

2021 SENATE APPROPRIATIONS

SB 2245

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2245
1/26/2021
Senate Appropriation Committee

A BILL for an Act to provide an appropriation to the department of commerce for an intermodal transportation assistance program; and to provide a statement of legislative intent.

Chairman Holmberg opened the hearing at 10:01 a.m. **Senators Holmberg, Krebsbach, Wanzek, Bekkedahl, Poolman, Erbele, Dever, Oehlke, Rust, Davison, Hogue, Sorvaag, Mathern, and Heckaman** were present.

Discussion Topics:

- Intermodal Transportation Assistance Program
- Railroads
- Concern of Accidents

Vice-Chair Kresbach, District 40, testified in favored and submitted an amendment #21.0931.01001; testimony #3401.

Doug Goehring, Agriculture Commissioner, testified in favor and submitted testimony #3241.

Representative Jay Fischer, District 5, testified in favor.

John MacMartin, President, Minot Area Chamber EDC, testified in favor and submitted testimony #3340 and #3448.

Jeff Zueger, CEO, Midwest AgEnergy, testified in favor and submitted testimony #3025.

Matt Gardner, Director of Government Affairs, Greater ND Chamber, testified in favor.

Greg Oberting, President, Rail Modal Group Minot, testified in favor.

James Leiman, Director of Strategy, North Dakota Department of Commerce, was neutral in testimony and submitted testimony #2793.

Robert Sinner, SB&B Foods LLC., was neutral in testimony and submitted testimony #3201.

Additional written testimony: #2405, #2406, #3084, and #3433

Chairman Holmberg closed the hearing at 11:38 a.m.

Rose Laning, Committee Clerk

PROPOSED AMENDMENTS TO SENATE BILL NO. 2245

Page 1, line 6, replace "\$15,000,000" with "\$10,000,000"

Page 1, line 8, remove "Of this amount:"

Page 1, line 9, replace "1. \$10,000,000 is" with "The funding must be used"

Page 1, line 9, after "the" insert "purchase and"

Page 1, line 11, remove "; and"

Page 1, remove lines 12 and 13

Page 1, line 14, remove "intermodal infrastructure in the state"

Renumber accordingly

COMMISSIONER
DOUG GOEHRING



**NORTH DAKOTA
DEPARTMENT OF AGRICULTURE**

STATE CAPITOL
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**SB 2245 Testimony
Doug Goehring
Agriculture Commissioner
Senate Appropriations Committee
Roughrider Room
January 26, 2021**

Chairman Holmberg and members of the Senate Appropriations Committee, I am Agriculture Commissioner Doug Goehring and I am here to support Senate Bill 2245.

SB 2245 would provide funds to develop an intermodal transportation assistance program. The pursuit of intermodal rail services started over twenty years ago. Intermodal rail services in Minot have been utilized to bring products into the state for manufacturers, service companies, and the energy industry. At its peak, North Dakota agriculture benefitted greatly when containers could be captured and used versus being shipped and utilized in another part of the country.

The single greatest advantage to intermodal systems for agriculture is identity preservation where buyers are purchasing a very specific product with specific traits. Intermodal shipping also has the advantage of being manageable quantities for businesses that are unable to handle a Panamax or large bulk shipments. Intermodal containers are right sized to thousands of businesses that have the potential to be a destination point for North Dakota goods. These containers can also be offloaded from ships with a final destination point deep inside a country where traditional transportation lines are limited or almost nonexistent. Intermodal systems can also be used for shipping irrigation equipment, conveyors, construction and agricultural equipment, as well as livestock equipment.

The greatest hurdles that exist with an intermodal system are derived from a lack of population, lack of attention by steamship companies, and a very expensive repositioning fee. Many things have happened since July 2020 that have created opportunities with growing industries. We are turning a corner on seven years of low commodity prices, have new trade agreements and a weakening dollar which gives strength to our export markets.

Chairman Holmberg and committee members, thank you and I will stand for questions.



Testimony of L. John MacMartin
President Minot Area Chamber EDC

In Support of SB 2245

January 26, 2021

Chair Holmberg and members of the Senate Appropriations committee:

In order to have sustained intermodal service in North Dakota, a total of approximately \$10 million is needed to fund the purchase of infrastructure assets from financial institutions (~\$8 M) and the expansion of the intermodal site infrastructure into BNSF Railway's Gavin Yard (~\$2 M). The assets are being purchased by the Minot Area Chamber EDC to ensure that the site and its infrastructure will be used for sustained intermodal service.

FISCAL RESPONSIBILITY

The legislature appropriated \$1.3 million in the 2019 session to assist in establishing a pilot program for intermodal container service at Minot. The \$1.3 million subsidy was in the form of a financial backstop that would be used in the event that the facility was forced to ship empty containers out of the port due to lack of shipping demand. The use of this subsidy was not necessary.

INITIATION OF AN INTERMODAL WITH PROVISIONAL APPROVAL

In October 2020, intermodal service was again initiated in the State of North Dakota at Minot. Burlington Northern Santa Fe Railway is providing the rail service and the intermodal operations are being conducted by Rail Modal Group, who operates similar facilities in Nebraska and Texas. Rail Modal Group is currently shipping approximately 220 forty-foot equivalent container units (i.e., one unit train) out of Minot per week. The initial focus is on providing access to new, more cost-effective markets for agricultural products.

INFRASTRUCTURE EXPANSION REQUIRED

To sustain intermodal service at the present site, BNSF Railway is requiring an expansion of the existing infrastructure be completed by August 2021.

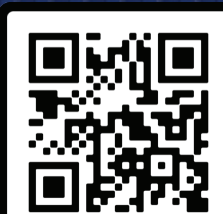
SIGNIFICANT MINOT INVESTMENT FOR STATEWIDE BENEFIT

The City of Minot has invested approximately \$12 million over the past 15 years in establishing an inland port. The largest beneficiaries of establishing the port are agricultural producers, processors, and shippers across the State, where significant reduction in drayage (trucking) costs will benefit the North Dakota economy. While the facility is located at Minot, the benefits of the strategic Minot location serve the entire state and region. Depending on the location of the export, trucking savings are estimated to be as high as \$950 per container. (see graphic at right) At one unit train per week (220 containers per week), that's roughly \$10 million annually in trucking savings to North Dakota shippers. As the service grows, the savings to North Dakota shippers grows.

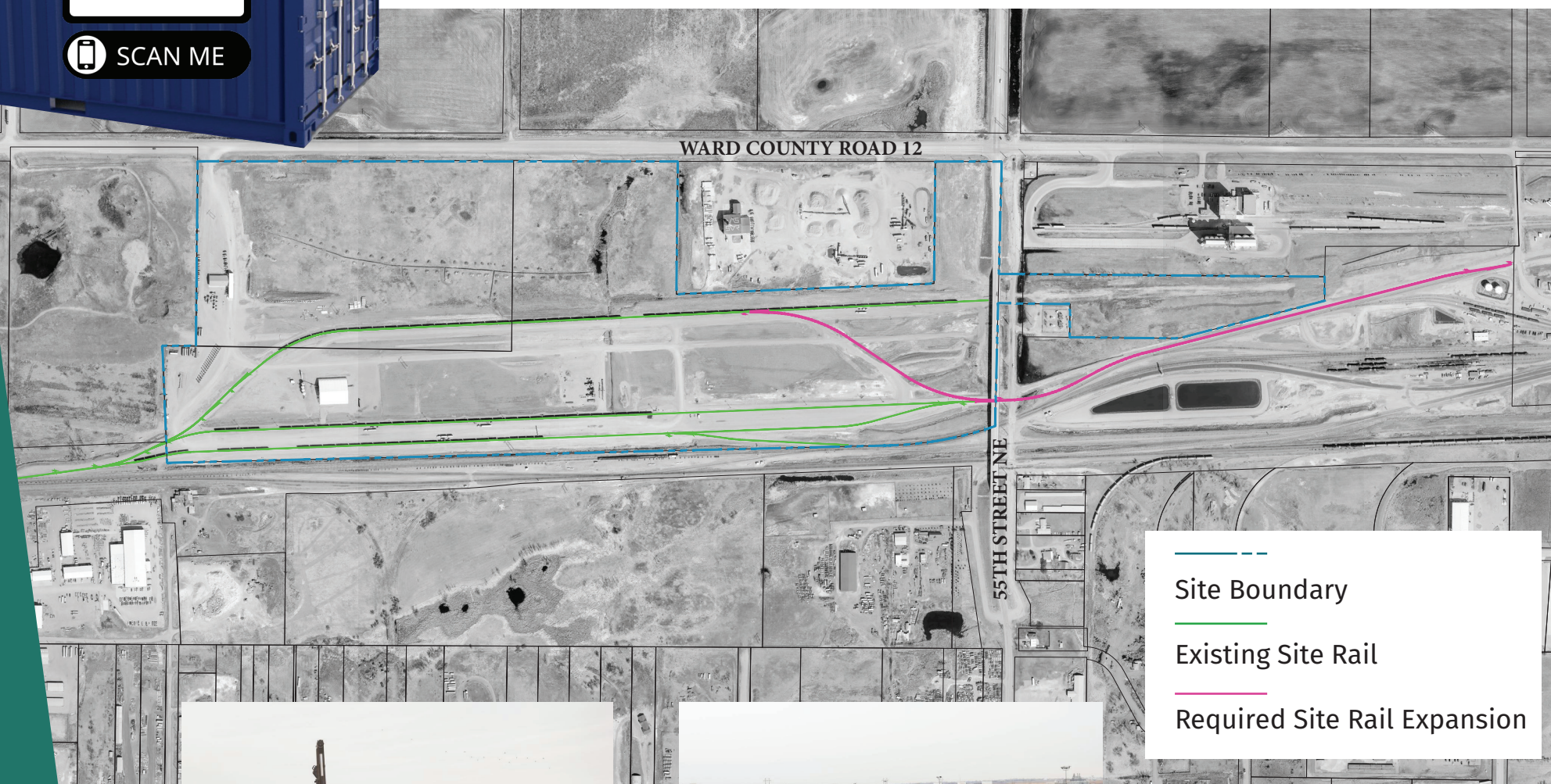
Thank you for your hard work and commitment to keeping North Dakota globally competitive. This is a great opportunity to diversify the state's economy and bring a sustainable intermodal program to our state. Thank you for the opportunity to show our support for SB 2245.

L. John MacMartin john@minotchamberedc.com, #701-852-6000

LOGISTICS PARK OF NORTH DAKOTA



SCAN ME

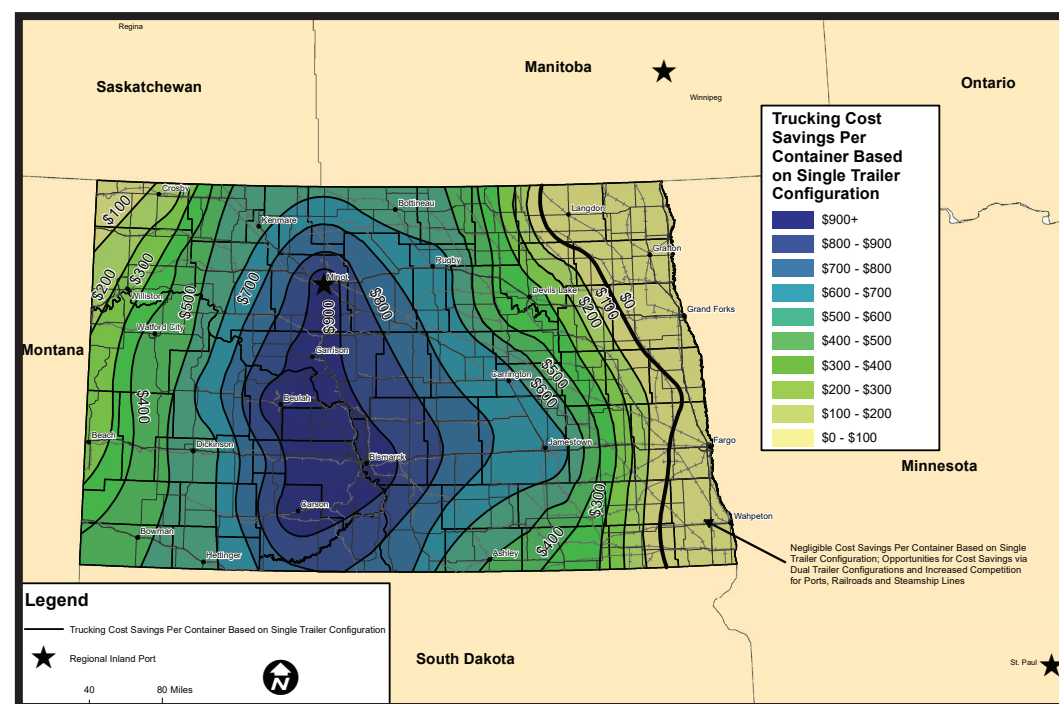


--- Site Boundary
 — Existing Site Rail
 — Required Site Rail Expansion



4 SIGNIFICANT MINOT INVESTMENT FOR STATEWIDE BENEFIT

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In order to have sustained intermodal service in North Dakota, a total of approximately \$10 million is needed to fund the purchase of infrastructure assets from financial institutions (~\$8 M) and the expansion of the intermodal site infrastructure into BNSF Railway's Gavin Yard (~\$2 M). The assets are being purchased by the Minot Area Chamber-EDC to ensure that the site and its infrastructure will be used for sustained intermodal service.

- 1 FISCAL RESPONSIBILITY**
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- 2 INITIATION OF AN INTERMODAL PILOT PROGRAM**
 In October 2020, intermodal service was again initiated in the State of North Dakota at Minot. Burlington Northern Santa Fe Railway is providing the rail service and the intermodal operations are being conducted by Rail Modal Group, who operates similar facilities in Nebraska and Texas. Rail Modal Group is currently shipping approximately 220 forty-foot equivalent container units (i.e. one unit train) out of Minot per week. The initial focus is on providing access to new, more cost effective markets for agricultural products.
- 3 INFRASTRUCTURE EXPANSION REQUIRED**
 To sustain intermodal service at the present site, BNSF Railway is requiring an expansion of the existing infrastructure be completed by August 2021.



Chairman Holmberg and Members of the Senate Appropriations Committee

My name is Jeff Zueger, I am the CEO of Midwest AgEnergy, Blue Flint Ethanol, and Dakota Spirit AgEnergy. I am here to testify in favor of SB-2245.

Blue Flint Ethanol is currently shipping Dried Distillers Grains through the Minot Intermodal Facility. The facility has provided access to markets that we would have limited access to without the facility. Access to these additional markets is creating value for our Blue Flint facility and provides logistic options for us to consider in balancing our rail fleet demands. Improved feed values naturally improve our bottom line enabling us to continue to procure corn as our feedstock and create value for our farmer supply partners.

We support efforts to ensure that the Minot Intermodal Facility continue operations thereby, providing market access opportunities for those in the region.

Thank you.

Good Morning Chairman Holmberg and Honorable Members of the Senate Appropriations Committee, my name is James Leiman and I serve as the Director of Strategy for the ND Department of Commerce. I am humbled to be here today to discuss a truly magical story from our neighbors in Minot.

For 20 years, the State of ND worked extremely hard to introduce an intermodal facility as we are dependent on oil and soil to drive the economy. In addition, as global trading patterns shifted as well as appetites, wealth and purchasing agreements, North Dakotan producers and processors found themselves at a competitive disadvantage. As such, a multifaceted team consisting of the private sector partners spanning the Pacific Northwest to ND, a progressively minded local economic development team and state agencies decided that we were going bold.

We were no longer going to accept the wait and see approach nor were going to allow the transportation industry to dictate the future of the state's second largest sector, agriculture. We took the bull by the horns and untangled every loose string, sourced solutions, partners and helped build a book of business that would make this project a go. And we did it with absolutely no state money! Most of the infrastructure existed and just required a systems level approach to drive the project.

Think about that for a second, people like John MacMartin, Ryan Ackerman, Brekka Kramer, Representative Jay Fischer, Eric Bartsch, Bob Sinner, Gene Griffin, Scott Zainhofsky, the Bank of North Dakota and local financial institutions as well as others said no more, we are going to do this!

Pause for one more second as this is the essence of an agile and effective ND approach to economic development, think of that all-star team, financial institutions and private sector entities being supported by government to change support farmers and processors across the state!

We went to BNSF headquarters and met with the senior leadership team in multimodal operations, shared new data, discussed evolving global trade movements, and put everything on the line. We walked away with new requirements as the goal post was moved about a dozen times but we were not deterred and were not going to take no for an answer. The meeting was tense but we got down to brass tacks, shook hands and departed that 98 degree day with new requirements but most importantly, we had a commitment if we could meet those requirements: find a book of business, meaning enough product to ship a unit train a week, and a third-party logistics provider. We built the book of business together, interviewed third party logistics partners and found a partner.

In the aggregate, farmers and producers in states like Ohio, Wisconsin, Minnesota etc. have been enjoying a competitive advantage over our producers for years. Below are a few statistics I would like to share to give you perspective. Talk to any food grade soy producer in the state and they will double or triple their food grade production if logistics costs were on par with other states.

INTERMODAL BY THE NUMBERS

Generally, freight moving
500 miles
or more is a good fit for
intermodal conversion



96% of shippers miss out on opportunities to optimize their full truckload freight by converting to intermodal

When choosing intermodal over highway transportation, shippers can reduce costs by

10-40%



280 Million

the number of truckloads it would take to move the same amount of freight as one intermodal train



450

the number of miles a train can move one ton of freight on a single gallon of fuel



75%

reduction in greenhouse gas emissions when moving freight by rail instead of truck

That brings us to here in North Dakota. We are shipping a unit train a week saving producers at a minimum \$137,500 per week. This isn't money that goes to the 3PL, this is money that farmers save in the very base case scenario. Methodology: Average transport savings equates to \$500 per container and a rough average of 275 (some unit trains are 220, some are 330) ship per week saving ND producers \$137,500 per week. One of the largest shippers saves 34% on drayage as a result of the facility; another saves almost 30%. Could you imagine saving a third on your transport and logistics costs? It would be a game changer and your competition wouldn't know what to do.

This is on one train a week, the demand exists to easily triple this amount and, in some estimates, quadruple volume. We are talking real money: \$2.5-\$3MM per month and this does not include additional economic growth at the Minot facility which is rapidly growing given the opportunity or additional industries which may leverage the infrastructure such as the energy sector. There is a major demand for ND energy products, e.g. ethanol and LNG and new intermodal conversion opportunities to accommodate this for growing markets in Asia. We haven't even broken the surface.

