total ND Advisors	Total Outside Advisors	DK/Ref.
Republican	35%	79%	10%	11%
Independent	41%	74%	11%	15%
Democrat	22%	76%	11%	12%
Men 18-54	34%	65%	15%	20%
Men 55+	14%	81%	10%	10%
Women 18-54	22%	79%	7%	14%
Women 55+	35%	87%	8%	5%
High School or Less	21%	78%	8%	15%
Some College	43%	74%	12%	13%
Bachelor's	25%	82%	8%	10%
Postgraduate	10%	67%	15%	17%
Fargo/Valley City DMA	50%	72%	12%	16%
Minot/Bismark/Dickinson DMA	50%	80%	9%	10%

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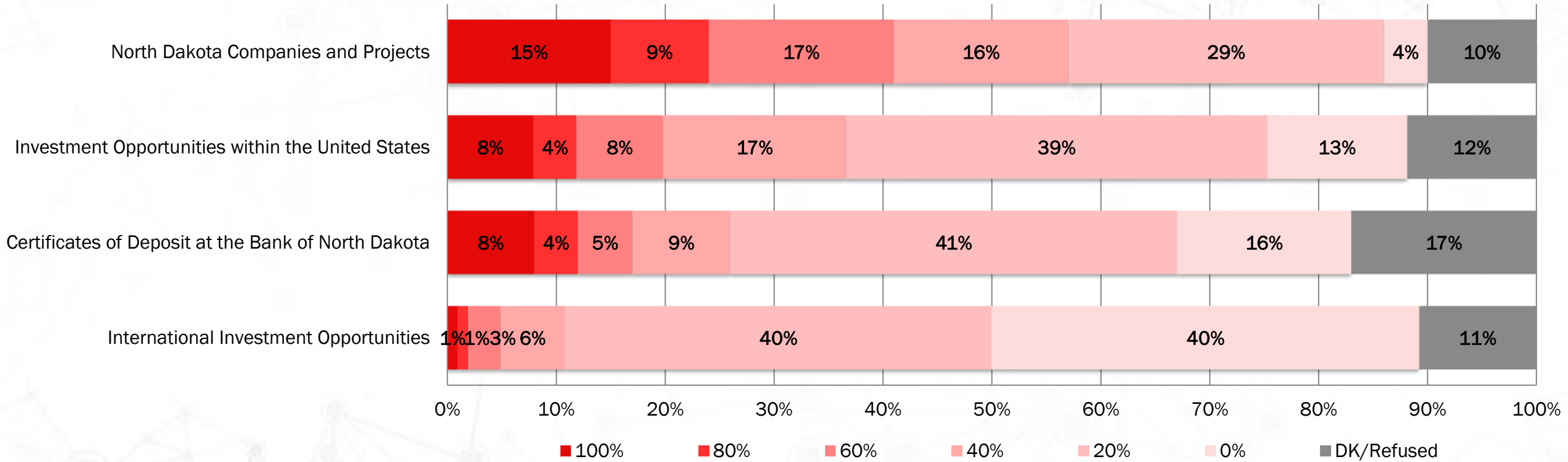
Investment Allocation

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More than two-in-five voters (41%) would allocate 60% or more of the Legacy Fund to North Dakota companies and projects.

Q9-Q12. Now I am going to read you a list of potential allocations for the Legacy Fund. After I read each one, please tell me how much of the Legacy Fund you think should be allocated on a scale of 0% to 100% with 0% meaning none of the Legacy Fund and 100% meaning all of it.



	North Dakota Companies and Projects	Investment Opportunities within the United States	Certificates of Deposit at the Bank of North Dakota	International Investment Opportunities
Total \geq 60%	41%	20%	17%	4%
Total \leq 40%	49%	68%	66%	85%

Women 55+ (60%) and voters with some college (50%) are most in favor of allocating 60% or more of the Legacy Fund to North Dakota companies and projects.

Q9-Q12. Now I am going to read you a list of potential allocations for the Legacy Fund. After I read each one, please tell me how much of the Legacy Fund you think should be allocated on a scale of 0% to 100% with 0% meaning none of the Legacy Fund and 100% meaning all of it.

		North Dakota Companies and Projects		Certificates of Deposit at the Bank of North Dakota		Investment Opportunities within the United States		International Investment Opportunities	
	Size	Total ≤40%	Total ≥60%	Total ≤40%	Total ≥60%	Total ≤40%	Total ≥60%	Total ≤40%	Total ≥60%
Republican	35%	43%	47%	61%	23%	65%	26%	87%	2%
Independent	41%	57%	33%	70%	15%	73%	17%	85%	6%
Democrat	22%	44%	42%	65%	12%	65%	17%	82%	4%
Men 18-54	34%	60%	31%	75%	11%	73%	18%	80%	8%
Men 55+	14%	61%	37%	69%	27%	65%	30%	92%	4%
Women 18-54	22%	43%	40%	62%	9%	65%	15%	83%	1%
Women 55+	35%	31%	60%	57%	28%	68%	22%	92%	2%
High School or Less	21%	45%	41%	56%	28%	63%	24%	83%	6%
Some College	43%	40%	50%	63%	18%	70%	19%	86%	4%
Bachelor's	25%	61%	31%	78%	10%	71%	19%	89%	2%
Postgraduate	10%	66%	20%	72%	6%	65%	19%	74%	8%
Fargo/Valley City DMA	50%	49%	38%	68%	12%	70%	16%	80%	6%
Minot/Bismark/Dickinson DMA	50%	49%	43%	64%	23%	66%	24%	90%	2%

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Research Design

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Research Design:



WPA Intelligence conducted a study of likely voters in North Dakota.

WPAi selected a random sample of registered voters in North Dakota using Registration Based Sampling (RBS) and adults using Random Digital Dialing (RDD). The sample for this survey was stratified based on geography, party, age, gender, and ethnicity. This methodology allows us to avoid post-survey “weighting” which can reduce the reliability of survey results.

Respondents were contacted by phone via a live telephone operator interview October 13-15, 2020. The study has a sample size of n=502 likely voters with a margin of error of $\pm 4.4\%$ in 95 out of 100 cases.



Chris Wilson

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Research Team:

Jessie D. Edge – Senior Research Strategist

Chase Fowers – Data Analyst



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WPA ID: 20-443-04K

ND_LEGACYFUND_BRUSHFIRE_MQ_201015
NORTH DAKOTA
REGISTERED VOTERS
OCTOBER 13-15, 2020

SAMPLE:
n=502 Registered Voters
MoE=±4.4%
50% Cell Phone Interviews

INTRODUCTION: Good evening. May I please speak with NAME FROM FILE? My name is _____ and I'm calling from WPA Intelligence, a national public opinion firm. This evening we're conducting a short scientific survey in North Dakota and we'd like to get your opinions. We're not selling anything and your responses will be completely confidential.

SCREENER

1. First, are you or any member of your immediate family a member of the news media, a Public Relations company, or an active participant with any political campaign?

1. Yes TERMINATE

2. No/All other 100%

2. Do you plan to vote in this year's general election for President and other state and local offices? Do you... ROTATE TOP TO BOTTOM, BOTTOM TO TOP

1. Definitely plan to vote 95%

2. Probably plan to vote 4%

3. It's fifty-fifty 1%

4. Probably plan not to vote TERMINATE

5. Definitely plan not to vote TERMINATE

6. DK/Refused DNR TERMINATE

Thinking of the Legacy Fund in North Dakota...

3. Are you aware that the state of North Dakota has an investment fund called the Legacy Fund?

1. Yes, a lot 35%

2. Yes, just some 37%

3. No, not too much 8%

4. No, not at all 19%

5. DK/Refused DNR 1%



As you may know, the Legacy Fund is a seven billion dollar fund created from a tax on oil and gas revenues in North Dakota. It was approved by the voters ten years ago. In recent years there has been growing public interest in how and where to invest the fund.

4. Currently, the Legacy Fund invests almost all of the funds outside the state and outside the country. Would you **ROTATE** support or oppose **END ROTATION** a specific and greater portion of those investments to be made in North Dakota?

IF SUPPORT/OPPOSE, ASK:

And, would you say you **STRONGLY** (support/oppose) or **NOT-SO-STRONGLY** (support/oppose)?

TOTAL SUPPORT	79%
TOTAL OPPOSE	8%
1. Strongly support	68%
2. Not-so-strongly support	11%
3. DK/Refused DNR	13%
4. Not-so-strongly oppose	4%
5. Strongly oppose	4%

5. Would you **ROTATE** support or oppose **END ROTATION** allocating a specific amount of ten percent of the Legacy Fund for investments in North Dakota?

IF SUPPORT/OPPOSE, ASK:

And, would you say you **STRONGLY** (support/oppose) or **NOT-SO-STRONGLY** (support/oppose)?

TOTAL SUPPORT	78%
TOTAL OPPOSE	10%
1. Strongly support	63%
2. Not-so-strongly support	15%
3. DK/Refused DNR	13%
4. Not-so-strongly oppose	4%
5. Strongly oppose	6%

6. I am going to read you two points of view about the Legacy Fund and please tell me which one you agree with more...ROTATE

(Some/Other) people say that more of the Legacy Fund should be invested in North Dakota regardless of where the best investment opportunities may be.

...while...

(Some/Other) people say that nearly all of the legacy fund should continue to be invested out of North Dakota and internationally.

1.	More of the Legacy Fund should be invested in North Dakota	70%
2.	Neither <u>DNR</u>	3%
3.	Both <u>DNR</u>	8%
4.	DK/Refused <u>DNR</u>	8%
5.	The Legacy Fund should continue to be invested out of North Dakota and internationally	11%

7. I am going to read you two points of view about the Legacy Fund and please tell me which one you agree with more...ROTATE

(Some/other) people say the legacy fund should be more concerned about getting a return on investments in things like stocks and bonds and less about economic development projects in North Dakota

...while...

(Some/other) people say the legacy fund should be more concerned about economic development projects in North Dakota and less about returns on investment in stocks and bonds.

1.	Return on Investment	16%
2.	Neither <u>DNR</u>	2%
3.	Both <u>DNR</u>	14%
4.	DK/Refused <u>DNR</u>	5%
5.	Economic Development in North Dakota	63%

8. Do you **ROTATE** approve or disapprove **END ROTATION** of the fact that twenty percent of the Legacy Fund is currently being invested internationally - investing in 90 different countries including China, Russia and Saudi Arabia.

IF APPROVE/DISAPPROVE, ASK:

And, would you say you **STRONGLY** (approve/disapprove) or **NOT-SO-STRONGLY** (approve/disapprove)?

TOTAL APPROVE	24%
TOTAL DISAPPROVE	63%
1. Strongly approve	8%
2. Not-so-strongly approve	16%
3. DK/Refused DNR	12%
4. Not-so-strongly disapprove	16%
5. Strongly disapprove	47%

Now I am going to read you a list of potential allocations for the Legacy Fund. After I read each one, please tell me how much of the Legacy Fund you think should be allocated on a scale of 0% to 100% with 0% meaning none of the Legacy Fund and 100% meaning all of it.

The (first/next) one is...**RANDOMIZE**

	Total ≤40%	0% 1.	20% 2.	40% 3.	60% 4.	80% 5.	100% 6.	DK/Ref. DNR 7.	Total ≥60%
9. North Dakota Companies and Projects	49%	4%	29%	16%	17%	9%	15%	10%	41%
10. Certificates of Deposit at the Bank of North Dakota	66%	16%	41%	9%	5%	4%	8%	17%	17%
11. Investment Opportunities within the United States	68%	13%	39%	17%	8%	4%	8%	12%	20%
12. International Investment Opportunities	85%	40%	40%	6%	3%	1%	1%	11%	4%

13. Would you **ROTATE** support or oppose **END ROTATION** the Legacy Fund taking on additional risk if it meant investing in North Dakota companies, opportunities and North Dakota economic development?

IF SUPPORT/OPOSE, ASK:

And, would you say you **STRONGLY** (support/oppose) or **NOT-SO-STRONGLY** (support/oppose)?

TOTAL SUPPORT	72%
TOTAL OPOSE	17%
1. Strongly support	47%
2. Not-so-strongly support	25%
3. DK/Refused DNR	11%
4. Not-so-strongly oppose	11%
5. Strongly oppose	6%

14. Who do you think is more qualified to make investment decisions on behalf of the Legacy Fund: **ROTATE** North Dakota investment advisors OR investment advisors from outside of North Dakota **END ROTATION**?

IF CHOICE ASK:

And, would you say you **VERY MUCH** (choice) or just **SOMEWHAT** (choice)?

TOTAL NORTH DAKOTA INVESTMENT ADVISORS	76%
TOTAL INVESTMENT ADVISORS FROM OUTSIDE OF NORTH DAKOTA	11%
1. Very much North Dakota investment advisors	54%
2. Somewhat North Dakota investment advisors	23%
3. DK/Refused DNR	13%
4. Somewhat investment advisors from outside of North Dakota	6%
5. Very much investment advisors from outside of North Dakota	5%

15. Do you consider a Certificate of Deposit, also known as a CD, to be an investment similar to stocks, bonds and mutual funds? **ROTATE**

1. Yes	44%
2. No	42%
3. Don't know what a CD is	9%
4. Refused DNR	4%

Now, I have just a few more questions for demographic purposes only....

16. In politics today, do you usually think of yourself as a **ROTATE** Republican, Independent, or Democrat? **END**
ROTATION

IF REPUBLICAN/DEMOCRAT, ASK:

Do you think of yourself as a STRONG (Republican/Democrat) or NOT-SO-STRONG (Republican/Democrat)?

TOTAL REPUBLICAN	35%
TOTAL DEMOCRAT	22%

1. Strong Republican	27%
2. Not-So-Strong Republican	8%
3. Independent/Something Else	41%
4. DK/Refused DNR	2%
5. Not-So-Strong Democrat	6%
6. Strong Democrat	16%

17. What is the highest level of formal education you have completed?

1. High school or Less	21%
2. Some College /Associates Degree	43%
3. Bachelor's Degree	25%
4. Post graduate	10%
5. DK/Refused DNR	1%

18. Which of the following best describes your race or ethnicity?

1. White	90%
2. Hispanic, Mexican, Latino, Spanish	2%
3. African-American	1%
4. Asian	<1%
5. Native American	1%
6. Other (specify) _____	3%
7. Refused DNR	3%

19. In what year were you born? **RECORD EXACT FOUR DIGIT RESPONSE; RECODE INTO CATEGORIES**

1. 18-24	6%
2. 25-34	18%
3. 35-44	15%
4. 45-54	17%
5. 55-64	20%
6. 65-74	11%
7. 75 or over	9%
8. Refused DNR	5%

20.	Sex:	<u>BY OBSERVATION</u>	
	1.	Male	51%
	2.	Female	49%
21.	DMA:	<u>PRE-CODE</u>	
	1.	Fargo/Valley City	50%
	2.	Minot/Bismark/Dickinson	50%
22.	Interview Method:	<u>PRE-CODE</u>	
	1.	Cell	50%
	2.	Landline	50%

Testimony for 1475 Phil Murphy for ND Soybean Growers Association

Chairman and Committee, this bill utilizing APUC is a welcome addition to enhance the growth of agriculture in our state. It is understood that in addition to the changes leading to APUC fostering this growth, there is also a cap of 35% grant money for any single project proposed. I recall from these past ten years of participation at various levels in the legislative process that having skin in the game is looked upon favorably and hope this bill is as well. Thank you yet again, committee, for strongly considering a Do Pass recommendation on 1475.



#8758

**Testimony of Brenda Elmer
On behalf of the North Dakota Corn Growers Association
March 11, 2021
In Support of 1475**

Chairman Luick and members of the Senate Agriculture Committee,

My name is Brenda Elmer and I am the executive director of the North Dakota Corn Growers Association. On behalf of our state's corn growers, I express our support of HB 1475.