I will also leave you with a high side potential report. **The report included includes the top end of the potential spectrum but is being shared so that you understand that we are only shipping a unit train at this point.**

Thank you for your time today and I stand for any questions.

North Dakota Intermodal Twenty-Foot Equivalent Unit (TEU) Demand Potential



Outbound and Inbound Shipping Forecast 2021

Intermodal TEU Demand Model and Estimate

Executive Summary

North Dakota requires intermodal transportation for its producers to be globally competitive. Currently, there are several options under consideration to provide shippers with intermodal exporting capability. This document outlines the estimated outbound potential associated with major agricultural products both in the western and eastern regions of the state. In addition, it estimates inbound requirements; it is important to note that there are many assumptions given the lack of granular data. The total estimate for outbound shipments in Western ND is 92,000 Twenty-Foot Equivalent Units (TEUs); with an assumed inbound potential of approximately 19,000 containers. For Eastern ND, the outbound potential is 48,000 TEUs and with inbound at 9,352 containers. This document outlines how these estimates were ascertained. This document also provides a business case for further intermodal investment by Class I rail companies that operate in the State of North Dakota.

Western North Dakota Potential

Peas and Lentils

Most lentils grown in the U.S. are exported. Montana and North Dakota combined account for approximated 67% of the U.S. production of lentils in 2014. Similarly, more than 70 percent of the total U.S. dry pea production is exported to India, China, and Spain for food and feed processing. Dry Peas are also a major crop in NE Montana and Western North Dakota accounting for 57% of the U.S. production.

The amount of available commodity for export is limited by the annual production. As a check on the estimates of potential for export a brief analysis of the production for the past twelve years was conducted. North Dakota production of lentils from 2005 through 2016 amounted to an average 1,933,833 cwt or 87,717 MT per year (Table 1). Dry pea production for the same time-period amounted to 7,886,667 cwt or 357,734 MT. The combined production of lentils and dry peas is equivalent to 22,273 containers loaded to 20 MT. This is strictly North Dakota production and does not consider the potential movement of commodities from Eastern Montana and Saskatchewan, Canada which would add to the export demand at Minot.

Year	Acres Planted			Production, CWT.		
	Lentils	Dry Peas	Total	Lentils	Dry Peas	Total
2005	150,000	540,000	690,000	1,971,000	9,785,000	11,756,000
2006	160,000	610,000	770,000	1,214,000	9,322,000	10,536,000
2007	110,000	515,000	625,000	1,442,000	10,850,000	22,292,000
2008	95,000	520,000	615,000	828,000	7,900,000	8,728,000
2009	165,000	490,000	655,000	2,543,000	11,520,000	14,063,000
2010	265,000	430,000	695,000	3,927,000	8,120,000	22,791,000
2011	80,000	85,000	165,000	824,000	1,160,000	1,984,000
2012	160,000	235,000	395,000	1,928,000	4,485,000	6,413,000
2013	129,000	295,000	424,000	1,764,000	5,740,000	8,397,000
2014	75,000	265,000	340,000	871,000	5,432,000	6,303,000
2015	165,000	385,000	550,000	2,122,000	8,063,000	10,185,000
2016	305,000	560,000	865,000	3,772,000	12,263,000	16,488,000
Total	1,859,000	4,930,000	6,789,000	23,206,000	94,640,000	117,846,000
12 Yr. Avr.	154,917	410,833	565,750	1,933,833	7,886,667	9,820,500
Avr. In MT				87,717	357,734	445,451
Potential Annual Containers; 12 yr Average @ 20MT/Container						22,273

Table 1. North Dakota Lentil and Pea Production, 2005-2016; Source: NASS, USDA.

Northeastern Montana is also a major producer of dry peas, as well as lentils. The two Eastern agricultural districts in Montana produced 13,165,000 cwt. of dry peas and lentils in 2016 (NASS, USDA). That is equivalent to 29,857 containers at 20 MT/container in addition to the North Dakota production.

Total potential based on current production in Western ND and Eastern MT is 52,130 containers

Additional DDGS Requirements using Minot

North Dakota is a major producer of several types of commodity grain and oilseeds including a major producer of spring wheat, durum, barley, corn, soybeans, and sunflowers. Most commodity grain and soybeans are shipped in bulk however using shuttle trains and bulk ships, some is marketed via containers. Wheat, soybeans and distillers dried grains with solubles (DDGS) are considered the best candidates to be marketed in containers from North Dakota. The production of these commodities is large and there is no need to compare estimated potential demand for containers with production for wheat and soybeans.

There are five ethanol plants in North Dakota that produce DDGS, Tharaldson, Red Trail Energy, Hankinson Renewable Energy, Blue Flint, and Dakota Spirit AgEnergy. According to the North Dakota Ethanol Council, they produce a combined total of 1,202,000 MT of DDGS annually.

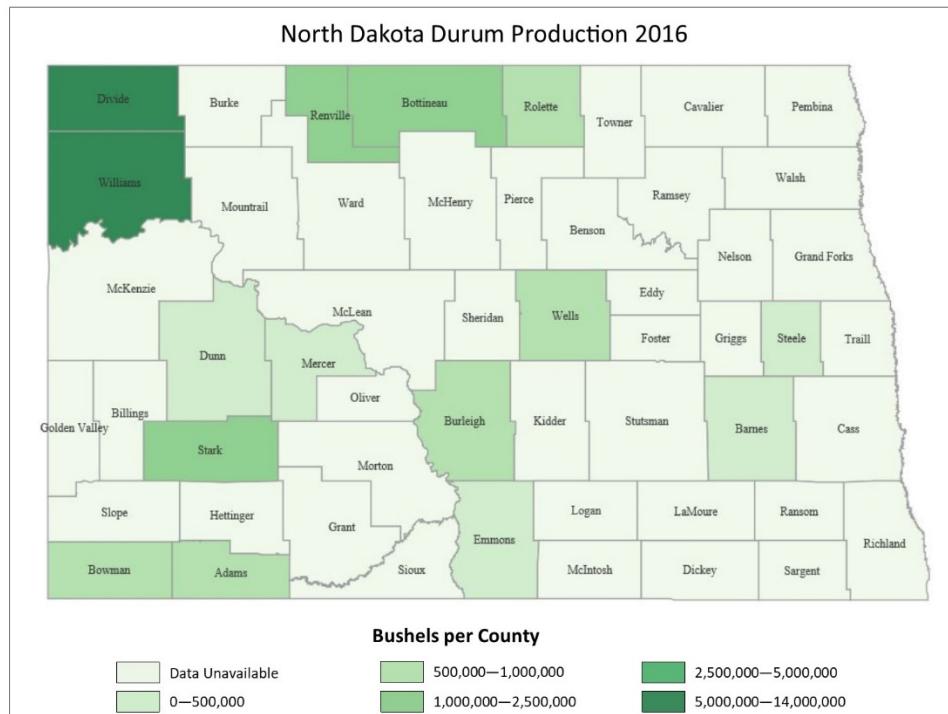
Based on a survey administered by the North Dakota Trade Office in 2016, it is estimated that there is potential for 51,120 containers of commodity grain, commodity soybeans, and DDGS

annually with about half coming from facilities located in the West. The total potential was halved due to location of ethanol plants and geographical location of specialty crops. This is assuming that the respondents had a collective market share of 30% of the total market for commodity grain container shipments. The extent which firms shipping commodity grain would utilize containers to market would depend on several factors including rates, service, drayage costs, ownership of local handling facilities, and of course, profitability. As such, the total potential for DDGS is **25,560 containers**.

Beyond DDGS Estimate for Durum

According to the North Dakota Wheat Commission, exports in 2016 were approximately 25 million bushels or 1,500,000,000 pounds. A majority of the state's durum production is concentrated west; as such, it is assumed that approximately 90% of the durum exported will use Minot as a shipping facility, this is an estimated 1,350,000,000 pounds. This equates to 612,350 metric tons or 30,618 containers.

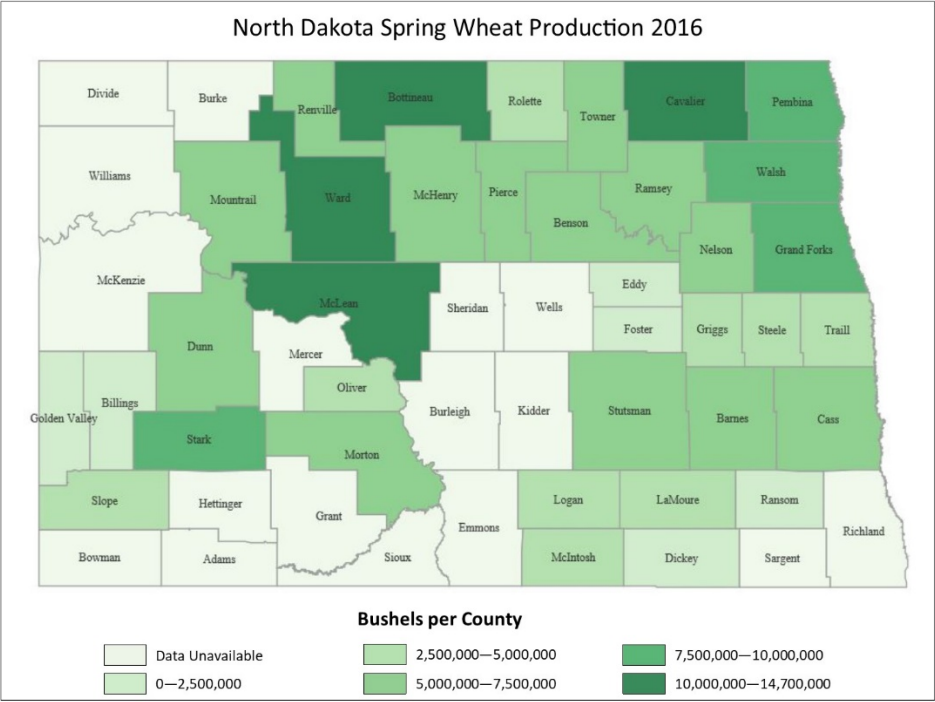
One could surmise that containerized freight could catch on for durum; this is due to the back-haul direction (East to West with empties) corresponding to head-haul direction for export grain moving in hoppers to ports in the west. Rail companies may have supply shortages elsewhere for hopper cars and leverage new infrastructure to reposition them while using empty TEUs moving through North Dakota. Beyond the western DDGS estimate, grain could be loaded using empty containers instead of traditional hoppers providing shipping at near back-haul rates (speculation). The conversion of grain from bulk to container would balance the movement of containers and mitigate the need for hoppers, and the empty return movement they incur. At 5% intermodal shipping, this would create the potential for **1,531 containers**.



Beyond DDGS for Spring Wheat

According to the North Dakota Wheat Commission, exports in 2016 were approximately 315 million bushels or 18,900,000,000 pounds. Approximately 60% of production occurs in the area that would likely be serviced by a Minot facility (see graphic below derived from NASS/ USDA data query). This equates to 11,340,000,000 pounds or 5,145,191 metric tons or 257,259 containers.

Based on the surmised use of TEUs vice hopper cars, grain could be loaded using empty containers instead of traditional hoppers providing shipping at near back-haul rates (speculation). The conversion of grain from bulk to container would balance the movement of containers and mitigate the need for hoppers, and the empty return movement they incur. At 5% shipping, this would create the potential for **12,863 containers**.



Total Outbound Potential using Commodities

Given the estimated traffic and assumptions, it is estimated that **approximately 92,000** containers, or almost 1,800 per week, could leave the Minot facility using an intermodal facility.

Eastern North Dakota Demand Potential

Food Grain Soybean

Food Grade Soybean represents a potential significant source of demand for export containers. It has been estimated that Food Grade Non-GMO soybeans account for approximately 6.5% of the total soybean production in the U.S in 2014 (US Soybean Export Council). This figure has been steadily increasing for the past four years from 5.05% to 6.46% (USDA).

As with any commodity, the amount available for export is limited by the annual production. As a check on the estimates of potential for export a brief analysis of the production for the past twelve years was conducted as was for pulses. North Dakota production of soybeans from 2005 through 2016 amounted to an average 146,066,667 bushels (Table 2). It should be noted that production for four out of the last five years exceeded the 12-year average.

YEAR	ACRES HARVESTED	ACRES PLANTED	YIELD (BU/ACRE)	PRODUCTION (BUSHEL)
2005	2,900,000	2,950,000	37	105,850,000
2006	3,870,000	3,900,000	32	121,905,000
2007	3,060,000	3,100,000	36	108,630,000
2008	3,760,000	3,800,000	28	105,280,000
2009	3,870,000	3,900,000	30	116,100,000
2010	4,070,000	4,100,000	34	138,380,000
2011	3,960,000	4,000,000	29	114,840,000
2012	4,730,000	4,750,000	35	163,185,000
2013	4,630,000	4,650,000	31	141,215,000
2014	5,870,000	5,900,000	35	202,515,000
2015	5,720,000	5,750,000	33	185,900,000
2016	6,000,000	6,050,000	42	249,000,000
Total	52,440,000	52,850,000	398	1,752,800,000
10 Yr. Avr.	4,370,000	4,404,167	33	146,066,667
10 Yr. Average in Lbs.				8,764,000,000
10 Yr. Average in MT				3,975,288
GMO Production in MT@6%				238,517
Potential Annual Containers; 12 yr. Average @ 20MT/Container				11,926

Table 2. North Dakota Soybean Production, 2005-2014; Source: NASS, USDA

According to NASS, USDA, in West Central as well as Northwestern Minnesota, a total of 133,777,000 bushels of soybeans were produced in 2017; this equates to 8,026,620,000 pounds. When converted to metric tons, approximately 3,640,851 were produced; at 6% production, this equates to 10,922 containers. Given the high concentration in Kittson, Roseau,

Marshal, Pennington, Red Lake and Polk Counties, a large portion will likely continue to be transported to Winnipeg; as such, at 50% production using a ramp in Eastern ND, one could anticipate another 5,000 or so containers for export.

Total estimate for ND and Eastern MN 16,926

Additional DDGS Requirements

As mentioned in the Minot section of the demand estimate, North Dakota is a major producer of several types of commodity grain and oilseeds including a major producer of spring wheat, durum, barley, corn, soybeans, and sunflowers. Most commodity grain and soybeans are shipped in bulk however using shuttle trains and bulk ships, some is marketed via containers. Wheat, soybeans and distillers dried grains with solubles (DDGS) are considered the best candidates to be marketed in containers from North Dakota. The production of these commodities is large and there is no need to compare estimated potential demand for containers with production for wheat and soybeans.

There are five ethanol plants in North Dakota that produce DDGS, Tharaldson, Red Trail Energy, Hankinson Renewable Energy, Blue Flint, and Dakota Spirit AgEnergy. According to the North Dakota Ethanol Council, they produce a combined total of 1,202,000 MT of DDGS annually.

Based on a survey administered by the North Dakota Trade Office in 2016, it is estimated that there is potential for 51,120 containers of commodity grain, commodity soybeans, and DDGS annually with about half coming from facilities located in the West. This is assuming that the respondents had a collective market share of 30% of the total market for commodity grain container shipments. The extent which firms shipping commodity grain would utilize containers to market would depend on several factors including rates, service, drayage costs, ownership of local handling facilities, and of course, profitability. As such, the total potential for DDGS is **25,560 containers**.

Beyond DDGS Estimate for Spring Wheat

According to the North Dakota Wheat Commission, exports in 2016 were approximately 315 million bushels or 18,900,000,000 pounds. Approximately 40% of production occurs in the eastern half of the state; it is assumed that wheat grown in Cavalier, Pembina and Walsh Counties would be serviced by Winnipeg. As such, it is assumed that 25% of state wheat production would use the Minot ramp if more competitive shipping rates were available. This equates to 4,725,000,000 pounds or 2,143,829 metric tons or 107,191 containers. This data does not capture additional potential from Western MN production given double haul potential in ND.

Based on the surmised use of TEUs vice hopper cars, grain could be loaded using empty containers instead of traditional hoppers providing shipping at near back-haul rates (speculation). Rail companies may have supply shortages elsewhere for hopper cars and leverage new infrastructure to reposition them while using empty TEUs moving through North Dakota. The conversion of grain from bulk to container would balance the movement of containers and mitigate the need for hoppers, and the empty return movement they incur. This also includes IP as well as specialty protein demand. At 5% shipping, this would create the potential for **5,360 containers**.

Total Outbound Potential using Commodities

Given the estimated traffic and assumptions, it is estimated that **approximately 48,000** containers, or almost 925 per week, could use the intermodal facility if the shipping rates are competitive.

Ratio of Outbound to Inbound

According to the U.S. Department of Transportation, Bureau of Transportation Statistics and Federal Highway Administration, Freight Analysis Framework, Version 4.3.1, 2016, there is an outbound to inbound ratio of 3.06 containers to 1. The rail carriers however offer different statistics in their reports, when BNSF data is combined with Canadian Pacific, we find that in 2015, 599,158 containers left North Dakota (non-TEU but we are assuming a similar ratio for shipping) and 137,964 terminated in the state providing a ratio of 4.34 to 1. See data below for context.