The North Dakota Corn Growers Association endorses House Bill 1475 which would expand the State of North Dakota's support for value added agriculture. Although the bill's amount of financing is just \$5 million for loans to value-added projects, we are hopeful that it would be amended to increase that funding and reinstate the grant provisions that would be so important to new and expanded value-added endeavors in the state. Often times, they are just too costly otherwise.

We need the help with workforce, equipment, and infrastructure of value-added business ventures, and to bolster the funds for these types of enterprises. Part of our association's mission is to help develop and expand markets for North Dakota corn. We need additional, and diverse value-added projects in the state that can help process North Dakota's commodities and increase the demand. With favorable lending terms and working capital for new projects and expansions of existing ones, more economic incentive will be provided to help spur varied opportunities and provide a boost to our farmers and ranchers and for our state. We think that this legislation will have a hand in developing a more robust market for our crops and more opportunity for our states growers which in turn helps our communities and North Dakota. We ask you to support HB 1475 and a do-pass recommendation. Thank you for your time.

2021 SENATE STANDING COMMITTEE MINUTES

Agriculture Committee Fort Union Room, State Capitol

HB 1475
3/19/2021
COMMITTEE WORK

A BILL for an Act relating to an agriculture innovation fund; to provide an appropriation; to provide a continuing appropriation; and to provide for a transfer

Chair Luick called the Committee to order at 9:00 AM for Committee Work on HB 1475. Roll call was taken. All committee members were present: Chair Luick, Vice Chair Myrdal, Senators: Klein, Lemm, Larsen and Hogan.

Discussion Topics:

- Processing plants
- Hemp plants
- Fiber plants
- Grant or Loan Applications
- BND involvement
- Industrial Commission involvement
-

(9:04 AM) Commissioner Doug Goehring Department of Agriculture testified in support of HB 1475 and presented testimony Proposed Amendment #10143.

(9:25 AM) Senator Jerry Klein moved to adopt Proposed Amendment # 21.0693.04001

(9:26 AM) Vice Chair Myrdal 2nd the motion

Senators	Vote
Senator Larry Luick	Y
Senator Janne Myrdal	Y
Senator Kathy Hogan	Y
Senator Jerry Klein	Y
Senator Oley Larsen	Y
Senator Randy D. Lemm	Y

(9:27 AM) Roll call vote on the Amendment 6-0-0

(9:28 AM) Senator Jerry Klein moved a Do Pass as Amended and be rereferred to Appropriations on Reengrossed HB 1475.

(9:29 AM) Vice Chair Myrdal 2nd the motion.

Senators	Vote
Senator Larry Luick	Y
Senator Janne Myrdal	Y
Senator Kathy Hogan	Y
Senator Jerry Klein	Y
Senator Oley Larsen	Y
Senator Randy D. Lemm	Y

(9:35 AM) Roll Call vote on a Do Pass As Amended and be rereferred to Appropriations on Reengrossed Bill # 1475 6-0-0

(9:36 AM) Vice Chair Myrdal will carry the Bill

(9:37 AM) Chair Luick closed the hearing on HB 1475.

Alice Delzer, Committee Clerk

March 19, 2021

21.0693.04001

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1475

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact three new sections to chapter 4.1-01.1 of the North Dakota Century Code, relating to an agriculture diversification and development fund, agriculture diversification and development committee, and agriculture diversification and development fund grants program; to provide an appropriation; to provide a continuing appropriation; and to provide for a transfer.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 4.1-01.1 of the North Dakota Century Code is created and enacted as follows:

Agriculture diversification and development fund - Continuing appropriation.

1. There is created in the state treasury the agriculture diversification and development loan fund. The fund consists of all moneys transferred to the fund by the legislative assembly, interest upon moneys in the fund, and payments of interest and principal on loans made from the fund. Moneys in the fund are appropriated to the Bank of North Dakota on a continuing basis for loan disbursements, grants, and administrative costs pursuant to this section. No more than twenty-five percent of the fund may be utilized for grants in a biennium.
2. Loans, interest rate buydowns, or grants may be issued from the fund to support new or expanding value-added agriculture businesses that demonstrate financial feasibility, enhance profitability for farmers and ranchers, create jobs, and grow the state's economy. Value-added agriculture businesses include food production or processing facilities; feed or pet food processing facilities; commodity processing facilities; agriculture product manufacturers; and animal agriculture production facilities, including swine, poultry, dairy, and feed lot production facilities.
3. The Bank of North Dakota shall develop policies in consultation with the agriculture diversification and development committee. The Bank shall review loan applications. To be eligible for a loan under this section, an entity shall agree to provide the Bank with information as requested. The Bank may develop policies for loan participation with local financial institutions. The Bank shall deposit in the fund all principal and interest paid on the outstanding loans. The Bank may use a portion of the interest paid as a servicing fee to pay for administrative costs, which may not exceed one-half of one percent of the amount of the outstanding loans. The Bank shall contract with a certified public accounting firm to audit the fund if the fund has any loans. The cost of the audit must be paid from the fund.

2350
2

SECTION 2. A new section to chapter 4.1-01.1 of the North Dakota Century Code is created and enacted as follows:

Agriculture diversification and development committee.

1. The committee consists of eleven members, five of whom must be appointed by the commissioner for terms of two years each, arranged so that two terms expire in odd-numbered years and three terms expire in even-numbered years.
 - a. Four of the members appointed by the commissioner must be actively engaged in farming in this state and the fifth member appointed by the commissioner must be actively engaged in agribusiness in this state.
 - b. The governor shall appoint one member for a term of two years which expires in odd-numbered years.
 - c. The member appointed by the governor must be actively engaged in business in this state.
 - d. The remaining committee members must consist of:
 - (1) One representative from the independent community banks of North Dakota;
 - (2) One representative from the North Dakota bankers association;
 - (3) The commissioner of commerce or the commissioner's designee;
 - (4) The president of North Dakota state university or the president's designee; and
 - (5) The agriculture commissioner or the commissioner's designee.
 - e. The commission shall elect one of its members as chairman.
2. The agriculture diversification and development committee shall develop guidelines for the grants, including eligibility criteria and reporting requirements. The guidelines must include priority for businesses with a majority of the ownership comprised of North Dakota residents. The agriculture diversification and development committee shall review grant applications and make funding determinations.

SECTION 3. A new section to chapter 4.1-01.1 of the North Dakota Century Code is created and enacted as follows:

Agriculture diversification and development fund grants program - Access to records.

1. To the extent the agricultural products utilization commission determines the materials or data provided under section 1 of this Act consist of trade secrets or commercial, financial, or proprietary information of individuals or entities applying for grants with the commission, materials and data submitted to, made by, or received by the commission, are not public records subject to section 44-04-18 and section 6 article XI of the Constitution of North Dakota, and are subject to section 44-04-18.4.

2. A person may file a request with the commission to have material designated as confidential under subsection 1. The request must contain any information required by the commission and must include at least the following:
 - a. A general description of the nature of the information sought to be protected;
 - b. An explanation of why the information derives independent economic value, actual or potential, from not being generally known to other persons;
 - c. An explanation of why the information is not readily ascertainable by proper means of other persons;
 - d. A general description of any person that may obtain economic value from disclosure or use of the information, and how the person may obtain this value; and
 - e. A description of the efforts used to maintain the secrecy of the information.
3. A request under subsection 2 is confidential. The commission shall examine the request and determine whether the information is relevant to the matter at hand and is a trade secret under the definition in section 47-25.1-01 or 44-04-18.4. If the commission determines the information is not relevant or not a trade secret, the commission shall notify the requester and the requester may ask for the return of the information and the request within ten days of the notice. If no return is sought, the information and request are public records.
4. The names or identities of independent technical reviewers on a project or program are confidential, may not be disclosed by the commission, and are not public records subject to section 44-04-18 or section 6 of article XI of the Constitution of North Dakota.