One can deduce from the types cargo being transported into North Dakota that about two-thirds would likely come through Minot given the inbound potential for energy products and new distribution center plans in the region. In addition, a 20% reduction in volume will occur because of coal movements (which shouldn't be included as potential). As such, the estimate for each ramp is as follows:

150,000 total outbound containers (120,000 with the reduction) divided by 4.234; these equals 28,342 inbound containers. Given the 2/3 to 1/3 ratio, one could estimate the following number of inbound TEUs based on the assumptions:

Minot: 18,990 inbound

For the East: 9,352 inbound

BNSF Data to Support Inbound Estimate

BNSF Commodities Originating and Terminating in North Dakota (2015)

	BNSF			BNSF	
	Number of Cars	Number of Tons		Number of Cars	Number of Tons
Crude, Petroleum, Natural Gas &	268,077	26,581,776	Nonmetallic Minerals Except Fuels	37,724	4,005,456
Grain	119,693	12,803,345	Coal	26,449	3,010,136
Coal	34,537	3,367,455	Chemicals and Allied Products	13,788	1,332,332
Food and Kindred Products	30,917	2,887,520	Stone, Clay, Glass & Concrete Products	8,875	938,215
Petroleum and Coal Products	22,416	1,674,046	Farm Products	6,727	664,976
All Other	13,768	1,141,680	All Other	23,415	1,210,388
Total	489,408	48,455,822	Total	116,978	11,161,503

Source: North Dakota Public Service Commission Annual Reports

CP Estimate to Support Inbound Estimate

Canadian Pacific Commodities Originating and Terminating in North Dakota (2015)

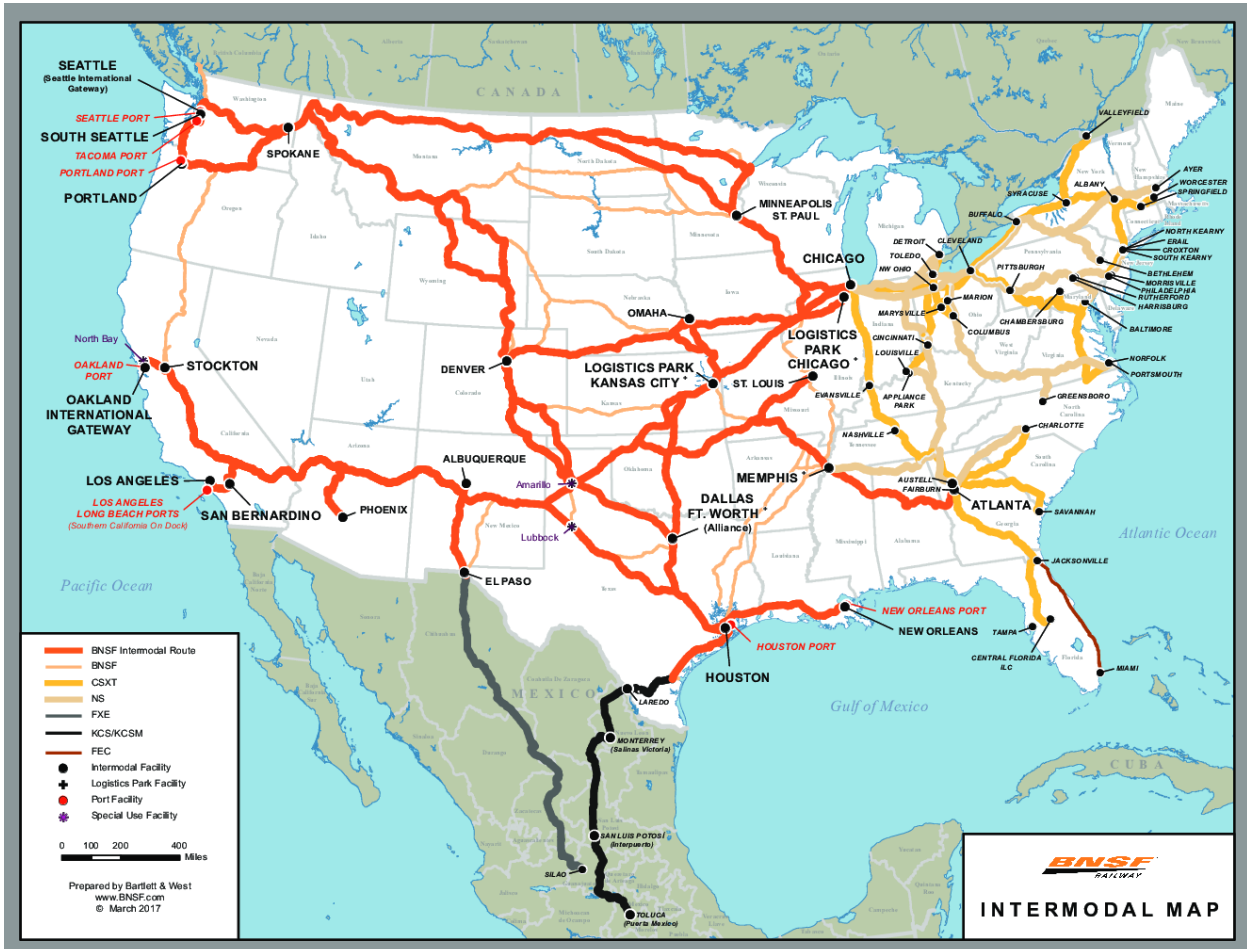
Commodity	CP		Commodity	CP	
	Number of Cars	Number of Tons		Number of Cars	Number of Tons
Grain	52,378	5,285,330	Nonmetallic Minerals	7,682	842,899
Crude, Petroleum, Natural Gas & Natural Gasoline	35,811	3,643,116	Stone, Clay, Glass & Concrete Products	3,909	427,713
Food and Kindred Products	8,179	817,299	Chemicals and Allied Products	4,655	407,825
Chemicals and Allied Products	5,017	474,288	Farm Products	2,207	216,022
Coal	2,898	289,899	Primary Metal Products	981	85,514
All Other	5,467	499,759	All Other	1,552	110,668
Total	109,750	11,009,691	Total	20,986	2,090,641

Source: North Dakota Public Service Commission Annual Reports

Location of Rail Lines

To provide perspective of where both BNSF and CP have infrastructure, the maps below are offered to highlight existing infrastructure within the intermodal space.

BNSF Intermodal Map



Canadian Pacific's Intermodal Infrastructure



Disclaimer/ Methodology: The data used in this estimate is derived from several sources; one, previous work conducted by the North Dakota Trade Office, two, the United States Department of Agriculture and three, an aggregated formula as well as assumptions developed by the ND Department of Commerce. In addition, several assumptions (included in the document) are conveyed to indicate realistic transportation, logistics and supply chain conditions. The information contained in this document is best guess given a lack of granular data, assumptions are up to the reader to adopt.



— A family heritage since 1906 —

REFERENCE: ND SENATE BILL 2245
RE: TESTIMONY FOR SENATE APPROPRIATIONS COMMITTEE

From: Robert Sinner, SB&B Foods, LLC
Casselton, North Dakota

Dear Chairman Holmberg,

My name is Robert Sinner, President of SB&B Foods, LLC located at Casselton, North Dakota. Our Company exports identity preserved food quality soybeans, barley and wheat mostly to Asia and is involved with intermodal freight issues every day.

I personally have been involved with the effort to establish intermodal service for the State of North Dakota for a minimum of 15 years and understand all that has transpired to where we are today.

I am a strong believer that intermodal service is critical for ND producers to be able to participate in the rapid development of specialized and Identity Preserved marketing which will require a change for transporting agriculture products, namely containerization. I am concerned however, that State appropriations to support the infrastructure development of a private facility be done in a way that insures accountability. If the State is willing to appropriate funds to this effort, and I am fully supportive of the continued ramp development in Minot, should the State not consider taking some level of ownership of the infrastructure?

Furthermore, in addition to the infrastructure appropriation, this bill also allows for \$5,000,000 to be appropriated towards a loan guarantee program related to both the development and expansion of an intermodal transportation facility. Again, the current facility in Minot is a private facility and I would suggest that, if State funds are committed, that they be done in a way that does not reimburse the State Bank of ND, the First Western bank in Minot, the City of Minot or other entities for prior debt that they each have previously assumed. It should be done in a manner that clearly promotes the growth of the agriculture value added industry by realizing and funding the necessary improvements. I might suggest the appointment of an independent State Intermodal Committee that operates under the guidance of the ND Trade Office to provide oversight on this activity.

I am requesting that I be allowed to speak in reference to the hearing on this bill and answer any/all questions your Committee members might have related to my comments. My sincere thanks for your consideration.

Best regards,

A handwritten signature in blue ink, appearing to read 'Robert Sinner', written over a blue circular stamp.

Robert Sinner, President
SB&B Foods, LLC

January 26, 2021

Representing Bank of North Dakota
Eric Hardmeyer, President
Kelvin Hullet, Market Manager for E.D. and Government Programs

SB2245—Intermodal Transportation Assistance Program

Position: Neutral

Bank of North Dakota will not provide written testimony on SB2245. However, will be available to answer questions related to the proposal.



Testimony of Jennifer Greuel
Economic Development Association of North Dakota
In Support of SB 2245
Jan. 26, 2021

Chair Holmberg and members of the Senate Appropriations committee:

The Economic Development Association of North Dakota represents more than 80 large and small and rural and urban economic development organizations on the front line of growing businesses and communities in North Dakota. The primary purpose of the organization is to promote the creation of new wealth throughout North Dakota to develop more vibrant communities and improve quality of life. It is for these reasons our organization and its members want to express support for SB 2245.

Energy and agriculture have long been the two historical and leading pillars of North Dakota's economy. EDND supports investments that will enhance these important economic sectors and advance new opportunities to support growth of other sectors to diversify our economy. The introduction of intermodal has reduced costs for ag producers, manufacturers and other industries and made exporting commodities easier. It also allows North Dakota to recruit additional companies which may prefer or require easier access to shipping, potentially providing opportunities for the diversification of the economy and the state's tax base.

Thank you for the opportunity to express our support for SB 2245 and for your continued commitment to keeping North Dakota globally competitive and diversifying the state's economy.



Testimony of Eric Bartsch
AGT Foods

In Support of SB 2245
January 26, 2021

Chair Holmberg and members of the Senate Appropriations committee:

On behalf of AGT Foods I am writing this to express the impact that the intermodal ramp established in Minot has had on AGT as a company and will have on the region's economy.

AGT is a value-added processor of pulse crops producing products such as pulse proteins, starch's and fibers in addition to pulse-based pasta, texturized protein and specialty flours. The market for our products is growing quickly not only in North America but globally.

Prior to October of 2020 in order to ship value added goods by ocean container that we are producing in Minot we had the extra costs to dray the material from Minot to either Winnipeg or Regina to ship the goods by containers to destinations around the world. This extra costs at times limited our ability to be competitive and in general lowered the value of our goods that we are producing in Minot. With the introduction of containers in Minot we are now more competitive to ship our goods from ND to Asia which provide a base for our company to continue developing our value-added presence in North Dakota.

Without the port it makes it challenging to continue investing in further added production at our Minot plant. The key to value added products is the ability to move the goods from origin to destination and maintain the IP of the product. Overall, the port will have a positive impact on ND's ability to expand its value-added presence as it provides a tool for producers to move their goods from ND to the rest of the world. Without this key competent it makes it very difficult for the state to attract further value-added investment in ND.

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2245
2/10/2021
Senate Appropriations Committee

A BILL for an Act to provide an appropriation to the department of commerce for an intermodal transportation assistance program; and to provide a statement of legislative intent.
--

Chairman Holmberg opened the meeting at 9:30 a.m.

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

Discussion Topics:

- Amendments for the Budget

Vice-Chair Kresbach presented amendment [LC 21.0931.010020]; testimony #6233.

Vice-Chair Kresbach made a motion to adopt amendment [LC 21.0931.01002].
Senator Oehlke 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>	Y		<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 Passes 14-0-0

Vice-Chair Kresbach made a motion DO PASS AS AMENDED
Senator Oehlke 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>	N
<i>Senator Bekkedahl</i>	Y		<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 Passes 13-1-0

Senate Appropriations Committee
SB 2245
02/10/2021
Page 2

Chairman Holmberg closed the hearing at 9:46 a.m.

Rose Laning, Committee Clerk

CS
216
1041

PROPOSED AMENDMENTS TO SENATE BILL NO. 2245

- Page 1, line 2, remove "; and to provide a statement of legislative intent"
- Page 1, line 4, after the first boldfaced hyphen insert "**STRATEGIC INVESTMENT AND IMPROVEMENTS FUND** -"
- Page 1, line 4, remove "- **LEGISLATIVE INTENT**"
- Page 1, line 5, replace "general" with "strategic investment and improvements"
- Page 1, line 6, replace "\$15,000,000" with "\$10,000,000"
- Page 1, line 8, remove "Of this amount:"
- Page 1, line 9, replace "1. \$10,000,000 is" with "The funding must be used"
- Page 1, line 9, after "the" insert "purchase and"
- Page 1, line 11, remove "; and"
- Page 1, remove lines 12 and 13
- Page 1, line 14, remove "intermodal infrastructure in the state"
- Page 1, line 17, remove "It is the"
- Page 1, remove lines 18 and 19
- Page 1, line 20, remove "2019, and ending June 30, 2021."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment removes \$5 million of funding available from Bank of North Dakota loan guarantees and provides \$10 million to the Department of Commerce from the strategic investment and improvements fund for an intermodal transportation assistance program during the 2021-23 biennium rather than providing funding from legacy fund earnings deposited in the general fund.

REPORT OF STANDING COMMITTEE

SB 2245: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2245 was placed on the Sixth order on the calendar.

Page 1, line 2, remove "; and to provide a statement of legislative intent"

Page 1, line 4, after the first boldfaced hyphen insert "**STRATEGIC INVESTMENT AND IMPROVEMENTS FUND -**"

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21.0931.01002

Sixty-seventh
Legislative Assembly
of North Dakota

SENATE BILL NO. 2245

Introduced by

Senators Krebsbach, Burckhard, Hogue, Wanzek

Representatives Fisher, Louser

1 A BILL for an Act to provide an appropriation to the department of commerce for an intermodal
2 transportation assistance program; ~~and to provide a statement of legislative intent.~~

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

4 **SECTION 1. APPROPRIATION - STRATEGIC INVESTMENT AND IMPROVEMENTS**

5 **FUND - ONE-TIME FUNDING ~~— LEGISLATIVE INTENT.~~** There is appropriated out of any
6 moneys in the ~~general~~ strategic investment and improvements fund in the state treasury, not
7 otherwise appropriated, the sum of ~~\$15,000,000~~ \$10,000,000, or so much of the sum as may be
8 necessary, to the department of commerce for the purpose of developing an intermodal
9 transportation assistance program for the biennium beginning July 1, 2021, and ending
10 June 30, 2023. ~~Of this amount:~~

11 ~~1. \$10,000,000 is~~ The funding must be used for providing grants to an organization
12 dedicated to the purchase and development of an intermodal transportation facility
13 and expansion of intermodal infrastructure in the state; ~~and~~

14 ~~2. \$5,000,000 must be made available to the Bank of North Dakota for loan guarantees~~
15 ~~related to the development of an intermodal transportation facility and expansion of~~
16 ~~intermodal infrastructure in the state.~~

17 Grant funds awarded must be used for the purchase of infrastructure assets, real property, and
18 equipment necessary for successful intermodal rail service in the state. The department of
19 commerce shall establish guidelines for the awarding of grants under the program. ~~It is the~~
20 ~~intent of the sixty-seventh legislative assembly the funds appropriated in this section are derived~~
21 ~~from legacy fund earnings transferred to the general fund during the biennium beginning July 1,~~
22 ~~2019, and ending June 30, 2021.~~ This funding is considered a one-time funding item.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2245

Page 1, line 2, remove "; and to provide a statement of legislative intent"

Page 1, line 4, after the first boldfaced hyphen insert "**STRATEGIC INVESTMENT AND IMPROVEMENTS FUND** -"

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STATEMENT OF PURPOSE OF AMENDMENT:

This amendment removes \$5 million of funding available from Bank of North Dakota loan guarantees and provides \$10 million to the Department of Commerce from the strategic investment and improvements fund for an intermodal transportation assistance program during the 2021-23 biennium rather than providing funding from legacy fund earnings deposited in the general fund.

2021 HOUSE APPROPRIATIONS

SB 2245

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Brynhild Haugland Room, State Capitol

SB 2245
3/16/2021

BILL for an Act to provide an appropriation to the department of commerce for an intermodal transportation assistance program.
--

10:40 Representative Kempenich - Opened the meeting for SB 2245

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:

- Rail Modal Group
- Intermodal service in North Dakota

10:40 Senator Krebsbach- Testifies in favor of SB 2245 (**Testimony #9520**)

10:42 Shane Goettle- Minot Area Chamber Economic Development Corporation- Testifies in favor of SB 2245 (**Testimony # 9448 and #9513**)

11:00 Greg Oberting- President Rail Modal Group- Testifies in favor of SB 2245

11:11 Dan Mostad –General Manager of the Berthold Farmers Elevator, Berthold ND-
Testifies in opposition of SB 2245 (**Testimony #9308**)

11:15 Travis Zabloutney- Minot Resident and Farmer- Testifies in opposition to SB 2245
(**Testimony # 9447**)

11:20 Gregory Johnson- Former Owner/Operator of North Dakota Port Services-
Testifies in opposition of SB 2245 (**Testimony # 9437**)

11:35 Josh Teigen- Department of Commerce- Testifies Neutrally for SB 2245 (**Testimony
#8993**)

11:36 Roscoe Streyle- Former Representative and Private Citizen- Testifies in favor of
SB 2245

**Additional written Testimony: Testimony #9422 and #8975 In Favor, #9404 In
Opposition and #9327 Neutral testimony**

11:42 Chairman Delzer- Closes the meeting for SB 2245

Risa Berube,

House Appropriations Committee Clerk

NORTH DAKOTA SENATE

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



Senator Karen K. Krebsbach

District 40
P.O. Box 1767
Minot, ND 58702-1767
R: 701-838-0211
C: 701-720-1291
F: 701-838-0211
kkrebsbach@nd.gov

COMMITTEES:
Appropriations

#9520

March 16, 2021

Mr. Chairman and House Appropriations Committee Members:

SB2245 the Intermodal Transportation Assistance Program has quite a history and those involved are looking forward to the stable operation of this mode of transportation. In the last session, 1.3 million was committed and authorized by the legislature for a Pilot Project that began this past October has proved successful. The 1.3 million was a financial backstop if the facility was forced to ship empty containers out of the port due to lack of shipping demand, this was not needed, nor was it utilized.

The Rail Modal Group (RMG) was contracted to operate the Pilot Project. They have experience and have developed a network of intermodal facilities - (two others) one in Fremont, Nebraska and one in Amarillo, Texas, this was done in cooperation with the railroad who is the railway of RMG's two other facilities. RMG has access to multiple ocean rail containers which is essential to the project and the other important element is their connection with overseas shipping lines. We cannot overlook the assistance of the railroad in obtaining the RMG group for operations and getting this off the ground so to speak.

This facility is currently shipping one unit train per week, and this includes approximately 220 forty-foot equivalent container units. Thru January the facility has shipped 11 full unit trains carrying over 2,000 containers. Department of Commerce testimony stated that shipping a unit train a week there is a minimum savings of \$137,500 per week, this is money going to the farmers — not going to the operator.

Currently over 15 industrial shippers and commercial processors are already shipping out of the port, in addition farmers and small businesses throughout the state are utilizing the site to ship ND goods and commodities.