SECTION 4. APPROPRIATION - TRANSFER TO AGRICULTURE DIVERSIFICATION AND DEVELOPMENT FUND. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$20,000,000, or so much of the sum as may be necessary, to the agriculture diversification and development fund for the biennium beginning July 1, 2021, and ending June 30, 2023. "

Renumber accordingly

REPORT OF STANDING COMMITTEE

HB 1475, as reengrossed: Agriculture Committee (Sen. Luick, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Reengrossed HB 1475 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 to create and enact three new sections to chapter 4.1-01.1 of the North Dakota Century Code, relating to an agriculture diversification and development fund, agriculture diversification and development committee, and agriculture diversification and development fund grants program; to provide an appropriation; to provide a continuing appropriation; and to provide for a transfer.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 4.1-01.1 of the North Dakota Century Code is created and enacted as follows:

Agriculture diversification and development fund - Continuing appropriation.

1. There is created in the state treasury the agriculture diversification and development loan fund. The fund consists of all moneys transferred to the fund by the legislative assembly, interest upon moneys in the fund, and payments of interest and principal on loans made from the fund. Moneys in the fund are appropriated to the Bank of North Dakota on a continuing basis for loan disbursements, grants, and administrative costs pursuant to this section. No more than twenty-five percent of the fund may be utilized for grants in a biennium.
2. Loans, interest rate buydowns, or grants may be issued from the fund to support new or expanding value-added agriculture businesses that demonstrate financial feasibility, enhance profitability for farmers and ranchers, create jobs, and grow the state's economy. Value-added agriculture businesses include food production or processing facilities; feed or pet food processing facilities; commodity processing facilities; agriculture product manufacturers; and animal agriculture production facilities, including swine, poultry, dairy, and feed lot production facilities.
3. The Bank of North Dakota shall develop policies in consultation with the agriculture diversification and development committee. The Bank shall review loan applications. To be eligible for a loan under this section, an entity shall agree to provide the Bank with information as requested. The Bank may develop policies for loan participation with local financial institutions. The Bank shall deposit in the fund all principal and interest paid on the outstanding loans. The Bank may use a portion of the interest paid as a servicing fee to pay for administrative costs, which may not exceed one-half of one percent of the amount of the outstanding loans. The Bank shall contract with a certified public accounting firm to audit the fund if the fund has any loans. The cost of the audit must be paid from the fund.

SECTION 2. A new section to chapter 4.1-01.1 of the North Dakota Century Code is created and enacted as follows:

Agriculture diversification and development committee.

1. The committee consists of eleven members, five of whom must be appointed by the commissioner for terms of two years each, arranged so

that two terms expire in odd-numbered years and three terms expire in even-numbered years.

- a. Four of the members appointed by the commissioner must be actively engaged in farming in this state and the fifth member appointed by the commissioner must be actively engaged in agribusiness in this state.
 - b. The governor shall appoint one member for a term of two years which expires in odd-numbered years.
 - c. The member appointed by the governor must be actively engaged in business in this state.
 - d. The remaining committee members must consist of:
 - (1) One representative from the independent community banks of North Dakota;
 - (2) One representative from the North Dakota bankers association;
 - (3) The commissioner of commerce or the commissioner's designee;
 - (4) The president of North Dakota state university or the president's designee; and
 - (5) The agriculture commissioner or the commissioner's designee.
 - e. The commission shall elect one of its members as chairman.
2. The agriculture diversification and development committee shall develop guidelines for the grants, including eligibility criteria and reporting requirements. The guidelines must include priority for businesses with a majority of the ownership comprised of North Dakota residents. The agriculture diversification and development committee shall review grant applications and make funding determinations.

SECTION 3. A new section to chapter 4.1-01.1 of the North Dakota Century Code is created and enacted as follows:

Agriculture diversification and development fund grants program - Access to records.

1. To the extent the agricultural products utilization commission determines the materials or data provided under section 1 of this Act consist of trade secrets or commercial, financial, or proprietary information of individuals or entities applying for grants with the commission, materials and data submitted to, made by, or received by the commission, are not public records subject to section 44-04-18 and section 6 article XI of the Constitution of North Dakota, and are subject to section 44-04-18.4.
2. A person may file a request with the commission to have material designated as confidential under subsection 1. The request must contain any information required by the commission and must include at least the following:
 - a. A general description of the nature of the information sought to be protected;

- b. An explanation of why the information derives independent economic value, actual or potential, from not being generally known to other persons;
 - c. An explanation of why the information is not readily ascertainable by proper means of other persons;
 - d. A general description of any person that may obtain economic value from disclosure or use of the information, and how the person may obtain this value; and
 - e. A description of the efforts used to maintain the secrecy of the information.
3. A request under subsection 2 is confidential. The commission shall examine the request and determine whether the information is relevant to the matter at hand and is a trade secret under the definition in section 47-25.1-01 or 44-04-18.4. If the commission determines the information is not relevant or not a trade secret, the commission shall notify the requester and the requester may ask for the return of the information and the request within ten days of the notice. If no return is sought, the information and request are public records.
4. The names or identities of independent technical reviewers on a project or program are confidential, may not be disclosed by the commission, and are not public records subject to section 44-04-18 or section 6 of article XI of the Constitution of North Dakota.

SECTION 4. APPROPRIATION - TRANSFER TO AGRICULTURE DIVERSIFICATION AND DEVELOPMENT FUND. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$20,000,000, or so much of the sum as may be necessary, to the agriculture diversification and development fund for the biennium beginning July 1, 2021, and ending June 30, 2023. "

Renumber accordingly

PROPOSED AMENDMENT TO REENGROSSED HOUSE BILL NO. 1475

Page 1, line 1, after "A BILL", replace all that follows with:

"for an Act to create and enact a new section to chapter 4.1-01 of the North Dakota Century Code, relating to an agriculture diversification and development fund; to provide an appropriation; to provide a continuing appropriation; and to provide for a transfer.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 4.1-01.1 of the North Dakota Century Code is created and enacted as follows:

Agriculture diversification and development fund – Continuing appropriation.

1. There is created in the state treasury the agriculture diversification and development loan fund. The fund consists of all moneys transferred to the fund by the legislative assembly, interest upon moneys in the fund, and payments of interest and principal on loans made from the fund. Moneys in the fund are appropriated to the bank of North Dakota on a continuing basis for loan disbursements, grants, and administrative costs pursuant to this section. No more than twenty-five percent of the fund may be utilized for grants in a biennium.
2. Loans, interest rate buydowns, or grants may be issued from the fund to support new or expanding value-added agriculture businesses which demonstrate financial feasibility, enhance profitability for farmers and ranchers, create jobs, and grow the state's economy. Value-added agriculture businesses include food production or processing facilities; feed or pet food processing facilities; commodity processing facilities; agriculture product manufacturers; and animal agriculture production facilities, including swine, poultry, dairy, and feed lot production facilities.
3. The bank shall develop policies in consultation with the agriculture diversification and development committee. The bank shall review loan applications. To be eligible for a loan under this section, an entity shall agree to provide the bank with information as requested. The bank may develop policies for loan participation with local financial institutions. The bank shall deposit in the fund all principal and interest paid on the outstanding loans. The bank may use a portion of the interest paid as a servicing fee to pay for administrative costs, which may not exceed one half of one percent of the amount of the outstanding loans. The bank shall contract with a certified public accounting firm to audit the fund if the fund has any loans. The cost of the audit must be paid from the fund.

Agriculture diversification and development committee

1. The committee shall consist of eleven members, five of whom must be appointed by the commissioner for terms of two years each, arranged so that two terms

expire in odd-numbered years and three terms expire in even-numbered years. Four of the members appointed by the commissioner must be actively engaged in farming in this state and one member appointed by the commissioner must be actively engaged in agribusiness in this state. The governor shall appoint one member for a term of two years which expires in odd-numbered years. The member appointed by the governor must be actively engaged in business in this state. One representative from the independent community banks of North Dakota. One representative from the North Dakota bankers association. The commissioner of commerce, the president of North Dakota state university, and the agriculture commissioner, or their designees, are members of the commission. The commission shall elect one of its members as chairman.

2. The agriculture diversification and development committee shall develop guidelines for the grants, including eligibility criteria and reporting requirements. The guidelines must include priority for businesses with a majority of the ownership comprised of North Dakota residents. The agriculture diversification and development committee shall review grant applications and make funding determinations.

Agriculture diversification and development fund grants program – Access to records

1. To the extent the agricultural products utilization commission determines the materials or data provided under section 1 of this Act consist of trade secrets or commercial, financial, or proprietary information of individuals or entities applying for grants with the commission, materials and data submitted to , made by, or received by the commission, are not public records subject to section 44-04-18 and section 6 article XI of the Constitution of North Dakota, and are subject to section 44-04-18.4.
2. A person may file a request with the commission to have material designated as confidential under subsection 1. The request must contain any information required by the commission and must include at least the following:
 - a. A general description of the nature of the information sought to be protected.
 - b. An explanation of why the information derives independent economic value, actual or potential, from not being generally known to other persons,
 - c. An explanation of why the information is not readily ascertainable by proper means of other persons,
 - d. A general description of any person that may obtain economic value from disclosure or use of the information, and how the person may obtain this value,
 - e. A description of the efforts used to maintain the secrecy of the information
3. Any request under subsection 2 is confidential. The commission shall examine the request and determine whether the information is relevant to the matter at

hand and is a trade secret under the definition in section 47-25.01-01 or 44-04-18.4. if the commission determines the information is either not relevant or not a trade secret, the commission shall notify the requester and the requester may ask for the return of the information and the request within ten days of the notice. If no return is sought, the information and request are public record.

4. The names or identities of independent technical reviewers on a project or program are confidential, may not be disclosed by the commission, and are not public records subject to section 44-04-18 or section 6 of article XI of the Constitution of North Dakota.

SECTION 2. APPROPRIATION – TRANSFER TO AGRICULTURE DIVERSIFICATION AND DEVELOPMENT FUND.

There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$20,000,000, or so much of the sum as may be necessary, to the agriculture diversification and development fund during the biennium beginning July 1, 2021, and ending June 30, 2023.”

2021 SENATE APPROPRIATIONS

HB 1475

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

HB 1475
3/29/2021
Senate Appropriations Committee

Relating to an agriculture diversification and development fund, agriculture diversification and development committee, and agriculture diversification and development fund grants program.
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Senator Holmberg opened the hearing at 3:18 PM.

Senators present: **Holmberg, Krebsbach, Wanzek, Bekkedahl, Poolman, Erbele, Dever, Oehlke, Rust, Davison, Hogue, Sorvaag, Mathern, and Heckaman.**

Discussion Topics:

- Comparable Ag loan programs
- BND Ag programs
- Approval committees

Senator Wanzek, District 29 – Co-sponsor - introduced the bill.

Doug Goehring, Commissioner, Dept. of Agriculture – testified in favor and submitted testimony #10947.

Todd Steinwand, Chief Business Officer, Bank of North Dakota – testified in favor.

Rep. Keith Kempenich, District 39, Bill Co-sponsor – testified in favor.

Mark Watne, President, ND Farmers Union – testified in favor and submitted testimony #10897.

Dan Wogsland, Executive Director, ND Grain Growers Association – testified in favor and submitted testimony #10917.

Additional written testimony: #10868, #10875, #10885, #10941, #10948.

Senator Holmberg closed the hearing at 4:01 PM.

Rose Laning, Committee Clerk

COMMISSIONER
DOUG GOEHRING



ndda@nd.gov
www.nd.gov/ndda

**NORTH DAKOTA
DEPARTMENT OF AGRICULTURE**

STATE CAPITOL
600 E. BOULEVARD AVE. – DEPT. 602
BISMARCK, ND 58505-0020

**Testimony of Doug Goehring
Agriculture Commissioner
North Dakota Department of Agriculture
House Bill 1475
Senate Appropriations Committee
March 29, 2021**

Chairman Holmberg and members of the Senate Appropriations Committee, I am Agriculture Commissioner Doug Goehring and I am here in support of HB 1475.

HB 1475 creates the Agriculture Diversification and Development (ADD) Fund in chapter 4.1-01.1 of the North Dakota Century Code. The ADD fund will be utilized for loans and grants.

The fund will be used to complement interest buy down programs at BND. The loans will be administered by the Bank of North Dakota and the grants will be administered by the ADD committee. This committee will consist of eleven members. The agriculture commissioner will have five appointees, the governor will have one appointee, and there will be representation from the Independent Community Banks of North Dakota, the North Dakota Bankers Association, the Department of Commerce, NDSU, and the Agriculture Commissioner.

The ADD program will provide incentives for new or expanding value-added agriculture businesses that demonstrate financial feasibility, enhance profitability for farmers and ranchers, create jobs, and grow the state's economy.

The ADD program is an opportunity to invest in agriculture and North Dakota.
Chairman Holmberg and committee members, thank you for your consideration of
HB 1475. I will stand for any questions.



Contact:
Matt Perdue, Lobbyist
mperdue@ndfu.org | 701.641.3303

**Testimony of
Mark Watne
North Dakota Farmers Union
Before the
Senate Appropriations Committee
March 29, 2021**

Mr. Chairman and members of the committee,

Thank you for the opportunity to testify on House Bill No. 1475. My name is Mark Watne, and I am the president of North Dakota Farmers Union (NDFU).

NDFU strongly supports HB 1475. We believe this legislation will play a key role in improving farmers' and ranchers' incomes, creating new jobs, and building a stronger state economy.


HB 1475 establishes a new Agriculture Diversification and Development Fund. Through a combination of loans, interest buydown and grants, the ADD Fund would provide unique financing packages that fit individual projects' needs. This program would promote the development and expansion of a wide variety of value-added projects including beef slaughter, feed mills, hemp processors, feedlots and more.

The ADD Fund would be overseen by a new Agriculture Diversification and Development Committee. This committee is modeled off the existing APUC, which has supported wealth creation and opportunities for farmers and ranchers since 1979. The ADD Fund builds upon APUC's success by creating a new fund to support construction of shovel-ready projects.

HB 1475 establishes four basic criteria to ensure ADD Fund dollars are awarded to projects that deliver the greatest benefit to all North Dakotans. To be eligible, projects must demonstrate financial feasibility, ability to enhance farmers' and ranchers' profits, jobs creation and economic growth.

NDFU appreciates the legislature's efforts to support economic diversification. One of the best ways to diversify our economy is to build upon our strong agricultural base. HB 1475 would do just that. This legislation would create new jobs and new opportunities across the state, while promoting a better future for the next generation of family farmers and ranchers.

We urge a do pass on HB 1475. I will stand for any questions



10917



**North Dakota Grain Growers Association
Testimony in Support of HB 1475
Senate Appropriations Committee
March 29, 2021**

Chairman Holmberg, members of the Senate Appropriations Committee, for the record my name is Dan Wogsland, Executive Director of the North Dakota Grain Growers Association (NDGGA). NDGGA, through our contracts with the North Dakota Wheat Commission and the North Dakota Barley Council, engages in domestic policy issues on the state and federal level on behalf of North Dakota wheat and barley farmers. I am providing testimony for you today on behalf of NDGGA in support of HB 1475.

HB 1475, as you are all aware, creates the Agriculture Diversification and Development Fund, known as ADD, which would provide loans, grants and interest rate buydowns for needed value-added agricultural businesses based in North Dakota. Grant funding may not exceed 25 percent of the overall fund. The Bank of North Dakota shall, in cooperation with the newly formed Agriculture Diversification and Development Committee, shall administer the Fund. Additionally, confidentiality provisions are provided for in the legislation which NDGGA also agrees with.

Chairman Holmberg, members of the Senate Appropriations Committee, increasing opportunities for value-added agricultural industries in North Dakota is an essential component for the continued success of our state's agriculture. Providing and obtaining the funding necessary for value added agriculture is always a challenge; HB 1475 provides that essential piece of the value-added puzzle which will benefit North Dakota agriculture and the North Dakota economy now and in the future.