The key to value added products is the ability to move the goods from origin to destination and to maintain the (P) or Identity Preserve of the product. (This can't be emphasized enough). A value added pulse company stated that without the Intermodal facility it makes it challenging to invest in further production at their plant. An

ethanol plant near Underwood shared they are currently shipping dried distillers grains and this facility has provided access to markets that they would have limited access to. A commodity company, on behalf of their farmer clients has sold over \$12 million dollars of grain through the facility in the first 3+ months of operation and their farmer clients benefit greatly from the expanded market the facility offers. Testimony of others could be added but I'll stop at this point about the users

Why this bill??????

-The City of Minot has invested approximately \$12 million over the past 15 years in establishing the inland port and are owners of the land it is located on.

-Currently there is an amount of over \$8 million owed to the owners of the assets that exist which are being purchased, and the railroad is requiring an extension of the rail to Gavin Yard in the amount of \$2 million.

-The railroad has approved a provisional contract of operation to RMG and this provisional contract will need to be changed to permanent and the rail needs to be completed by August of 2021.

Mr. Chairman, this is why the bill is here, we need to face the deadlines to further progress this facility which can continue to bring benefit to the citizens, businesses and industry in North Dakota which has been proven to enhance that are and can potentially be of value to many. Thank you for the attention offered today.

Senator Karen K. Krebsbach

District 40

House Appropriations Committee
Chairman - Jeff Delzer

Testimony
March 16, 2021

Shane Goettle
Lobbyist
Minot Area Chamber Economic Development Corporation
sgoettle@odney.com
701-426-0576

SB 2245

Mr. Chairman and members of the House Appropriations Committee, my name is Shane Goettle, and I am here today having been retained by the Minot Area Chamber of Commerce Economic Development Corporation to represent its interests in regard to SB 2245.

The Intermodal Transportation Assistance program proposed in this bill is an appropriation for the stable operation of intermodal service in North Dakota.

I want to take minute to make sure everyone understand what "intermodal service" means. Since the end of October 2020, intermodal service commenced in Minot. One unit train per week - that 110 cars - are loaded with 220 40-foot containers. These are stacked on top of each other. Inside these containers are anything you think of and put in a container, and the range from agricultural products to manufactured products. The key advantage of containerized shipping is the ability to preserve the identity of the products shipped. This identity preservation is key to worldwide niche markets for our farms and businesses across the state.

Empty containers, sourced mainly out of Chicago, are brought into the Minot site. The empty containers might be filled there, but they might also be trucked to all corners of the state - to Richardton, Williston, Park River, and Casselton - to be filled, brought back to the intermodal site, and then placed on rail cars.

From there they head west to Seattle, where they loaded off the train, onto a ship, and ultimately carried to destination all over the world.

We are calling this operation in Minot the Logistics Park of North Dakota.

Since October 2020, Greg Oberting, President of Rail Model Group, has been operating this facility. Mr. Oberting is an experienced logistics businessman who operates two other facilities - one in Nebraska and the other in Texas.

BNSF identified Mr. Oberting and his company as the one private operator they would trust to develop and operate an intermodal site. This is precisely because of his experience with his other two locations and his relationships - not only with BNSF, but also with the those in the shipping business throughout the world.

However, the arrangement that Mr. Oberting has with BNSF is provisional had has a timetable. The provisional arrangement. The current facility is simply not designed to load a full unit train at this time. To get there, we need at least 7000 feet of track that will be tied into Gavin Yard, just east of the facility. Currently, when Greg loads the containers onto the cars, by necessity he also using some of BNSF's mainline to switch out segments of the unit train. The ONLY reason BNSF is doing that right now is because they trust Mr. Oberting to manage that - but it is unsustainable beyond the August 1, 2021 date.

This leads to one portion of the request: \$1.8 million in state funds to lay some track. The full project will cost somewhere north of \$2.2 million. The additional funds will be matched locally.

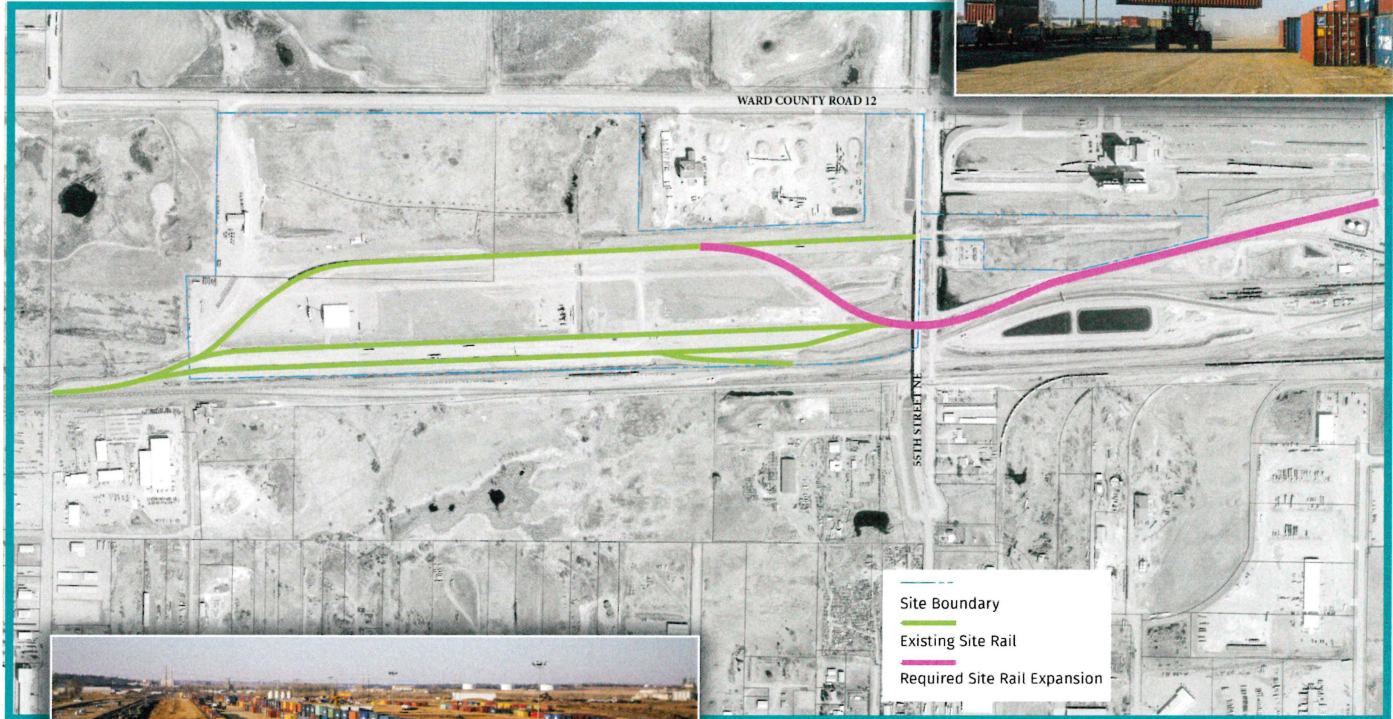
The second portion of the request, \$8.2 million, is the negotiated amount to acquire certain above ground assets, namely all buildings, structures, fixtures and improvements, including track rail, other track material, ties and switches. The amount was arrived at by back and forth discussions and represents the last counteroffer from the banks as the Minot Chamber EDC approached it to buy these crucial assets.

For the rest of my testimony today, I will be referring to a brochure that we developed for this hearing. That is both attached to my electronic testimony and distributed to you as a hard copy.

[Cover information in brochure]

Mr. Chairman and members of the committee, I would be happy to stand for any questions.

LOGISTICS PARK OF NORTH DAKOTA



Updated 3/11/2021

NORTH DAKOTA 67TH ASSEMBLY REQUEST

The Intermodal Transportation Assistance Program is an appropriation to the Department of Commerce for stable operation of intermodal service in North Dakota.

The proposed funds of \$10 million must be used for providing grants to an organization dedicated to the purchase and development of an intermodal transportation facility and expansion of intermodal infrastructure in the state. The total of approximately \$10 million is needed to fund the purchase of infrastructure assets from financial institutions (~\$8 M) and the expansion

of the intermodal site infrastructure into BNSF Railway's Gavin Yard (~\$2 M).

- In order to purchase the assets \$8.2 million is needed. This is the current offer that has been proposed to Minot Area Chamber EDC. This includes all buildings, structures, fixtures, and improvements including track, rail, other track material (OTM), ties and switches.
- The expansion of the intermodal site infrastructure into BNSF Railway's Gavin Yard needs to take place by August 1, 2021. It is estimated this expansion could cost somewhere between \$1.9M – 3.1M. Minot Area Chamber EDC is negotiating with all parties to complete the expansion as quickly and economically as possible. The Intermodal Assistance Program would provide for up to \$1.8 million to ensure the project can be completed. Minot Area Chamber EDC anticipates being able to work with the current

operator to cover some of the anticipated costs and cover additional expenses past the subsidy from the state.

As a reminder, Minot did not utilize the \$1.3 million subsidy the legislature provided for intermodal this past session. We are going to use the same fiscal responsibility under the Intermodal Assistance Program. The funds will not be reallocated to anything other than the intended purposes and if any anticipated costs change, the funds will be returned to the state. It could be that some of the equipment acquired may not be needed on site. If that is the case and the assets were auctioned off then these proceeds would be returned to the Department of Commerce.

INTERMODAL HISTORY & BACKGROUND

The State, the City, and the community have been working to secure intermodal activity at Minot for more than two decades.

- In the 1990's a committee spoke of this idea and concept.
- 2002 discussed as a possibility to locate the facility in Minot.
 - An advisory committee by Ward County recommended conducting a feasibility study for the potential of the facility.
 - Mayor's Intermodal Task Force was formed for the establishment of a municipal port authority.
 - Upper Great Plains Transportation Institutes at NDSU conducted a strategy freight analysis which included a definition of a seamless and continuous door to door transportation of freight utilizing two or more transportation modes that is truck train or train ocean; to compete in international markets.
- 2003 a port authority was established for the ownership and operation of the intermodal facility, after the ND Legislative Assembly passed enabling legislation for a port authority. The revenue for the port authority would have been primarily through a property tax of up to four mills.

- 2017 the port authority was repealed by the Legislative Assembly as part of a property tax reform initiative.
- 2019 the legislature appropriated \$1.3 million to assist in establishing a pilot program for intermodal container service at Minot. The \$1.3 million subsidy was in the form of a financial backstop that would be used in the event that the facility was forced to ship empty containers out of the port due to lack of shipping demand. The use of this subsidy was not necessary.

CURRENT NORTH DAKOTA INTERMODAL PROGRAM

Gov. Doug Burgum announced in October 2020 that North Dakota launched intermodal rail service – the culmination of more than two decades of effort to gain access to intermodal transportation to reduce shipping costs for the state's agricultural producers and other industries. Intermodal service is the movement of international containers so producers and processors can directly load containers and processors can directly load containers on rail in Minot to ship to international destinations.

The company contracted to operate has experience and has developed a network of intermodal facilities providing services to inland containerized export shippers. In cooperation with the railway, the operator currently operates two other intermodal ramps located in Fremont, Nebraska and Amarillo, Texas. Multiple ocean carriers reposition trainloads of empty containers from surplus locations in Chicago Illinois, Memphis Tennessee, Dallas Texas, and other origins offering extensive export capacity.

The operator is currently shipping approximately 220 forty-foot equivalent container units (i.e., one unit train) out of Minot per week. Through January, 11 full unit trains with over 2,000 containers have shipped out of the Minot facility. The initial focus is on providing access to new, more cost-effective markets for agriculture products.

WHY NOW

Currently, the present operator is conducting business under a PROVISIONAL arrangement with BNSF. The PROVISIONAL arrangement ends August 1, 2021 and at that time BNSF will evaluate the continuation of the arrangement.

The expansion of the intermodal site infrastructure into BNSF Railway's Gavin Yard needs to take place by August 2021. There is really only one feasible site for an intermodal operation in North Dakota. There is only ONE possible operator that can effectively operate. It has the potential to save our agricultural and manufacturing sectors hundreds of millions of dollars in drayage.

The title issues concerning the above ground assets need to be cleared up this summer to ensure the current operator is able to continue its intermodal logistics business at the site. The current lease is for one year, which started in October 2020. The lease was designed as an interim step to get the operator on site and negotiate a sale of the above ground assets. This is not picking winners. We are not choosing between multiple operators or even multiple options. We have one chance to get alignment and everything in place before the August 2021 provisional approval expires. There is only one operator we have found that can deliver and do this.

What we propose to do with the requested state funds is clean up title issues and make sure that additional infrastructure is built to support rail into Gavin Yards and secure long-term intermodal service. This infrastructure improvement is required by BNSF to move past the provisional approval.

DIRECT BENEFIT TO NORTH DAKOTA SHIPPERS

North Dakota has been attempting to develop an intermodal solution for nearly two decades without success. Introduction of intermodal service creates dramatic economic benefit to producers, processors, miners, and shippers of



everything from grains and minerals to industrial and manufactured products. All of these suppliers benefit from this newly created transportation option.

Direct shipments of containerized grains are only a small portion of the shipments moving through the Minot intermodal facility. Further, shipments of grain in 350,000-bushel shuttle trains and 4-million-bushel bulk vessels are far more economical than 850 bushel lots of grain in containers to international destinations, thus there is not put through margin to leverage. The value to agricultural producers is more indirect than direct, as increased shipping options promote growth of food grade, specialty, packaged, and processed grains throughout North Dakota. Investment in bulk grain handling facilities are not comparable to a multi modal transportation facility serving every shipper of goods to and from North Dakota.



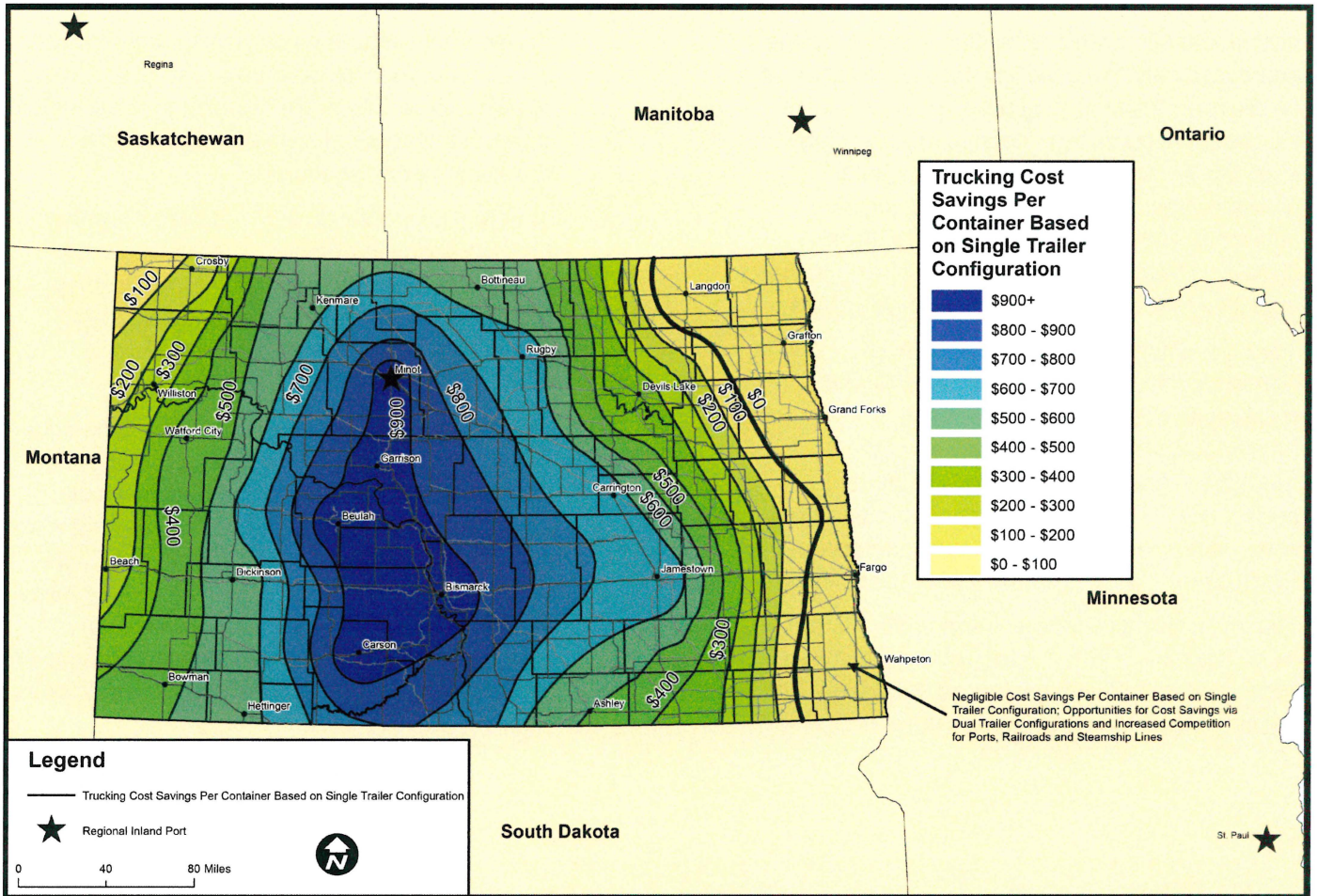
Promoting an economical and sustainable intermodal transportation opportunity for North Dakota creates tremendous long-term value to agriculture and economic growth throughout the region. It also anchors North Dakota on a competitive transportation level with Minneapolis, Chicago, and Kansas City.

The Senate Appropriations Committee heard in testimony that highlighted some of the benefits to shippers in North Dakota:

- The Department of Commerce, that by shipping a unit train a week this is saving producers at a minimum \$137,500 per week in drayage (trucking) costs. This isn't money that goes to the operator, this is money that farmers save in the very base case scenario.
- There are currently over 15 industrial shippers and commercial processors already shipping out of the port. In addition, farmers and small businesses throughout the state are also utilizing the site to ship ND goods and commodities.
- A small business in western ND that has been looking for containers can now access global markets for the first time with their product.

- A value-added pulse company shared that without the intermodal facility it makes it challenging to continue investing in further added production at their plant. The key to value added products is the ability to move the goods from origin to destination and maintain the IP of the product. The port has a positive impact on ND's ability to expand its value-added presence as it provides a tool for producers to move their goods from ND to the rest of the world. Without intermodal it makes it very difficult to attract further value-added investment in ND.
- An ethanol plant near Underwood shared they are currently shipping dried distillers grains through the intermodal facility. The facility has provided access to markets that they would have limited access to without the facility.
- One commodity company, on behalf of their farmer clients, has sold over \$12 million of grain through the facility in its first 3+ months of operation. Their farmer clients benefit greatly from the expanded market access that the facility offers.