Therefore the North Dakota Grain Growers Association respectfully requests that the Senate Appropriations Committee give HB 1475 a Do Pass recommendation and would urge the full Senate to concur.

"You Raise; We Represent"

Phone: 701-282-9361 | Fax: 701-404-5187 | 1002 Main Ave W. #3 West Fargo, N.D. 58078

Testimony of Connie Ova, CEO
Jamestown/Stutsman County Development Corporation
HB 1475
March 31, 2021

Chairman Holmberg and members of the Senate Appropriations Committee. I'm Connie Ova, CEO of the Jamestown/Stutsman Development Corporation. I have served in this capacity since 2003. The Jamestown/Stutsman Development Corporation (JSDC) is dedicated to area economic development growth and diversification. JSDC was formally organized in 1991 to develop employment to improve business conditions and advance the interests of the City of Jamestown and Stutsman County, North Dakota by implementing and sustaining an organized effort to attract new businesses and industry, support existing businesses and industry, and encourage new business starts. Jamestown/Stutsman Development Corporation's focus is primary sector job creation.

I stand before you in support of HB 1475, which creates the agriculture innovation fund. This fund, in addition to providing loans to agriculture, also provides for the opportunity through the Bank of ND to provide grants to value added agriculture businesses based on recommendations from the agricultural products utilization commission (APUC). These dollars would come from earnings of the legacy fund. I have included with my testimony a copy of a statewide survey conducted last fall that reveals that the people of North Dakota overwhelmingly support investing the Legacy Fund within the state. There are numerous studies done by APUC highlighting the economic impact of value-added agriculture businesses. We, here in Stutsman County, are home to many value-added ag businesses such as Cavendish Farms, Legume Matrix, Dakota Spirit Ag Energy to name a few and are pursuing a soybean processing/crushing facility and an all under glass, 30 acre greenhouse that will have a significant impact on the local and state economy.

"Value added" means adding value to a raw product by taking it to, at least, the next stage of production. This can be as simple as retaining ownership of your calves and placing them in a feedlot. Value-added agriculture refers most generally to manufacturing processes that increase the value of primary agricultural commodities. Value-added agriculture may also refer to increasing the economic value of a commodity through particular production processes, e.g., organic produce, or through regionally branded products that increase consumer appeal and willingness to pay a premium over similar but undifferentiated products. It can also be described as the process that transforms the raw agricultural product into something new through packaging, processing, cooling, drying, extracting, and other processes that change a product from its original raw form. As a result of this transformation, the customer base of a product and revenue sources for the producer are expanded.

JSDC understands the difficult position you have to determine the state's future, and we appreciate all the thoughtfulness you have put into managing this responsibility. Please consider how programs and resources support the communities in the entire state as you make these decisions.

I urge the committee's support of HB 1475.

Testimony in Support of 1475 – Phil Murphy for the NDSGA

Chairman Holmberg and Committee, the ND Soybean Growers give a big thumbs-up to 1475. While I would prefer an acronym different than ADD for the fund, I realize most folks did not come from an educator's background. Obviously, this legislation would serve our Agricultural community well and would provide significant incentives enabling projects such as a soybean crush plant. That alone would be a game-changer for our farmers by changing the economics of the industry. We would be able to keep much more of our product in state, saving transportation costs, producing oil which has a ready market and cranking out proteins for feeding livestock of many types. Please strongly consider a Do Pass recommendation for this bill. We thank you!

North Dakota Stockmen's Association
Testimony to the
Senate Appropriations Committee on HB 1475
March 29, 2021

Good afternoon, Chairman Holmberg and members of the Senate Appropriations Committee. For the record, my name is Julie Ellingson and I represent the North Dakota Stockmen's Association, a 91-year-old beef cattle trade organization representing more than 3,000 North Dakota cattle-ranching families.

The North Dakota Stockmen's Association rises in support of HB 1475 and the Agriculture Diversification and Development (ADD) Fund that it creates. In our view, the ADD Fund established in this bill will help bolster value-added agriculture opportunities in North Dakota, including projects within the livestock industry sector – from production to processing facilities and many in between – create new jobs and add value for our state's farmers, ranchers and overall economy.

This program has some special features, providing a host of different tools from loans and interest-rate buydowns to grants to bring dreams to reality and get these projects off the ground. This will benefit our state's foundational industry, agriculture, and the economic viability of North Dakota. A lot of work and revisions have gone into the drafting of this bill by legislators and other stakeholders, and we are grateful for their work and pleased with the final structure. It utilizes the expertise and proven track record of the Bank of North Dakota and the Department of Agriculture, as well as the new ADD Committee, which will be comprised of stakeholders and the banking community, to execute the program and diversify and develop our industry.

Thank you for your consideration of HB 1475.



Testimony of Brenda Elmer

On behalf of the North Dakota Corn Growers Association

March 11, 2021

In Support of 1475

Chairman Holmberg and members of the Senate Appropriations Committee,

My name is Brenda Elmer and I am the executive director of the North Dakota Corn Growers Association. On behalf of our state's corn growers, I express our support of HB 1475.

The North Dakota Corn Growers Association endorses House Bill 1475 which would expand the State of North Dakota's support for value added agriculture. Although we would like a commitment larger than the bill's \$20 million for loans and grants to value-added projects, the support will be so important to new and expanded value-added endeavors in the state. Often times, they are just too costly otherwise.

We need the help with workforce, equipment, and infrastructure of value-added business ventures, and to bolster the funds for these types of enterprises. Part of our association's mission is to help develop and expand markets for North Dakota corn. We need additional, and diverse value-added projects in the state that can help process North Dakota's commodities and increase the demand. With favorable lending terms and working capital for new projects and expansions of existing ones, more economic incentive will be provided to help spur varied opportunities and provide a boost to our farmers and ranchers and for our state.

We think that this legislation will have a hand in developing a more robust market for our crops and more opportunity for our states growers which in turn helps our communities and North Dakota. We ask you to support HB 1475 and a do-pass recommendation. Thank you for your time.

Testimony of Gerald Bachmeier

President of North Dakota Ethanol Producers Association and CEO of Red Trail Energy

To the Senate Appropriations Committee
In Support of House Bill 1475

March 29, 2021

Chairman Holmberg and members of the Appropriations Committee:

I am Gerald Bachmeier, I serve as the president of the North Dakota Ethanol Producers Association, which represents North Dakota's six ethanol plants, industry stakeholders and associated businesses. Ethanol Producers support Senate Bill 1475 to enhance financing assistance to additional value-added agriculture opportunities. Expansion of sustainable products, high value processes, livestock feeding, and new markets can lead to opportunities for agriculture that support high paying jobs and enhance economic activity.

North Dakota's ethanol industry already contributes more than \$623 million annually to the state's economy and provides thousands of direct and indirect jobs. North Dakota's economy is dependent on agriculture and ethanol is an important part of that economy- the industry converts 200 million bushels of corn (40 to 60% of the state's average corn crop) into 543 million gallons of ethanol and 1.5 million tons of dried distillers grains for livestock feed.

We appreciate the state's proactive focus on supporting value added agriculture. We appreciate the proposals that will continue to encourage agricultural processing. House Bill 1475 includes a substantial appropriation for grants and loans to support processing, feeding operations and other value-added startups, expansions, and process investments.

This type of fund could bolster next generation opportunities to add more value to ethanol by capturing and storing carbon dioxide (CO₂). By pulling off the CO₂ and geologically storing it, we improve the Carbon Intensity (CI) value of the ethanol as evaluated by several West Coast markets. Ethanol produced with a lower CI score is differentiated from other ethanol and is worth more in California and Oregon due to their Low Carbon Fuel Standards.

North Dakota ethanol producers are also capturing the corn oil which is being used for industrial lubricants and renewable diesel fuel. Our members are investing in projects like these, to further process ethanol, corn or other agriculture products into higher-value products, help generate additional revenue. Expanding the value-added interest buydown can help support investments that are good for farmers, communities, and North Dakota.