While the facility is located in Minot, the benefits of the strategic location serve the entire state and region.



SIGNIFICANT INVESTMENT FOR STATEWIDE BENEFIT

City of Minot has invested approximately \$12 million over the past 15 years.

In addition, the federal government invested \$20 million in U.S. Department of Transportation funding for the \$26.4 million bypass project. The 55th Street Northeast Bypass is a seven-mile-long stretch of highway completed to help support intermodal shipping for growth for our state.

Operator has already over \$2M in equipment to operate the facility in North Dakota.

If approved, the State investment of \$10 million would be less than half of the total amount of the project.

LONG-TERM PLAN | OWNERSHIP

In order to have sustained intermodal service in North Dakota, two things need to happen:

- 1) Purchase infrastructure assets
- 2) Expand site infrastructure

A total of approximately \$10 million is needed to fund the purchase of infrastructure assets from financial institutions (~\$8 M) and the expansion of the intermodal site infrastructure into BNSF Railway's Gavin Yard (~\$2 M). The assets are being purchased by the Minot Area Chamber EDC to ensure that the site and its infrastructure will be used for sustained intermodal service.

Intermodal rail service launched with provisional approval by BNSF exclusively for RMG to operate on the main line. For long term sustainability of the program, operations need to move off the main line and a track expansion into BNSF Railway's Gavin Yard is required. To sustain intermodal service at the present site, BNSF Railway is requiring an expansion of the existing infrastructure be completed by August 1, 2021.

The current bill gives the Department of Commerce the ability to write the rules and regulations of the use of the funding. Reasonable restrictions on the use of the funding are appropriate to ensure that the project will (1) provide for intermodal operations in the state; and (2) allow the public access to the markets unlocked by the intermodal service.

The economic development arm under Minot Area Chamber EDC is a non-profit organization committed to building and supporting a resilient, sustainable, and diversified economy. Economic

development efforts strategically target primary sector industries, as defined by the Department of Commerce. The primary sector is the principal driver of economic development and is the foundation of an economy.

The funding would allow Minot Area Chamber EDC the ability to purchase the infrastructure assets to ensure the site remains focused on providing intermodal service. The next step would be to acquire ownership of the land, currently owned by the City of Minot.

The banks have a valuable asset. It can be sold, and it does not need to be used for intermodal. Prior to the current operator, the facility was being leased as a transloading facility. Following negotiations by Minot Area Chamber EDC, the lease was dissolved, and a new temporary lease was put in place for intermodal service. By acquiring the assets, we can ensure the focus on providing intermodal service is the primary focus.

Thank you for your hard work and commitment to keeping North Dakota globally competitive. This is a great opportunity to diversify the state's economy and bring a sustainable intermodal program to our state.



FOR MORE INFORMATION

Minot Area Chamber EDC

L. John MacMartin, President

john@minotchamberedc.com

#701-852-6000

Testimony for SB 2245, presented on 3-16-2021 to the ND House Appropriations Committee

Mr. Chairman and Members of the House Appropriations Committee.

My name is Dan Mostad, I am the General Manager of Berthold Farmers Elevator, Berthold, ND. I am here to testify against SB 2245. I come from a farming family, in the Minot area. By the nature of my career and upbringing, I am a staunch supporter of North Dakota Agriculture. I am not against having an intermodal facility in North Dakota.

I listened to the testimony from the Senate Appropriations Committee on 1/26 and 2/10, as well as the Senate floor vote on 2/17.

The \$8 million, in this bill, to pay for assets/improvements from 1st Western Bank and the Bank of North Dakota, looks like a bailout. If the numbers are correct from ND Department of Commerce testimony, \$137,500 of savings per week is passed on to growers. Also, according to the testimony, these figures are on the low end, with the potential to grow to \$2.5-\$3MM per month. If the potential is that good, the project should be able to easily find investors other than the taxpayers of North Dakota.

The additional \$2 million is set to build additional trackage at the facility. I question why taxpayers should grant a business those funds. Current Grain Handling Companies in the area, many of which are locally owned Cooperatives, have all Debt Financed or Equity Financed their assets and upgrades. That includes building new elevators, upgrading existing facilities and adding rail track to support those ventures. Those local investments are significant. New Elevators cost between \$20-25 million and expansions can cost into the millions.

Even though this intermodal facility competes on certain bulk commodities with the business I manage, I am not against the business. In fact, just as in the past, Berthold Farmers Elevator has looked at ways to utilize containerized shipments through the port. I am voicing my concern to say, that if this is a viable business model, it needs to stand on its own, without state funding.

Thank you for your time.

SB2245 Testimony Opposed

Travis Zabloutney

1119 12th Ave SW Minot, ND

701-721-2188

Committee Chair Members:

As a taxpaying North Dakota Citizen, resident of Minot, farmer, and business owner I am submitting this testimony in opposition to SB2245.

If this such a great, wonderful and necessary enterprise where are the private sector investors?

This should be owned and operated by private sector investment. It should not be paid for by the North Dakota taxpayer and owned by a quasi government agency called the Minot Area Development Corporation.

How is it considered appropriate that the state legislature would purchase this private intermodal property with taxpayer dollars and turn it over to a taxpayer funded Minot Area Development Corporation, While all along working to bailout the Bank of North Dakota, First Western Bank owned by the family of Senator John Hoeven, and the State bank of Kenmare?

Has the property been appraised to determine its current value?

What is its value? Both Burlington Northern Railroad and the current operator Rail Modal Group are not willing to pay the current proposed bailout amount of 8.2 million dollars.

Property ownership dispute

No stake by RMG

New rail mostly on bn property

Private industry ownership vs government

Bank Bailout

Real Value of the property

I have much more testimony to write and finish. Final version will be submitted but for now this is what will be submitted in order to meet the 7:30 deadline for the written and oral testimony request.

“Chairman Delzer and members of the committee, my name is Gregory A. Johnson from Bottineau, ND, formerly of Minot, ND. I am the former owner/operator of North Dakota Port Services (NDPS), the company that owned, designed and built the existing facility. I would’ve preferred being with you in person this morning, however, I am tending to a personal bankruptcy matter resulting from circumstances pertaining to this facility.

I want to see the current business succeed; however, I cannot support SB 2245 for the reasons below.

- 1) This proposed program is watered down with talk about providing grants from taxpayer dollars to “An Organization” as stated in the ND 67th Assembly Request for the Logistics Park of ND, updated 3/11/21. The verbiage of the request is foggy at best and is just plain misleading.
- 2) I do not support taxpayer dollars awarded to government entities, operating on tax dollars to purchase and own assets on property of others. Who owns the property these assets are resting on? It seems to be quite unclear. On December 30, 2018, when NDPS was foreclosed on, the land the assets are sitting on was subordinated to the banks. If you look on the Ward County tax roll today, it is still listed as owned by the City of Minot. It is my understanding both the City of Minot and the banks each believe they own the land. So, taxpayer dollars are now going to furnish funding for assets to Minot Area Chamber EDC (a government entity) on land owned by WHO? Is it the banks or the City of Minot that owns the property? \$10M of taxpayer dollars on other property.
- 3) Financial institutions being paid off by tax dollars to purchase assets by government entities will set precedence in other foreclosure actions.

- 4) The 1150-foot grade separation over BNSF tracks was built with Tiger grant money. The grade separation was designed for future track expansion into BNSF's Gavin Yard.
- 5) The BNSF proposed track design for the Logistics Park of ND now requests Taxpayer money is now being spent to build BNSF proposed track most of which will be on BNSF property. The proposed design also prohibits future track development for which the grade separation was built using taxpayer's money.
- 6) In early 2016 NDPS was struggling and approached the banks to make interest only payments until we got our feet under us. The request was denied.
- 7) NDPS with the help of a local bank and local legislator sought to get \$1 million through the ND Chamber of Commerce at a low interest loan to help us get through hard times as well. The request was declined.
- 8) NDPS paid over \$4 million in interest to financial institutions that own these assets between 2007 and 2018.
- 9) The demand BNSF put on NDPS to keep intermodal going was to install (3) 10,000-foot-long tracks -- one being an arrival track, one being departure, and the third a run-around.
- 10) Mr. John MacMartin, Minot Area Chamber EDC President testified recently in the Senate Appropriations Committee the City of Minot had \$12 million invested in this facility. That is false.
- 11) NDPS had a major failed \$145 million investment in 2012 which would have developed the intermodal facility and brought in additional businesses.

- 12) This is the real kicker and why taxpayer dollars should not, I repeat, should not, fund this project. Private enterprise was working on this project! Let me share a few details with you. After NDPS was foreclosed on (an amiable one, I might add) in December 2018, I continued following up with other investors. To me, the devil in the details came on July 26, 2019. Mr. John Stewart arranged a call with Eric Hardmeyer, President and CEO of BND, Tim Porter, CFO of BND, John Schneller, Investor, and myself. Everyone introduced themselves. As John Schneller began to explain the investment vehicle, the BND representatives hung up. Mr. Chairman and members of the committee, do you know what our ask was? No one does, because the BND representatives didn't listen to what we were going to ask. They hung up. Mr. Chairman and members of the committee: Mr. Schneller was looking for a financial facility to deposit \$175 million. The \$175 million was going to be for development of this facility. Mr. Schneller also wanted to bring other opportunities to this region. The BND would've held the funds until Mr. Schneller released funds as needed. The first payoff would've been to the banks owning the assets for principal and interest NDPS owed. The second payoff was to any creditor of NDPS. Yes, there are other creditors who deserve equal consideration.
- 13) I leave you with this ... I believe what should happen is the BND should pay off the partner banks. The BND should then issue a 1-2% long-term loan to the future owner. This way private enterprise has skin in the game and eliminates the burden of debt for the taxpayer.
- 14) Private enterprise will grow this facility and is in the best interests of North Dakota. Taxpayers should not be bearing the brunt of this.

For the above reasons and many more I do not support SB 2245.

Chairman Delzer and Committee members, I would entertain any questions. If there are none again, thank you the opportunity to testify. I will remain on the line until the end of the hearing.

Respectfully submitted,

 _____

Good Morning Chairman Delzer and Honorable Members of the House Appropriations Committee, my name is Josh Teigen and I serve as the Director of Economic Development and Finance for the ND Department of Commerce. I am humbled to be here today to discuss a truly magical story from our neighbors in Minot.

For 20 years, the State of ND worked extremely hard to introduce an intermodal facility as we are dependent on oil and soil to drive the economy. In addition, as global trading patterns shifted as well as appetites, wealth and purchasing agreements, North Dakotan producers and processors found themselves at a competitive disadvantage. As such, a multifaceted team consisting of the private sector partners spanning the Pacific Northwest to ND, a progressively minded local economic development team and state agencies decided that we were going bold.

We were no longer going to accept the wait and see approach nor were going to allow the transportation industry to dictate the future of the state's second largest sector, agriculture. We took the bull by the horns and untangled every loose string, sourced solutions, partners and helped build a book of business that would make this project a go. And we did it with absolutely no state money! Most of the infrastructure existed and just required a systems level approach to drive the project.

Think about that for a second, people like John MacMartin, Ryan Ackerman, Brekka Kramer, Representative Jay Fischer, Eric Bartsch, Bob Sinner, Gene Griffin, Scott Zainhofsky, the Bank of North Dakota and local financial institutions as well as others said no more, we are going to do this!

Pause for one more second as this is the essence of an agile and effective ND approach to economic development, think of that all-star team, financial institutions and private sector entities being supported by government to change support farmers and processors across the state!

We went to BNSF headquarters and met with the senior leadership team in multimodal operations, shared new data, discussed evolving global trade movements, and put everything on the line. We walked away with new requirements as the goal post was moved about a dozen times but we were not deterred and were not going to take no for an answer. The meeting was tense but we got down to brass tacks, shook hands and departed that 98 degree day with new requirements but most importantly, we had a commitment if we could meet those requirements: find a book of business, meaning enough product to ship a unit train a week, and a third-party logistics provider. We built the book of business together, interviewed third party logistics partners and found a partner.

In the aggregate, farmers and producers in states like Ohio, Wisconsin, Minnesota etc. have been enjoying a competitive advantage over our producers for years. Below are a few statistics I would like to share to give you perspective. Talk to any food grade soy producer in the state and they will double or triple their food grade production if logistics costs were on par with other states.

That brings us to here in North Dakota. We are shipping a unit train a week saving producers at a minimum \$137,500 per week. This isn't money that goes to the 3PL, this is money that farmers save in the very base case scenario. Methodology: Average transport savings equates to \$500 per container and a rough average of 275 (some unit trains are 220, some are 330) ship per week saving ND producers \$137,500 per week. One of the largest shippers saves 34% on drayage as a result of the facility; another saves almost 30%. Could you imagine saving a third on your transport and logistics costs? It would be a game changer and your competition wouldn't know what to do.

This is on one train a week, the demand exists to easily triple this amount and, in some estimates, quadruple volume. We are talking real money: \$2.5-\$3MM per month and this does not include additional economic growth at the Minot facility which is rapidly growing given the opportunity or additional industries which may leverage the infrastructure such as the energy sector. There is a major demand for ND energy products, e.g. ethanol and LNG and new intermodal conversion opportunities to accommodate this for growing markets in Asia. We haven't even broken the surface.

I will also leave you with a high side potential report. **The report included includes the top end of the potential spectrum but is being shared so that you understand that we are only shipping a unit train at this point.**

Thank you for your time today and I stand for any questions.

North Dakota Intermodal Twenty-Foot Equivalent Unit (TEU) Demand Potential



Outbound and Inbound Shipping

Forecast 2021

Intermodal TEU Demand Model and Estimate

Executive Summary

North Dakota requires intermodal transportation for its producers to be globally competitive. Currently, there are several options under consideration to provide shippers with intermodal exporting capability. This document outlines the estimated outbound potential associated with major agricultural products both in the western and eastern regions of the state. In addition, it estimates inbound requirements; it is important to note that there are many assumptions given the lack of granular data. The total estimate for outbound shipments in Western ND is 92,000 Twenty-Foot Equivalent Units (TEUs); with an assumed inbound potential of approximately 19,000 containers. For Eastern ND, the outbound potential is 48,000 TEUs and with inbound at 9,352 containers. This document outlines how these estimates were ascertained. This document also provides a business case for further intermodal investment by Class I rail companies that operate in the State of North Dakota.

Western North Dakota Potential

Peas and Lentils

Most lentils grown in the U.S. are exported. Montana and North Dakota combined account for approximated 67% of the U.S. production of lentils in 2014. Similarly, more than 70 percent of the total U.S. dry pea production is exported to India, China, and Spain for food and feed processing. Dry Peas are also a major crop in NE Montana and Western North Dakota accounting for 57% of the U.S. production.

The amount of available commodity for export is limited by the annual production. As a check on the estimates of potential for export a brief analysis of the production for the past twelve years was conducted. North Dakota production of lentils from 2005 through 2016 amounted to an average 1,933,833 cwt or 87,717 MT per year (Table 1). Dry pea production for the same time-period amounted to 7,886,667 cwt or 357,734 MT. The combined production of lentils and dry peas is equivalent to 22,273 containers loaded to 20 MT. This is strictly North Dakota production and does not consider the potential movement of commodities from Eastern Montana and Saskatchewan, Canada which would add to the export demand at Minot.

Year	Acres Planted			Production, CWT.		
	Lentils	Dry Peas	Total	Lentils	Dry Peas	Total
2005	150,000	540,000	690,000	1,971,000	9,785,000	11,756,000
2006	160,000	610,000	770,000	1,214,000	9,322,000	10,536,000
2007	110,000	515,000	625,000	1,442,000	10,850,000	22,292,000
2008	95,000	520,000	615,000	828,000	7,900,000	8,728,000
2009	165,000	490,000	655,000	2,543,000	11,520,000	14,063,000
2010	265,000	430,000	695,000	3,927,000	8,120,000	22,791,000
2011	80,000	85,000	165,000	824,000	1,160,000	1,984,000
2012	160,000	235,000	395,000	1,928,000	4,485,000	6,413,000
2013	129,000	295,000	424,000	1,764,000	5,740,000	8,397,000
2014	75,000	265,000	340,000	871,000	5,432,000	6,303,000
2015	165,000	385,000	550,000	2,122,000	8,063,000	10,185,000
2016	305,000	560,000	865,000	3,772,000	12,263,000	16,488,000
Total	1,859,000	4,930,000	6,789,000	23,206,000	94,640,000	117,846,000
12 Yr. Avr.	154,917	410,833	565,750	1,933,833	7,886,667	9,820,500
Avr. In MT				87,717	357,734	445,451
Potential Annual Containers; 12 yr Average @ 20MT/Container						22,273

Table 1. North Dakota Lentil and Pea Production, 2005-2016; Source: NASS, USDA.

Northeastern Montana is also a major producer of dry peas, as well as lentils. The two Eastern agricultural districts in Montana produced 13,165,000 cwt. of dry peas and lentils in 2016 (NASS, USDA). That is equivalent to 29,857 containers at 20 MT/container in addition to the North Dakota production.

Total potential based on current production in Western ND and Eastern MT is 52,130 containers

Additional DDGS Requirements using Minot

North Dakota is a major producer of several types of commodity grain and oilseeds including a major producer of spring wheat, durum, barley, corn, soybeans, and sunflowers. Most commodity grain and soybeans are shipped in bulk however using shuttle trains and bulk ships, some is marketed via containers. Wheat, soybeans and distillers dried grains with solubles (DDGS) are considered the best candidates to be marketed in containers from North Dakota. The production of these commodities is large and there is no need to compare estimated potential demand for containers with production for wheat and soybeans.

There are five ethanol plants in North Dakota that produce DDGS, Tharaldson, Red Trail Energy, Hankinson Renewable Energy, Blue Flint, and Dakota Spirit AgEnergy. According to the North Dakota Ethanol Council, they produce a combined total of 1,202,000 MT of DDGS annually.

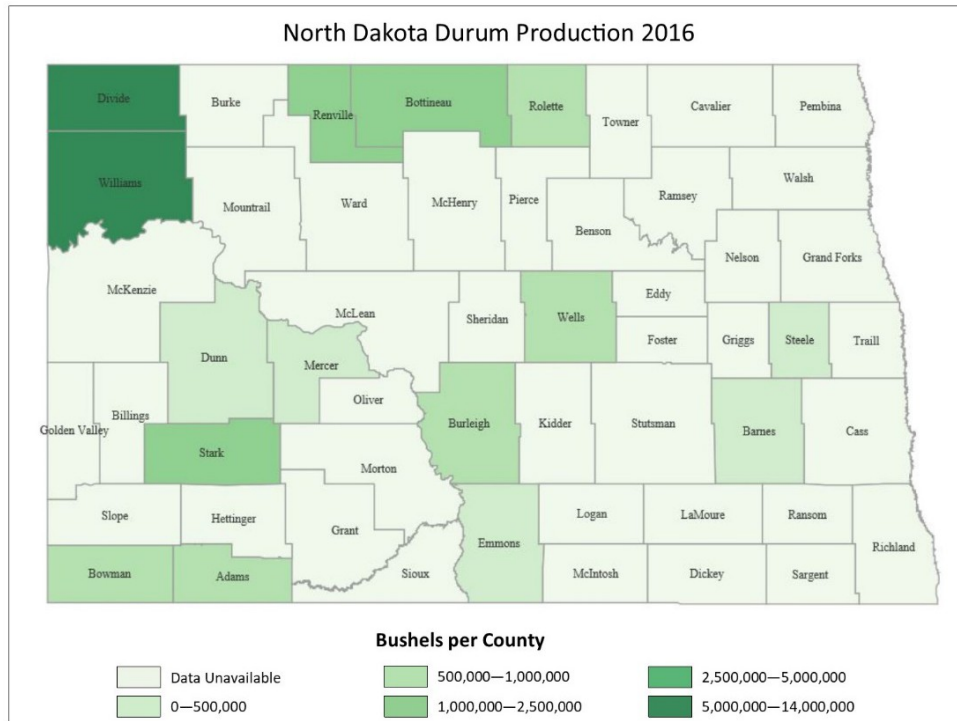
Based on a survey administered by the North Dakota Trade Office in 2016, it is estimated that there is potential for 51,120 containers of commodity grain, commodity soybeans, and DDGS

annually with about half coming from facilities located in the West. The total potential was halved due to location of ethanol plants and geographical location of specialty crops. This is assuming that the respondents had a collective market share of 30% of the total market for commodity grain container shipments. The extent which firms shipping commodity grain would utilize containers to market would depend on several factors including rates, service, drayage costs, ownership of local handling facilities, and of course, profitability. As such, the total potential for DDGS is **25,560 containers**.

Beyond DDGS Estimate for Durum

According to the North Dakota Wheat Commission, exports in 2016 were approximately 25 million bushels or 1,500,000,000 pounds. A majority of the state's durum production is concentrated west; as such, it is assumed that approximately 90% of the durum exported will use Minot as a shipping facility, this is an estimated 1,350,000,000 pounds. This equates to 612,350 metric tons or 30,618 containers.

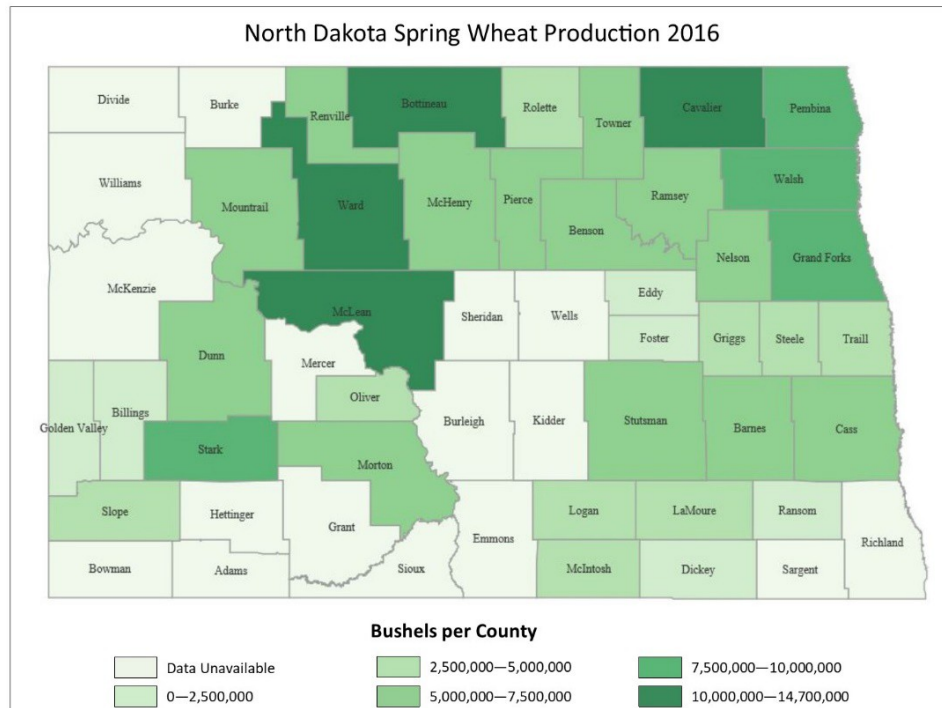
One could surmise that containerized freight could catch on for durum; this is due to the back-haul direction (East to West with empties) corresponding to head-haul direction for export grain moving in hoppers to ports in the west. Rail companies may have supply shortages elsewhere for hopper cars and leverage new infrastructure to reposition them while using empty TEUs moving through North Dakota. Beyond the western DDGS estimate, grain could be loaded using empty containers instead of traditional hoppers providing shipping at near back-haul rates (speculation). The conversion of grain from bulk to container would balance the movement of containers and mitigate the need for hoppers, and the empty return movement they incur. At 5% intermodal shipping, this would create the potential for **1,531 containers**.



Beyond DDGS for Spring Wheat

According to the North Dakota Wheat Commission, exports in 2016 were approximately 315 million bushels or 18,900,000,000 pounds. Approximately 60% of production occurs in the area that would likely be serviced by a Minot facility (see graphic below derived from NASS/ USDA data query). This equates to 11,340,000,000 pounds or 5,145,191 metric tons or 257,259 containers.

Based on the surmised use of TEUs vice hopper cars, grain could be loaded using empty containers instead of traditional hoppers providing shipping at near back-haul rates (speculation). The conversion of grain from bulk to container would balance the movement of containers and mitigate the need for hoppers, and the empty return movement they incur. At 5% shipping, this would create the potential for **12,863 containers**.



Total Outbound Potential using Commodities

Given the estimated traffic and assumptions, it is estimated that **approximately 92,000** containers, or almost 1,800 per week, could leave the Minot facility using an intermodal facility.

Eastern North Dakota Demand Potential

Food Grain Soybean

Food Grade Soybean represents a potential significant source of demand for export containers. It has been estimated that Food Grade Non-GMO soybeans account for approximately 6.5% of the total soybean production in the U.S in 2014 (US Soybean Export Council). This figure has been steadily increasing for the past four years from 5.05% to 6.46% (USDA).

As with any commodity, the amount available for export is limited by the annual production. As a check on the estimates of potential for export a brief analysis of the production for the past twelve years was conducted as was for pulses. North Dakota production of soybeans from 2005 through 2016 amounted to an average 146,066,667 bushels (Table 2). It should be noted that production for four out of the last five years exceeded the 12-year average.

YEAR	ACRES HARVESTED	ACRES PLANTED	YIELD (BU/ACRE)	PRODUCTION (BUSHELS)
2005	2,900,000	2,950,000	37	105,850,000
2006	3,870,000	3,900,000	32	121,905,000
2007	3,060,000	3,100,000	36	108,630,000
2008	3,760,000	3,800,000	28	105,280,000
2009	3,870,000	3,900,000	30	116,100,000
2010	4,070,000	4,100,000	34	138,380,000
2011	3,960,000	4,000,000	29	114,840,000
2012	4,730,000	4,750,000	35	163,185,000
2013	4,630,000	4,650,000	31	141,215,000
2014	5,870,000	5,900,000	35	202,515,000
2015	5,720,000	5,750,000	33	185,900,000
2016	6,000,000	6,050,000	42	249,000,000
Total	52,440,000	52,850,000	398	1,752,800,000
10 Yr. Avr.	4,370,000	4,404,167	33	146,066,667
10 Yr. Average in Lbs.				8,764,000,000
10 Yr. Average in MT				3,975,288
GMO Production in MT@6%				238,517
Potential Annual Containers; 12 yr. Average @ 20MT/Container				11,926

Table 2. North Dakota Soybean Production, 2005-2014; Source: NASS, USDA

According to NASS, USDA, in West Central as well as Northwestern Minnesota, a total of 133,777,000 bushels of soybeans were produced in 2017; this equates to 8,026,620,000 pounds. When converted to metric tons, approximately 3,640,851 were produced; at 6% production, this equates to 10,922 containers. Given the high concentration in Kittson, Roseau,

Marshal, Pennington, Red Lake and Polk Counties, a large portion will likely continue to be transported to Winnipeg; as such, at 50% production using a ramp in Eastern ND, one could anticipate another 5,000 or so containers for export.

Total estimate for ND and Eastern MN 16,926

Additional DDGS Requirements

As mentioned in the Minot section of the demand estimate, North Dakota is a major producer of several types of commodity grain and oilseeds including a major producer of spring wheat, durum, barley, corn, soybeans, and sunflowers. Most commodity grain and soybeans are shipped in bulk however using shuttle trains and bulk ships, some is marketed via containers. Wheat, soybeans and distillers dried grains with solubles (DDGS) are considered the best candidates to be marketed in containers from North Dakota. The production of these commodities is large and there is no need to compare estimated potential demand for containers with production for wheat and soybeans.

There are five ethanol plants in North Dakota that produce DDGS, Tharaldson, Red Trail Energy, Hankinson Renewable Energy, Blue Flint, and Dakota Spirit AgEnergy. According to the North Dakota Ethanol Council, they produce a combined total of 1,202,000 MT of DDGS annually.

Based on a survey administered by the North Dakota Trade Office in 2016, it is estimated that there is potential for 51,120 containers of commodity grain, commodity soybeans, and DDGS annually with about half coming from facilities located in the West. This is assuming that the respondents had a collective market share of 30% of the total market for commodity grain container shipments. The extent which firms shipping commodity grain would utilize containers to market would depend on several factors including rates, service, drayage costs, ownership of local handling facilities, and of course, profitability. As such, the total potential for DDGS is **25,560 containers**.

Beyond DDGS Estimate for Spring Wheat

According to the North Dakota Wheat Commission, exports in 2016 were approximately 315 million bushels or 18,900,000,000 pounds. Approximately 40% of production occurs in the eastern half of the state; it is assumed that wheat grown in Cavalier, Pembina and Walsh Counties would be serviced by Winnipeg. As such, it is assumed that 25% of state wheat production would use the Minot ramp if more competitive shipping rates were available. This equates to 4,725,000,000 pounds or 2,143,829 metric tons or 107,191 containers. This data does not capture additional potential from Western MN production given double haul potential in ND.

Based on the surmised use of TEUs vice hopper cars, grain could be loaded using empty containers instead of traditional hoppers providing shipping at near back-haul rates (speculation). Rail companies may have supply shortages elsewhere for hopper cars and leverage new infrastructure to reposition them while using empty TEUs moving through North Dakota. The conversion of grain from bulk to container would balance the movement of containers and mitigate the need for hoppers, and the empty return movement they incur. This also includes IP as well as specialty protein demand. At 5% shipping, this would create the potential for **5,360 containers**.

Total Outbound Potential using Commodities

Given the estimated traffic and assumptions, it is estimated that **approximately 48,000** containers, or almost 925 per week, could use the intermodal facility if the shipping rates are competitive.

Ratio of Outbound to Inbound

According to the U.S. Department of Transportation, Bureau of Transportation Statistics and Federal Highway Administration, Freight Analysis Framework, Version 4.3.1, 2016, there is an outbound to inbound ratio of 3.06 containers to 1. The rail carriers however offer different statistics in their reports, when BNSF data is combined with Canadian Pacific, we find that in 2015, 599,158 containers left North Dakota (non-TEU but we are assuming a similar ratio for shipping) and 137,964 terminated in the state providing a ratio of 4.34 to 1. See data below for context.

One can deduce from the types cargo being transported into North Dakota that about two-thirds would likely come through Minot given the inbound potential for energy products and new distribution center plans in the region. In addition, a 20% reduction in volume will occur because of coal movements (which shouldn't be included as potential). As such, the estimate for each ramp is as follows:

150,000 total outbound containers (120,000 with the reduction) divided by 4.234; these equals 28,342 inbound containers. Given the 2/3 to 1/3 ratio, one could estimate the following number of inbound TEUs based on the assumptions:

Minot: 18,990 inbound

For the East: 9,352 inbound

BNSF Data to Support Inbound Estimate

BNSF Commodities Originating and Terminating in North Dakota (2015)

	BNSF			BNSF	
	Number of Cars	Number of Tons		Number of Cars	Number of Tons
Crude, Petroleum, Natural Gas &	268,077	26,581,776	Nonmetallic Minerals Except Fuels	37,724	4,005,456
Grain	119,693	12,803,345	Coal	26,449	3,010,136
Coal	34,537	3,367,455	Chemicals and Allied Products	13,788	1,332,332
Food and Kindred Products	30,917	2,887,520	Stone, Clay, Glass & Concrete Products	8,875	938,215
Petroleum and Coal Products	22,416	1,674,046	Farm Products	6,727	664,976
All Other	13,768	1,141,680	All Other	23,415	1,210,388
Total	489,408	48,455,822	Total	116,978	11,161,503

Source: North Dakota Public Service Commission Annual Reports

CP Estimate to Support Inbound Estimate

Canadian Pacific Commodities Originating and Terminating in North Dakota (2015)

Commodity	CP		Commodity	CP	
	Number of Cars	Number of Tons		Number of Cars	Number of Tons
Grain	52,378	5,285,330	Nonmetallic Minerals	7,682	842,899
Crude, Petroleum, Natural Gas & Natural Gasoline	35,811	3,643,116	Stone, Clay, Glass & Concrete Products	3,909	427,713
Food and Kindred Products	8,179	817,299	Chemicals and Allied Products	4,655	407,825
Chemicals and Allied Products	5,017	474,288	Farm Products	2,207	216,022
Coal	2,898	289,899	Primary Metal Products	981	85,514
All Other	5,467	499,759	All Other	1,552	110,668
Total	109,750	11,009,691	Total	20,986	2,090,641

Source: North Dakota Public Service Commission Annual Reports

Location of Rail Lines

To provide perspective of where both BNSF and CP have infrastructure, the maps below are offered to highlight existing infrastructure within the intermodal space.

BNSF Intermodal Map



Canadian Pacific's Intermodal Infrastructure



Disclaimer/ Methodology: The data used in this estimate is derived from several sources; one, previous work conducted by the North Dakota Trade Office, two, the United States Department of Agriculture and three, an aggregated formula as well as assumptions developed by the ND Department of Commerce. In addition, several assumptions (included in the document) are conveyed to indicate realistic transportation, logistics and supply chain conditions. The information contained in this document is best guess given a lack of granular data, assumptions are up to the reader to adopt.

March 16, 2021

Subject: SB2245

Mr. Chairman and Members of the House Appropriations Committee,

My name is Cherie Harms. I am here in support of the SB 2245 for the intermodal assistance program.

I am the president and one of the owners of Leonardite Products based out of Williston North Dakota. We mine and processing an oxidized lignite. We expect over 50% of our sales in 2021 will be outside of the United States.

The ability to utilize the intermodal site, as it is currently functioning, has been an incredible breakthrough for our company. In January of this year, I contacted Rail Modal in Minot. I called out of desperation as we had been waiting over three months to ship an order of two 40-foot containers to Thailand. I was told by Rail Modal we could have containers at our plant the very next day.

Since the first week in February we have shipped over 13 40-foot containers with Rail Modal. The cost to send these containers is generally half of what we were quoted from the shipping companies we used previously.

Based on the shipping rates we are able to get from Minot, we were able to reopen conversations leading to purchase orders with two new customers. These two customers will double our total business in 2021.

Over 17 years ago when conducting the North Dakota Trade Office initial exporter assessments, one of the first things we learned was the competitive disadvantage North Dakota exporters faced partly due to proximity to ports and because of the lack of incoming

freight. As a business owner, I found that to be painfully true. Those of us in Northwestern North Dakota have an additional challenge since incoming traffic to the Bakken fluctuates.

We are well aware that this site was not intended to support Leonardite Products. We are neither agriculture or oil in nature yet will diversify the type of companies serviced by the Minot intermodal site. There may be more like us in the state waiting for an opportunity.

As legislators you understand the economic advantage of exporting primary sector businesses. Exporting brings in new money to the North Dakota and the country.

Support of a Minot intermodal system, recommended by BNSF, with operators of proven success, will be boon to the North Dakota's economy.

Cherie Harms
cherie@leonarditeproducts.com
701-471-2704



PO Box 1091 • Bismarck, ND 58502
701-355-4458 • www.ednd.org

Testimony of Jennifer Greuel
Economic Development Association of North Dakota
In Support of SB 2245
March 16, 2021

Chair Delzer and members of the House Appropriations committee:

The Economic Development Association of North Dakota represents more than 80 large and small and rural and urban economic development organizations on the front line of growing businesses and communities in North Dakota. The primary purpose of the organization is to promote the creation of new wealth throughout North Dakota to develop more vibrant communities and improve quality of life. It is for these reasons our organization and its members want to express support for SB 2245.

Energy and agriculture have long been the two historical and leading pillars of North Dakota's economy. EDND supports investments that will enhance these important economic sectors and advance new opportunities to support growth of other sectors to diversify our economy. The introduction of intermodal has reduced costs for ag producers, manufacturers and other industries and made exporting commodities easier. It also allows North Dakota to recruit additional companies which may prefer or require easier access to shipping, potentially providing opportunities for the diversification of the economy and the state's tax base.

Thank you for the opportunity to express our support for SB 2245 and for your continued commitment to keeping North Dakota globally competitive and diversifying the state's economy.

Mr. Chairman and committee members, thank you for allowing me to write on behalf of my opposition to the SB2245.