We thank you for your support of the state's ethanol industry in the past and urge your favorable consideration of HB 1475, which can support additional investments in agriculture diversification and processing enterprises. The ethanol producers appreciate your affirmative consideration.

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1475
4/8/2021

Senate Appropriations Committee

Relating to an agriculture diversification and development fund, agriculture diversification and development committee, and agriculture diversification and development fund grants program.

Senator Holmberg opened the committee work at 8:40 a.m.

Senators present: **Holmberg, Krebsbach, Wanzek, Poolman, Erbele, Dever, Oehlke, Rust, Davison, Hogue, Sorvaag, Mathern, and Heckaman.** **Senator Bekkedahl** was absent

Discussion Topics:

- Review Amendments
- Vote

Senator Davison moved to adopt amendment to move appropriation to \$10 million.

Senator Poolman seconded the motion

Senators		Senators	
<i>Senator Holmberg</i>	Y	<i>Senator Hogue</i>	Y
<i>Senator Krebsbach</i>	Y	<i>Senator Oehlke</i>	Y
<i>Senator Wanzek</i>	N	<i>Senator Poolman</i>	Y
<i>Senator Bekkedahl</i>	A	<i>Senator Rust</i>	Y
<i>Senator Davison</i>	Y	<i>Senator Sorvaag</i>	Y
<i>Senator Dever</i>	Y	<i>Senator Heckaman</i>	Y
<i>Senator Erbele</i>	Y	<i>Senator Mathern</i>	N

Motion Passed – 11-2-1

Senator Wanzek moved to adopt amendment to fix technical issues

Senator Rust seconded the motion

Senators		Senators	
<i>Senator Holmberg</i>	Y	<i>Senator Hogue</i>	Y
<i>Senator Krebsbach</i>	Y	<i>Senator Oehlke</i>	Y
<i>Senator Wanzek</i>	Y	<i>Senator Poolman</i>	Y
<i>Senator Bekkedahl</i>	A	<i>Senator Rust</i>	Y
<i>Senator Davison</i>	Y	<i>Senator Sorvaag</i>	Y
<i>Senator Dever</i>	Y	<i>Senator Heckaman</i>	Y
<i>Senator Erbele</i>	Y	<i>Senator Mathern</i>	Y

Motion Passed – 13-0-1

Senator Wanzek moved DO PASS AS AMENDED

Senator Rust seconded the motion

Senators		Senators	
<i>Senator Holmberg</i>	Y	<i>Senator Hogue</i>	Y
<i>Senator Krebsbach</i>	Y	<i>Senator Oehlke</i>	Y
<i>Senator Wanzek</i>	Y	<i>Senator Poolman</i>	Y
<i>Senator Bekkedahl</i>	A	<i>Senator Rust</i>	Y
<i>Senator Davison</i>	Y	<i>Senator Sorvaag</i>	Y
<i>Senator Dever</i>	Y	<i>Senator Heckaman</i>	Y
<i>Senator Erbele</i>	Y	<i>Senator Mathern</i>	N

Motion Passed – 12-1-1

Chairman Holmberg closed the hearing at 8:54 a.m.

Skyler Strand, Committee Clerk

CS
418
1 of 3

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1475

In lieu of the amendments adopted by the Senate as printed on pages 914 through 916 of the Senate Journal, Reengrossed House Bill No. 1475 is amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact three new sections to chapter 4.1-01.1 of the North Dakota Century Code, relating to an agriculture diversification and development fund, agriculture diversification and development committee, and agriculture diversification and development fund grants program; to provide an appropriation; to provide a continuing appropriation; and to provide for a transfer.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 4.1-01.1 of the North Dakota Century Code is created and enacted as follows:

Agriculture diversification and development fund - Continuing appropriation.

1. There is created in the state treasury the agriculture diversification and development loan fund. The fund consists of all moneys transferred to the fund by the legislative assembly, interest upon moneys in the fund, and payments of interest and principal on loans made from the fund. Moneys in the fund are appropriated to the Bank of North Dakota on a continuing basis for loan disbursements, grants, and administrative costs pursuant to this section. No more than twenty-five percent of the fund may be utilized for grants in a biennium.
2. Loans, interest rate buydowns, or grants may be issued from the fund to support new or expanding value-added agriculture businesses that demonstrate financial feasibility, enhance profitability for farmers and ranchers, create jobs, and grow the state's economy. Value-added agriculture businesses include food production or processing facilities; feed or pet food processing facilities; commodity processing facilities; agriculture product manufacturers; and animal agriculture production facilities, including swine, poultry, dairy, and feed lot production facilities.
3. The Bank of North Dakota shall develop policies in consultation with the agriculture diversification and development committee. The Bank shall review loan applications. To be eligible for a loan under this section, an entity shall agree to provide the Bank with information as requested. The Bank may develop policies for loan participation with local financial institutions. The Bank shall deposit in the fund all principal and interest paid on the outstanding loans. The Bank may use a portion of the interest paid as a servicing fee to pay for administrative costs, which may not exceed one-half of one percent of the amount of the outstanding loans. The Bank shall contract with a certified public accounting firm to audit the

2 of 4

fund if the fund has any loans. The cost of the audit must be paid from the fund.

SECTION 2. A new section to chapter 4.1-01.1 of the North Dakota Century Code is created and enacted as follows:

Agriculture diversification and development committee.

1. The agriculture diversification and development committee consists of eleven members, five of whom must be appointed by the commissioner for terms of two years each, arranged so that two terms expire in odd-numbered years and three terms expire in even-numbered years.
 - a. Four of the members appointed by the commissioner must be actively engaged in farming in this state and the fifth member appointed by the commissioner must be actively engaged in agribusiness in this state.
 - b. The governor shall appoint one member for a term of two years which expires in odd-numbered years.
 - c. The member appointed by the governor must be actively engaged in business in this state.
 - d. The remaining committee members must consist of:
 - (1) One representative from the independent community banks of North Dakota;
 - (2) One representative from the North Dakota bankers association;
 - (3) The commissioner of commerce or the commissioner's designee;
 - (4) The president of North Dakota state university or the president's designee; and
 - (5) The agriculture commissioner or the commissioner's designee.
 - e. The committee shall elect one of its members as chairman.
2. The agriculture diversification and development committee shall develop guidelines for the grants, including eligibility criteria and reporting requirements. The guidelines must include priority for businesses with a majority of the ownership comprised of North Dakota residents. The agriculture diversification and development committee shall review grant applications and make funding determinations.

SECTION 3. A new section to chapter 4.1-01.1 of the North Dakota Century Code is created and enacted as follows:

Agriculture diversification and development fund grants program - Access to records.

1. To the extent the agriculture diversification and development committee determines the materials or data provided under section 1 of this Act consist of trade secrets or commercial, financial, or proprietary information of individuals or entities applying for grants with the committee, materials

and data submitted to, made by, or received by the committee, are not public records subject to section 44-04-18 and section 6 of article XI of the Constitution of North Dakota, and are subject to section 44-04-18.4.

2. A person may file a request with the committee to have material designated as confidential under subsection 1. The request must contain any information required by the committee and must include at least the following:
 - a. A general description of the nature of the information sought to be protected;
 - b. An explanation of why the information derives independent economic value, actual or potential, from not being generally known to other persons;
 - c. An explanation of why the information is not readily ascertainable by proper means of other persons;
 - d. A general description of any person that may obtain economic value from disclosure or use of the information, and how the person may obtain this value; and
 - e. A description of the efforts used to maintain the secrecy of the information.
3. A request under subsection 2 is confidential. The committee shall examine the request and determine whether the information is relevant to the matter at hand and is a trade secret under the definition in section 47-25.1-01 or 44-04-18.4. If the committee determines the information is not relevant or not a trade secret, the committee shall notify the requester and the requester may ask for the return of the information and the request within ten days of the notice. If no return is sought, the information and request are public records.
4. The names or identities of independent technical reviewers on a project or program are confidential, may not be disclosed by the committee, and are not public records subject to section 44-04-18 or section 6 of article XI of the Constitution of North Dakota.

SECTION 4. APPROPRIATION - TRANSFER TO AGRICULTURE DIVERSIFICATION AND DEVELOPMENT FUND. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$10,000,000, or so much of the sum as may be necessary, to the agriculture diversification and development fund for the biennium beginning July 1, 2021, and ending June 30, 2023."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1475 - Bank of North Dakota - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Agriculture innovation fund Ag. diversification and development		\$5,000,000	(\$5,000,000) 10,000,000	\$10,000,000

Total all funds	\$0	\$5,000,000	\$5,000,000	\$10,000,000
Less estimated income	0	0	0	0
General fund	\$0	\$5,000,000	\$5,000,000	\$10,000,000
FTE	0.00	0.00	0.00	0.00

Department 471 - Bank of North Dakota - Detail of Senate Changes

	Adjusts Funding for Agriculture Grants ¹	Total Senate Changes
Agriculture innovation fund	(\$5,000,000)	(\$5,000,000)
Ag. diversification and development	10,000,000	10,000,000
Total all funds	\$5,000,000	\$5,000,000
Less estimated income	0	0
General fund	\$5,000,000	\$5,000,000
FTE	0.00	0.00

¹ The Senate replaced the agriculture innovation fund with the agriculture diversification and development fund and provided for a transfer of \$10 million from the general fund to the newly created agriculture diversification and development fund. The House provided \$5 million from the general fund for the agriculture innovation fund.

REPORT OF STANDING COMMITTEE

HB 1475, as reengrossed and amended: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (12 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). Reengrossed HB 1475, as amended, was placed on the Sixth order on the calendar.

In lieu of the amendments adopted by the Senate as printed on pages 914 through 916 of the Senate Journal, Reengrossed House Bill No. 1475 is amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact three new sections to chapter 4.1-01.1 of the North Dakota Century Code, relating to an agriculture diversification and development fund, agriculture diversification and development committee, and agriculture diversification and development fund grants program; to provide an appropriation; to provide a continuing appropriation; and to provide for a transfer.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 4.1-01.1 of the North Dakota Century Code is created and enacted as follows:

Agriculture diversification and development fund - Continuing appropriation.

1. There is created in the state treasury the agriculture diversification and development loan fund. The fund consists of all moneys transferred to the fund by the legislative assembly, interest upon moneys in the fund, and payments of interest and principal on loans made from the fund. Moneys in the fund are appropriated to the Bank of North Dakota on a continuing basis for loan disbursements, grants, and administrative costs pursuant to this section. No more than twenty-five percent of the fund may be utilized for grants in a biennium.
2. Loans, interest rate buydowns, or grants may be issued from the fund to support new or expanding value-added agriculture businesses that demonstrate financial feasibility, enhance profitability for farmers and ranchers, create jobs, and grow the state's economy. Value-added agriculture businesses include food production or processing facilities; feed or pet food processing facilities; commodity processing facilities; agriculture product manufacturers; and animal agriculture production facilities, including swine, poultry, dairy, and feed lot production facilities.
3. The Bank of North Dakota shall develop policies in consultation with the agriculture diversification and development committee. The Bank shall review loan applications. To be eligible for a loan under this section, an entity shall agree to provide the Bank with information as requested. The Bank may develop policies for loan participation with local financial institutions. The Bank shall deposit in the fund all principal and interest paid on the outstanding loans. The Bank may use a portion of the interest paid as a servicing fee to pay for administrative costs, which may not exceed one-half of one percent of the amount of the outstanding loans. The Bank shall contract with a certified public accounting firm to audit the fund if the fund has any loans. The cost of the audit must be paid from the fund.

SECTION 2. A new section to chapter 4.1-01.1 of the North Dakota Century Code is created and enacted as follows:

Agriculture diversification and development committee.

1. The agriculture diversification and development committee consists of eleven members, five of whom must be appointed by the commissioner for terms of two years each, arranged so that two terms expire in odd-numbered years and three terms expire in even-numbered years.
 - a. Four of the members appointed by the commissioner must be actively engaged in farming in this state and the fifth member appointed by the commissioner must be actively engaged in agribusiness in this state.
 - b. The governor shall appoint one member for a term of two years which expires in odd-numbered years.
 - c. The member appointed by the governor must be actively engaged in business in this state.
 - d. The remaining committee members must consist of:
 - (1) One representative from the independent community banks of North Dakota;
 - (2) One representative from the North Dakota bankers association;
 - (3) The commissioner of commerce or the commissioner's designee;
 - (4) The president of North Dakota state university or the president's designee; and
 - (5) The agriculture commissioner or the commissioner's designee.
 - e. The committee shall elect one of its members as chairman.
2. The agriculture diversification and development committee shall develop guidelines for the grants, including eligibility criteria and reporting requirements. The guidelines must include priority for businesses with a majority of the ownership comprised of North Dakota residents. The agriculture diversification and development committee shall review grant applications and make funding determinations.

SECTION 3. A new section to chapter 4.1-01.1 of the North Dakota Century Code is created and enacted as follows:

Agriculture diversification and development fund grants program - Access to records.

1. To the extent the agriculture diversification and development committee determines the materials or data provided under section 1 of this Act consist of trade secrets or commercial, financial, or proprietary information of individuals or entities applying for grants with the committee, materials and data submitted to, made by, or received by the committee, are not public records subject to section 44-04-18 and section 6 of article XI of the Constitution of North Dakota, and are subject to section 44-04-18.4.
2. A person may file a request with the committee to have material designated as confidential under subsection 1. The request must contain any information required by the committee and must include at least the following:

- a. A general description of the nature of the information sought to be protected;
 - b. An explanation of why the information derives independent economic value, actual or potential, from not being generally known to other persons;
 - c. An explanation of why the information is not readily ascertainable by proper means of other persons;
 - d. A general description of any person that may obtain economic value from disclosure or use of the information, and how the person may obtain this value; and
 - e. A description of the efforts used to maintain the secrecy of the information.
3. A request under subsection 2 is confidential. The committee shall examine the request and determine whether the information is relevant to the matter at hand and is a trade secret under the definition in section 47-25.1-01 or 44-04-18.4. If the committee determines the information is not relevant or not a trade secret, the committee shall notify the requester and the requester may ask for the return of the information and the request within ten days of the notice. If no return is sought, the information and request are public records.
 4. The names or identities of independent technical reviewers on a project or program are confidential, may not be disclosed by the committee, and are not public records subject to section 44-04-18 or section 6 of article XI of the Constitution of North Dakota.

SECTION 4. APPROPRIATION - TRANSFER TO AGRICULTURE DIVERSIFICATION AND DEVELOPMENT FUND. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$10,000,000, or so much of the sum as may be necessary, to the agriculture diversification and development fund for the biennium beginning July 1, 2021, and ending June 30, 2023."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1475 - Bank of North Dakota - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Agriculture innovation fund		\$5,000,000	(\$5,000,000)	
Ag. diversification and development			10,000,000	\$10,000,000
Total all funds	\$0	\$5,000,000	\$5,000,000	\$10,000,000
Less estimated income	0	0	0	0
General fund	\$0	\$5,000,000	\$5,000,000	\$10,000,000
FTE	0.00	0.00	0.00	0.00

Department 471 - Bank of North Dakota - Detail of Senate Changes

	Adjusts Funding for Agriculture Grants ¹	Total Senate Changes
Agriculture innovation fund	(\$5,000,000)	(\$5,000,000)
Ag. diversification and development	10,000,000	10,000,000
	<hr/>	
Total all funds	\$5,000,000	\$5,000,000
Less estimated income	0	0
General fund	<hr/>	<hr/>
	\$5,000,000	\$5,000,000
FTE	0.00	0.00

¹ The Senate replaced the agriculture innovation fund with the agriculture diversification and development fund and provided for a transfer of \$10 million from the general fund to the newly created agriculture diversification and development fund. The House provided \$5 million from the general fund for the agriculture innovation fund.