My family has farmed in the Berthold area for over 70 year's and I have successfully started several business's in my own career. Outside of our local elevators and cooperatives I have yet to see value added, agricultural based ventures take hold even when they are "can't miss deals" much like the proposed Intermodal facility the Minot Area Chamber of Commerce is touting in their flashy handout they have made available to you. The new operator is looking for \$10 million to get the facility operating again. My question is if this is such a slam dunk why can't they raise \$10 million of private money instead of attempting to rob it from the taxpayers of the state? They paint such a rosy picture yet they are not able to raise the money from private sources which is laughable to me. It shows you that outside of the supposed "experts" who have testified for SB2245 no one else is willing to commit and put their own money into the project. This is a giant red flag.

I understand that the financial institutions who currently own the facility are the Bank of North Dakota and First Western Bank. If this bill is passed you are bailing out Senator John Hoeven's bank and his former employer at the Bank of North Dakota. There are exactly ZERO reasons the 7th richest United States Senator should be receiving a bailout! Anyone who claims this will end up great for the people of North Dakota is only trying to curry political favor with powerful people within the state. Typical good ole boy politics at work the people of this state are fed up with.

Please vote no on SB2245 and let the private sector find out if this is feasible or not. We do not need more capitalist cronyism in this state.

Testimony of North Dakota Grain Dealers Association on SB 2245
House Appropriations Committee-Rep Jeff Delzer, Chairman
Presented by Stu Letcher, Executive Vice President-March 16, 2021

Good morning Mr. Chairman and members of the House Appropriations Committee. My name is Stu Letcher. I am the Executive Vice President of the North Dakota Grain Dealers Association. Our position is neutral on SB 2245.

NDGDA is a 109-year-old organization whose purpose is to further the interests of the cooperative and independent concerns of North Dakota engaged in the handling, processing and distribution of grain and other like commodities.

NDGDA understands the positive impact an intermodal facility in Minot has on North Dakota agriculture and fully supports the development and expansion of that business. Our concern with this bill is that it proposes to use grant funds from the North Dakota treasury to accomplish that goal.

Businesses start with an idea and any business that wants to begin operations does so by selling that idea to investors. They use tools such as equity drives and debt financing to get the capital needed for start-up or expansion. Investors contribute with the knowledge that not all businesses succeed.

There have been many commercial agribusiness successes and failures in North Dakota. Those that failed did so for many reasons, but few were afforded the benefit of state grant money. If an intermodal facility in North Dakota is a profitable and sustainable business, we support it receiving assistance in realizing that goal, but it should not be in the form of a gift from the North Dakota taxpayer.

If we fund this facility with a grant, I can envision many more projects that will make the argument that they are also worthy of state grant dollars. Not to mention those businesses who have had to compete the old-fashioned way of borrowing money and servicing debt while trying to make a profit.

I want to state again that we wholeheartedly support the idea of an intermodal terminal in North Dakota and would welcome the opportunity to help find ways to make the facility a success, but that success shouldn't involve appropriating it a \$10 million dollar grant.

Thank you. I'll try to answer any questions.

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Brynhild Haugland Room, State Capitol

SB 2245
3/31/2021

BILL for an Act to provide an appropriation to the agriculture commissioner for an intermodal facility grant program; to provide for a transfer

3:39 Chairman Delzer- Opened the meeting for SB 2245

Attendance	P/A
Representative Jeff Delzer	P
Representative Keith Kempenich	P
Representative Bert Anderson	P
Representative Larry Bellew	P
Representative Tracy Boe	A
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	A
Representative Jim Schmidt	P
Representative Randy A. Schobinger	P
Representative Michelle Strinden	P
Representative Don Vigesaa	P

Discussion Topics:

- Budget Changes
- Amendment

Chairman Delzer – Introduces the budget and the amendment 21.0931.02007

3:39 Representative Jon O. Nelson - Makes a motion to adopt the amendment

Representative Kempenich Second

Further discussion

3:39 Voice Vote- Motion Carries

Representative Jon O. Nelson Makes a motion for a Do Pass as Amended

Representative Kreidt Second

Further discussion

3:40 Roll Call Vote was Taken;

Representatives	Vote
Representative Jeff Delzer	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	Y
Representative Tracy Boe	A
Representative Mike Brandenburg	Y
Representative Michael Howe	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
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	A
Representative Jim Schmidt	Y
Representative Randy A. Schobinger	Y
Representative Michelle Strinden	Y
Representative Don Vigesaa	N

Motion Carries 18-1-2 Representative Jon O. Nelson will carry the bill

Additional written testimony: No Additional Testimony

3:42 Chairman Delzer- Closes the meeting for 2245

Risa Berube,

House Appropriations Committee Clerk

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2245

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide an appropriation to the agriculture commissioner for an intermodal facility grant program; to provide for a transfer; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION - TRANSFER - BEGINNING FARMER REVOLVING LOAN FUND - INTERMODAL FACILITY GRANT PROGRAM - ONE-TIME FUNDING. As requested by the agriculture commissioner, the Bank of North Dakota shall transfer the sum of \$2,500,000, or so much of the sum as may be necessary, from the beginning farmer revolving loan fund to the agriculture commissioner for deposit in the agriculture commissioner operating fund, the sum of which is appropriated to the agriculture commissioner for the purpose of a grant program for expanding rail capacity to enhance the value of agriculture and commercial products exported through an intermodal facility in North Dakota for the period beginning with the effective date of this Act and ending June 30, 2023. This funding is considered a one-time funding item.

1. The agriculture commissioner shall establish guidelines for awarding grants under the intermodal facility grant program.
2. Grants may be awarded only to an organization dedicated to the expansion of rail capacity at an existing intermodal facility in the state connected to and served by a class I railroad. Grant funds may be used only to pay for engineering costs, labor, equipment, and materials related to rail track expansion.
3. To qualify for the program, an organization and any entity owning assets of the intermodal facility shall agree to repay up to \$2,500,000, or the amount of the grant spent on rail track expansion, to the agriculture commissioner for transfer to the Bank of North Dakota for deposit in the beginning farmer revolving loan fund if intermodal facility assets are sold for at least \$10,000,000. If intermodal facility assets are sold for less than \$10,000,000, the amount of grant funding repaid must be proportional to the sales price as a percentage of \$10,000,000.

SECTION 2. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2245 - Summary of House Action

	Base Budget	Senate Version	House Changes	House Version
Department of Commerce				
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0

General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00
Department of Agriculture				
Total all funds	\$0	\$0	\$2,500,000	\$2,500,000
Less estimated income	0	0	2,500,000	2,500,000
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00
Bill total				
Total all funds	\$0	\$10,000,000	(\$7,500,000)	\$2,500,000
Less estimated income	0	10,000,000	(7,500,000)	2,500,000
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Senate Bill No. 2245 - Department of Commerce - House Action

	Base Budget	Senate Version	House Changes	House Version
Intermodal transportation assistance		\$10,000,000	(\$10,000,000)	
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Department 601 - Department of Commerce - Detail of House Changes

	Removes Funding for Intermodal Transportation Assistance Program ¹	Total House Changes
Intermodal transportation assistance	(\$10,000,000)	(\$10,000,000)
Total all funds	(\$10,000,000)	(\$10,000,000)
Less estimated income	(10,000,000)	(10,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

¹ One-time funding of \$10 million from the strategic investment and improvements fund appropriated by the Senate to the Department of Commerce for an intermodal transportation assistance program is removed.

Senate Bill No. 2245 - Department of Agriculture - House Action

	Base Budget	Senate Version	House Changes	House Version
Intermodal facility grants			\$2,500,000	\$2,500,000
Total all funds	\$0	\$0	\$2,500,000	\$2,500,000
Less estimated income	0	0	2,500,000	2,500,000
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Department 602 - Department of Agriculture - Detail of House Changes

	Adds One-Time Funding for Intermodal Grant Program¹	Total House Changes
Intermodal facility grants	\$2,500,000	\$2,500,000
Total all funds	\$2,500,000	\$2,500,000
Less estimated income General fund	2,500,000 \$0	2,500,000 \$0
FTE	0.00	0.00

¹ One-time funding of \$2.5 million from the beginning farmer revolving loan fund is appropriated to the Agriculture Commissioner for an intermodal facility grant program. Grants may be awarded only to an organization dedicated to the expansion of rail capacity at an existing intermodal facility in the state connected to and served by a class I railroad. Grant funds may be used only to pay for engineering costs, labor, equipment, and materials related to rail track expansion. If facility assets are sold, all or a portion of the grant amount must be repaid. An emergency clause is added.

REPORT OF STANDING COMMITTEE

SB 2245, as engrossed: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (18 YEAS, 1 NAY, 2 ABSENT AND NOT VOTING). Engrossed SB 2245 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 provide an appropriation to the agriculture commissioner for an intermodal facility grant program; to provide for a transfer; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION - TRANSFER - BEGINNING FARMER REVOLVING LOAN FUND - INTERMODAL FACILITY GRANT PROGRAM - ONE-TIME FUNDING. As requested by the agriculture commissioner, the Bank of North Dakota shall transfer the sum of \$2,500,000, or so much of the sum as may be necessary, from the beginning farmer revolving loan fund to the agriculture commissioner for deposit in the agriculture commissioner operating fund, the sum of which is appropriated to the agriculture commissioner for the purpose of a grant program for expanding rail capacity to enhance the value of agriculture and commercial products exported through an intermodal facility in North Dakota for the period beginning with the effective date of this Act and ending June 30, 2023. This funding is considered a one-time funding item.

1. The agriculture commissioner shall establish guidelines for awarding grants under the intermodal facility grant program.
2. Grants may be awarded only to an organization dedicated to the expansion of rail capacity at an existing intermodal facility in the state connected to and served by a class I railroad. Grant funds may be used only to pay for engineering costs, labor, equipment, and materials related to rail track expansion.
3. To qualify for the program, an organization and any entity owning assets of the intermodal facility shall agree to repay up to \$2,500,000, or the amount of the grant spent on rail track expansion, to the agriculture commissioner for transfer to the Bank of North Dakota for deposit in the beginning farmer revolving loan fund if intermodal facility assets are sold for at least \$10,000,000. If intermodal facility assets are sold for less than \$10,000,000, the amount of grant funding repaid must be proportional to the sales price as a percentage of \$10,000,000.

SECTION 2. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2245 - Summary of House Action

	Base Budget	Senate Version	House Changes	House Version
Department of Commerce				
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00
Department of Agriculture				
Total all funds	\$0	\$0	\$2,500,000	\$2,500,000
Less estimated income	0	0	2,500,000	2,500,000
General fund	\$0	\$0	\$0	\$0

FTE	0.00	0.00	0.00	0.00
Bill total				
Total all funds	\$0	\$10,000,000	(\$7,500,000)	\$2,500,000
Less estimated income	0	10,000,000	(7,500,000)	2,500,000
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Senate Bill No. 2245 - Department of Commerce - House Action

	Base Budget	Senate Version	House Changes	House Version
Intermodal transportation assistance		\$10,000,000	(\$10,000,000)	
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0
Less estimated income	0	10,000,000	(10,000,000)	0
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Department 601 - Department of Commerce - Detail of House Changes

	Removes Funding for Intermodal Transportation Assistance Program ¹	Total House Changes
Intermodal transportation assistance	(\$10,000,000)	(\$10,000,000)
Total all funds	(\$10,000,000)	(\$10,000,000)
Less estimated income	(10,000,000)	(10,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

¹ One-time funding of \$10 million from the strategic investment and improvements fund appropriated by the Senate to the Department of Commerce for an intermodal transportation assistance program is removed.

Senate Bill No. 2245 - Department of Agriculture - House Action

	Base Budget	Senate Version	House Changes	House Version
Intermodal facility grants			\$2,500,000	\$2,500,000
Total all funds	\$0	\$0	\$2,500,000	\$2,500,000
Less estimated income	0	0	2,500,000	2,500,000
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Department 602 - Department of Agriculture - Detail of House Changes

	Adds One-Time Funding for Intermodal Grant Program ¹	Total House Changes
Intermodal facility grants	\$2,500,000	\$2,500,000
Total all funds	\$2,500,000	\$2,500,000
Less estimated income	2,500,000	2,500,000
General fund	\$0	\$0
FTE	0.00	0.00

¹ One-time funding of \$2.5 million from the beginning farmer revolving loan fund is appropriated to the Agriculture Commissioner for an intermodal facility grant program. Grants may be awarded only to an organization dedicated to the expansion of rail capacity at an existing intermodal facility in the state connected to and served by a class I railroad. Grant funds may be used only to pay for engineering costs, labor, equipment, and materials related to rail track expansion. If facility assets are sold, all or a portion of the grant amount must be repaid. An emergency clause is added.

2021 CONFERENCE COMMITTEE

SB 2245

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2245
4/26/2021
Senate Appropriations Committee

A BILL for an Act to provide an appropriation to the department of commerce for an intermodal transportation assistance program.
--

Senator Krebsbach opened the hearing at 9:07 AM.

Senators present: **Krebsbach, Davison, Rust**
Representatives present: **Nelson, Kempenich, Brandenburg**

Discussion Topics:

- Amendment

Representative Jon Nelson went over the House changes to SB 2245.

Senator Rust made a motion to accept amendment LC 21.0931.02008 - #11638.
Representative Kempenich second.

Senator Krebsbach – Y	Representative Nelson – Y
Senator Davison – Y	Representative Kempenich – Y
Senator Rust – Y	Representative Brandenburg - Y

Roll Call vote – 6-0-0. Motion passed.

Senator Rust moved House recede from House amendments and further amend;
LC 21.0931.02009.
Representative Nelson second.

Senator Krebsbach – Y	Representative Nelson – Y
Senator Davison – Y	Representative Kempenich – Y
Senator Rust – Y	Representative Brandenburg - Y

Roll Call vote – 6-0-0. Motion passed.

Senator Krebsbach closed the hearing at 9:21 AM.

Rose Laning, Committee Clerk

April 22, 2021

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2245

That the House recede from its amendments as printed on pages 1223-1225 of the Senate Journal and pages 1403-1405 of the House Journal and that Engrossed Senate Bill No. 2245 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide an appropriation to the agriculture commissioner for an intermodal facility grant program; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION - FEDERAL CORONAVIRUS CAPITAL PROJECTS FUND - INTERMODAL FACILITY CONSTRUCTION GRANT PROGRAM - ONE-TIME FUNDING.

There is appropriated from federal funds derived from the federal coronavirus capital projects fund, not otherwise appropriated, the sum of \$2,000,000, or so much of the sum as may be necessary, to the agriculture commissioner for the purpose of an intermodal facility grant program for capital construction projects that will expand rail capacity to support economic and workforce development and growth and enhance the value of agriculture and commercial products exported through an intermodal facility in North Dakota for the period beginning with the effective date of this Act and ending June 30, 2023. This funding is considered a one-time funding item.

1. The agriculture commissioner shall establish guidelines for awarding grants under the program.
2. Grants may be awarded only to an organization dedicated to the expansion of rail capacity at an existing intermodal facility in the state connected to and served by a class I railroad. Grant funds may be used only to pay for capital costs associated with engineering, labor, equipment, and materials related to rail track expansion.
3. The funding provided under this section may be spent only to the extent the director of the office of management and budget, in consultation with the budget section, determines the use of the funding complies with federal guidance for the federal coronavirus capital projects fund.

SECTION 2. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment provides an appropriation of \$2 million from the federal Coronavirus Capital Projects Fund to the Agriculture Commissioner for an intermodal facility grant program for capital construction projects, rather than a \$2.5 million appropriation from the beginning farmer revolving loan fund.

SK
1483
2/

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2245

That the House recede from its amendments as printed on pages 1223-1225 of the Senate Journal and pages 1403-1405 of the House Journal and that Engrossed Senate Bill No. 2245 be amended as follows:

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There is appropriated from federal funds derived from the federal coronavirus capital projects fund, not otherwise appropriated, the sum of \$2,000,000, or so much of the sum as may be necessary, to the agriculture commissioner for the purpose of an intermodal facility grant program for capital construction projects that will expand rail capacity to support economic and workforce development and growth and enhance the value of agriculture and commercial products exported through an intermodal facility in North Dakota for the period beginning with the effective date of this Act and ending June 30, 2023. This funding is considered a one-time funding item.

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3. The funding provided under this section may be spent only to the extent the director of the office of management and budget, in consultation with the budget section, determines the use of the funding complies with federal guidance for the federal coronavirus capital projects fund.

SECTION 2. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2245 - Summary of Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Department of Commerce Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0	\$0	\$0

2017

Less estimated income	0	10,000,000	(10,000,000)	0	0	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Department of Agriculture						
Total all funds	\$0	\$0	\$2,000,000	\$2,000,000	\$2,500,000	(\$500,000)
Less estimated income	0	0	2,000,000	2,000,000	2,500,000	(500,000)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Bill total						
Total all funds	\$0	\$10,000,000	(\$8,000,000)	\$2,000,000	\$2,500,000	(\$500,000)
Less estimated income	0	10,000,000	(8,000,000)	2,000,000	2,500,000	(500,000)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Senate Bill No. 2245 - Department of Commerce - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Intermodal transportation assistance		\$10,000,000	(\$10,000,000)			
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0	\$0	\$0
Less estimated income	0	10,000,000	(10,000,000)	0	0	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department 601 - Department of Commerce - Detail of Conference Committee Changes

	Removes Funding for Intermodal Transportation Assistance Program ¹	Total Conference Committee Changes
Intermodal transportation assistance	(\$10,000,000)	(\$10,000,000)
Total all funds	(\$10,000,000)	(\$10,000,000)
Less estimated income	(10,000,000)	(10,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

¹ One-time funding of \$10 million from the strategic investment and improvements fund appropriated by the Senate to the Department of Commerce for an intermodal transportation assistance program is removed. The House also removed this appropriation.

Senate Bill No. 2245 - Department of Agriculture - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Intermodal facility grants			\$2,000,000	\$2,000,000	\$2,500,000	(\$500,000)
Total all funds	\$0	\$0	\$2,000,000	\$2,000,000	\$2,500,000	(\$500,000)
Less estimated income	0	0	2,000,000	2,000,000	2,500,000	(500,000)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department 602 - Department of Agriculture - Detail of Conference Committee Changes

	Adds One-Time Funding for Intermodal Grant Program¹	Total Conference Committee Changes
Intermodal facility grants	\$2,000,000	\$2,000,000
Total all funds	\$2,000,000	\$2,000,000
Less estimated income	2,000,000	2,000,000
General fund	\$0	\$0
FTE	0.00	0.00

¹ One-time funding of \$2 million from the federal Coronavirus Capital Projects Fund is appropriated to the Agriculture Commissioner for an intermodal facility construction grant program. Grants may be awarded only to an organization dedicated to the expansion of rail capacity at an existing intermodal facility in the state connected to and served by a Class I railroad. Grant funds may be used only to pay for capital costs associated with engineering, labor, equipment, and materials related to rail track expansion. An emergency clause is added.

The House provided a \$2.5 million appropriation to the Agriculture Commissioner from the beginning farmer revolving loan fund. The House's amendments, which were not approved by the Conference Committee, included a provision that if facility assets are sold, all or a portion of the grant amount must be repaid.

**2021 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. SB 2245 as (re) engrossed

Senate Appropriations Committee

- Action Taken** **SENATE accede to House Amendments**
 SENATE accede to House Amendments and further amend
 HOUSE recede from House amendments
 HOUSE recede from House amendments and amend as follows
- Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Amendment LC 21.0931.02008

Motion Made by: Senator Rust Seconded by: Representative Kempenich

Senators					Representatives				
			Yes	No				Yes	No
Senator Krebsbach			Y		Representative Nelson			Y	
Senator Davison			Y		Representative Kempenich			Y	
Senator Rust			Y		Representative Brandenburg			Y	
Total Senate Vote			3	0	Total Rep. Vote			3	0

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier _____ House Carrier _____

LC Number _____ of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

**2021 SENATE CONFERENCE COMMITTEE
 ROLL CALL VOTES**

BILL/RESOLUTION NO. SB 2245 as (re) engrossed

Senate Appropriations Committee

- Action Taken**
- SENATE accede to House Amendments
 - SENATE accede to House Amendments and further amend
 - HOUSE recede from House amendments
 - HOUSE recede from House amendments and amend as follows
 - Unable to agree, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Senator Rust Seconded by: Representative Nelson

Senators					Representatives				
			Yes	No				Yes	No
Senator Krebsbach			Y		Representative Nelson			Y	
Senator Davison			Y		Representative Kempenich			Y	
Senator Rust			Y		Representative Brandenburg			Y	
Total Senate Vote			3	0	Total Rep. Vote			3	0

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier Senator Krebsbach House Carrier Representative Nelson

LC Number 21.0931 . 02009 of amendment

LC Number 21.0931 . 04000 of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Insert LC: 21.0931.02009
 Senate Carrier: Krebsbach
 House Carrier: J. Nelson

REPORT OF CONFERENCE COMMITTEE

SB 2245, as engrossed: Your conference committee (Sens. Krebsbach, Davison, Rust and Reps. J. Nelson, Kempenich, Brandenburg) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1223-1225, adopt amendments as follows, and place SB 2245 on the Seventh order:

That the House recede from its amendments as printed on pages 1223-1225 of the Senate Journal and pages 1403-1405 of the House Journal and that Engrossed Senate Bill No. 2245 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide an appropriation to the agriculture commissioner for an intermodal facility grant program; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION - FEDERAL CORONAVIRUS CAPITAL PROJECTS FUND - INTERMODAL FACILITY CONSTRUCTION GRANT PROGRAM - ONE-TIME FUNDING.

There is appropriated from federal funds derived from the federal coronavirus capital projects fund, not otherwise appropriated, the sum of \$2,000,000, or so much of the sum as may be necessary, to the agriculture commissioner for the purpose of an intermodal facility grant program for capital construction projects that will expand rail capacity to support economic and workforce development and growth and enhance the value of agriculture and commercial products exported through an intermodal facility in North Dakota for the period beginning with the effective date of this Act and ending June 30, 2023. This funding is considered a one-time funding item.

1. The agriculture commissioner shall establish guidelines for awarding grants under the program.
2. Grants may be awarded only to an organization dedicated to the expansion of rail capacity at an existing intermodal facility in the state connected to and served by a class I railroad. Grant funds may be used only to pay for capital costs associated with engineering, labor, equipment, and materials related to rail track expansion.
3. The funding provided under this section may be spent only to the extent the director of the office of management and budget, in consultation with the budget section, determines the use of the funding complies with federal guidance for the federal coronavirus capital projects fund.

SECTION 2. EMERGENCY. This Act is declared to be an emergency measure."

ReNUMBER accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2245 - Summary of Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Department of Commerce						
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0	\$0	\$0
Less estimated income	0	10,000,000	(10,000,000)	0	0	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Department of Agriculture						

Insert LC: 21.0931.02009
 Senate Carrier: Krebsbach
 House Carrier: J. Nelson

Total all funds	\$0	\$0	\$2,000,000	\$2,000,000	\$2,500,000	(\$500,000)
Less estimated income	0	0	2,000,000	2,000,000	2,500,000	(500,000)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Bill total						
Total all funds	\$0	\$10,000,000	(\$8,000,000)	\$2,000,000	\$2,500,000	(\$500,000)
Less estimated income	0	10,000,000	(8,000,000)	2,000,000	2,500,000	(500,000)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Senate Bill No. 2245 - Department of Commerce - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Intermodal transportation assistance		\$10,000,000	(\$10,000,000)			
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0	\$0	\$0
Less estimated income	0	10,000,000	(10,000,000)	0	0	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department 601 - Department of Commerce - Detail of Conference Committee Changes

	Removes Funding for Intermodal Transportation Assistance Program ¹	Total Conference Committee Changes
Intermodal transportation assistance	(\$10,000,000)	(\$10,000,000)
Total all funds	(\$10,000,000)	(\$10,000,000)
Less estimated income	(10,000,000)	(10,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

¹ One-time funding of \$10 million from the strategic investment and improvements fund appropriated by the Senate to the Department of Commerce for an intermodal transportation assistance program is removed. The House also removed this appropriation.

Senate Bill No. 2245 - Department of Agriculture - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Intermodal facility grants			\$2,000,000	\$2,000,000	\$2,500,000	(\$500,000)
Total all funds	\$0	\$0	\$2,000,000	\$2,000,000	\$2,500,000	(\$500,000)
Less estimated income	0	0	2,000,000	2,000,000	2,500,000	(500,000)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department 602 - Department of Agriculture - Detail of Conference Committee Changes

	Adds One-Time Funding for Intermodal Grant Program ¹	Total Conference Committee Changes
Intermodal facility grants	\$2,000,000	\$2,000,000
Total all funds	\$2,000,000	\$2,000,000
Less estimated income	2,000,000	2,000,000
General fund	\$0	\$0
FTE	0.00	0.00

Insert LC: 21.0931.02009
Senate Carrier: Krebsbach
House Carrier: J. Nelson

¹ One-time funding of \$2 million from the federal Coronavirus Capital Projects Fund is appropriated to the Agriculture Commissioner for an intermodal facility construction grant program. Grants may be awarded only to an organization dedicated to the expansion of rail capacity at an existing intermodal facility in the state connected to and served by a Class I railroad. Grant funds may be used only to pay for capital costs associated with engineering, labor, equipment, and materials related to rail track expansion. An emergency clause is added.

The House provided a \$2.5 million appropriation to the Agriculture Commissioner from the beginning farmer revolving loan fund. The House's amendments, which were not approved by the Conference Committee, included a provision that if facility assets are sold, all or a portion of the grant amount must be repaid.

Engrossed SB 2245 was placed on the Seventh order of business on the calendar.

21.0931.02008
Title.

Prepared by the Legislative Council staff for
Senator Wardner

April 22, 2021

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2245

That the House recede from its amendments as printed on pages 1223-1225 of the Senate Journal and pages 1403-1405 of the House Journal and that Engrossed Senate Bill No. 2245 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide an appropriation to the agriculture commissioner for an intermodal facility grant program; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION - FEDERAL CORONAVIRUS CAPITAL PROJECTS FUND - INTERMODAL FACILITY CONSTRUCTION GRANT PROGRAM - ONE-TIME FUNDING.

There is appropriated from federal funds derived from the federal coronavirus capital projects fund, not otherwise appropriated, the sum of \$2,000,000, or so much of the sum as may be necessary, to the agriculture commissioner for the purpose of an intermodal facility grant program for capital construction projects that will expand rail capacity to support economic and workforce development and growth and enhance the value of agriculture and commercial products exported through an intermodal facility in North Dakota for the period beginning with the effective date of this Act and ending June 30, 2023. This funding is considered a one-time funding item.

1. The agriculture commissioner shall establish guidelines for awarding grants under the program.
2. Grants may be awarded only to an organization dedicated to the expansion of rail capacity at an existing intermodal facility in the state connected to and served by a class I railroad. Grant funds may be used only to pay for capital costs associated with engineering, labor, equipment, and materials related to rail track expansion.
3. The funding provided under this section may be spent only to the extent the director of the office of management and budget, in consultation with the budget section, determines the use of the funding complies with federal guidance for the federal coronavirus capital projects fund.

SECTION 2. EMERGENCY. This Act is declared to be an emergency measure."

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment provides an appropriation of \$2 million from the federal Coronavirus Capital Projects Fund to the Agriculture Commissioner for an intermodal facility grant program for capital construction projects, rather than a \$2.5 million appropriation from the beginning farmer revolving loan fund.

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2245
4/28/2021
Senate Appropriations Committee

A BILL for an Act to provide an appropriation to the department of commerce for an intermodal transportation assistance program.
--

Senator Krebsbach opened the hearing at 3:30 PM

Senators present: **Krebsbach, Davison, Rust**

Representatives present: **Nelson, Johnson, Brandenburg**

Discussion Topics:

- Amendment

Representative Nelson presented amendment LC 21.0931.02010 - #11679 and moved the House recede from House amendments and amend [LC 21.0931.02011]

Senator Davison second.

Senator Krebsbach – Y

Senator Davison – Y

Senator Rust – Y

Representative Nelson – Y

Representative Johnson – Y

Representative Brandenburg – Y

Roll call vote 6-0-0. Motion passed.

Senator Krebsbach closed the hearing at 3:38 PM

Rose Laning, Committee Clerk

CS
4/29
1/3

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2245

That the House recede from its amendments as printed on pages 1223-1225 of the Senate Journal and pages 1403-1405 of the House Journal and that Engrossed Senate Bill No. 2245 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide an appropriation to the agriculture commissioner for an intermodal facility grant program; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION - FEDERAL CORONAVIRUS CAPITAL PROJECTS FUND - INTERMODAL FACILITY CONSTRUCTION GRANT PROGRAM - ONE-TIME FUNDING.

There is appropriated from federal funds derived from the federal coronavirus capital projects fund, not otherwise appropriated, the sum of \$2,000,000, or so much of the sum as may be necessary, to the agriculture commissioner for the purpose of an intermodal facility grant program for capital construction projects that will expand rail capacity to support economic and workforce development and growth and enhance the value of agriculture and commercial products exported through an intermodal facility in North Dakota for the period beginning with the effective date of this Act and ending June 30, 2023. This funding is considered a one-time funding item.

1. The agriculture commissioner shall establish guidelines for awarding grants under the program.
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3. The funding provided under this section may be spent only to the extent the director of the office of management and budget certifies to the legislative management that the use of this funding complies with federal guidelines for the federal coronavirus capital projects fund.

SECTION 2. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2245 - Summary of Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Department of Commerce Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0	\$0	\$0

Less estimated income	0	10,000,000	(10,000,000)	0	0	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Department of Agriculture						
Total all funds	\$0	\$0	\$2,000,000	\$2,000,000	\$2,500,000	(\$500,000)
Less estimated income	0	0	2,000,000	2,000,000	2,500,000	(500,000)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Bill total						
Total all funds	\$0	\$10,000,000	(\$8,000,000)	\$2,000,000	\$2,500,000	(\$500,000)
Less estimated income	0	10,000,000	(8,000,000)	2,000,000	2,500,000	(500,000)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Senate Bill No. 2245 - Department of Commerce - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Intermodal transportation assistance		\$10,000,000	(\$10,000,000)			
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0	\$0	\$0
Less estimated income	0	10,000,000	(10,000,000)	0	0	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department 601 - Department of Commerce - Detail of Conference Committee Changes

	Removes Funding for Intermodal Transportation Assistance Program ¹	Total Conference Committee Changes
Intermodal transportation assistance	(\$10,000,000)	(\$10,000,000)
Total all funds	(\$10,000,000)	(\$10,000,000)
Less estimated income	(10,000,000)	(10,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

¹ One-time funding of \$10 million from the strategic investment and improvements fund appropriated by the Senate to the Department of Commerce for an intermodal transportation assistance program is removed. The House also removed this appropriation.

Senate Bill No. 2245 - Department of Agriculture - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Intermodal facility grants			\$2,000,000	\$2,000,000	\$2,500,000	(\$500,000)
Total all funds	\$0	\$0	\$2,000,000	\$2,000,000	\$2,500,000	(\$500,000)
Less estimated income	0	0	2,000,000	2,000,000	2,500,000	(500,000)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department 602 - Department of Agriculture - Detail of Conference Committee Changes

	Adds One-Time Funding for Intermodal Grant Program ¹	Total Conference Committee Changes
Intermodal facility grants	\$2,000,000	\$2,000,000
Total all funds	\$2,000,000	\$2,000,000
Less estimated income	2,000,000	2,000,000
General fund	\$0	\$0
FTE	0.00	0.00

¹ One-time funding of \$2 million from the federal Coronavirus Capital Projects Fund is appropriated to the Agriculture Commissioner for an intermodal facility construction grant program. Grants may be awarded only to an organization dedicated to the expansion of rail capacity at an existing intermodal facility in the state connected to and served by a Class I railroad. Grant funds may be used only to pay for capital costs associated with engineering, labor, equipment, and materials related to rail track expansion. An emergency clause is added.

The House provided a \$2.5 million appropriation to the Agriculture Commissioner from the beginning farmer revolving loan fund. The House's amendments, which were not approved by the Conference Committee, included a provision that if facility assets are sold, all or a portion of the grant amount must be repaid.

**2021 SENATE CONFERENCE COMMITTEE
 ROLL CALL VOTES**

BILL/RESOLUTION NO. SB 2245 as (re) engrossed

Senate Appropriations Committee

- Action Taken**
- SENATE accede to House Amendments
 - SENATE accede to House Amendments and further amend
 - HOUSE recede from House amendments
 - HOUSE recede from House amendments and amend as follows
 - Unable to agree, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Nelson Seconded by: Davison

Senators					Representatives				
			Yes	No				Yes	No
Krebsbach			X		Nelson			X	
Davison			X		Johnson			X	
Rust			X		Brandenburg			X	
Total Senate Vote			3	0	Total Rep. Vote			3	0

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier Krebsbach House Carrier Nelson

LC Number 21.0931 . 02011 of amendment

LC Number 21.0931 . 05000 of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Insert LC: 21.0931.02011
 Senate Carrier: Krebsbach
 House Carrier: J. Nelson

REPORT OF CONFERENCE COMMITTEE

SB 2245, as engrossed: Your conference committee (Sens. Krebsbach, Davison, Rust and Reps. J. Nelson, D. Johnson, Brandenburg) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1223-1225, adopt amendments as follows, and place SB 2245 on the Seventh order:

That the House recede from its amendments as printed on pages 1223-1225 of the Senate Journal and pages 1403-1405 of the House Journal and that Engrossed Senate Bill No. 2245 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide an appropriation to the agriculture commissioner for an intermodal facility grant program; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION - FEDERAL CORONAVIRUS CAPITAL PROJECTS FUND - INTERMODAL FACILITY CONSTRUCTION GRANT PROGRAM - ONE-TIME FUNDING.

There is appropriated from federal funds derived from the federal coronavirus capital projects fund, not otherwise appropriated, the sum of \$2,000,000, or so much of the sum as may be necessary, to the agriculture commissioner for the purpose of an intermodal facility grant program for capital construction projects that will expand rail capacity to support economic and workforce development and growth and enhance the value of agriculture and commercial products exported through an intermodal facility in North Dakota for the period beginning with the effective date of this Act and ending June 30, 2023. This funding is considered a one-time funding item.

1. The agriculture commissioner shall establish guidelines for awarding grants under the program.
2. Grants may be awarded only to an organization dedicated to the expansion of rail capacity at an existing intermodal facility in the state connected to and served by a class I railroad. Grant funds may be used only to pay for capital costs associated with engineering, labor, equipment, and materials related to rail track expansion.
3. The funding provided under this section may be spent only to the extent the director of the office of management and budget certifies to the legislative management that the use of this funding complies with federal guidelines for the federal coronavirus capital projects fund.

SECTION 2. EMERGENCY. This Act is declared to be an emergency measure."

ReNUMBER accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2245 - Summary of Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Department of Commerce						
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0	\$0	\$0
Less estimated income	0	10,000,000	(10,000,000)	0	0	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Department of Agriculture						

Insert LC: 21.0931.02011
 Senate Carrier: Krebsbach
 House Carrier: J. Nelson

Total all funds	\$0	\$0	\$2,000,000	\$2,000,000	\$2,500,000	(\$500,000)
Less estimated income	0	0	2,000,000	2,000,000	2,500,000	(500,000)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Bill total						
Total all funds	\$0	\$10,000,000	(\$8,000,000)	\$2,000,000	\$2,500,000	(\$500,000)
Less estimated income	0	10,000,000	(8,000,000)	2,000,000	2,500,000	(500,000)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Senate Bill No. 2245 - Department of Commerce - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Intermodal transportation assistance		\$10,000,000	(\$10,000,000)			
Total all funds	\$0	\$10,000,000	(\$10,000,000)	\$0	\$0	\$0
Less estimated income	0	10,000,000	(10,000,000)	0	0	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department 601 - Department of Commerce - Detail of Conference Committee Changes

	Removes Funding for Intermodal Transportation Assistance Program ¹	Total Conference Committee Changes
Intermodal transportation assistance	(\$10,000,000)	(\$10,000,000)
Total all funds	(\$10,000,000)	(\$10,000,000)
Less estimated income	(10,000,000)	(10,000,000)
General fund	\$0	\$0
FTE	0.00	0.00

¹ One-time funding of \$10 million from the strategic investment and improvements fund appropriated by the Senate to the Department of Commerce for an intermodal transportation assistance program is removed. The House also removed this appropriation.

Senate Bill No. 2245 - Department of Agriculture - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Intermodal facility grants			\$2,000,000	\$2,000,000	\$2,500,000	(\$500,000)
Total all funds	\$0	\$0	\$2,000,000	\$2,000,000	\$2,500,000	(\$500,000)
Less estimated income	0	0	2,000,000	2,000,000	2,500,000	(500,000)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department 602 - Department of Agriculture - Detail of Conference Committee Changes

	Adds One-Time Funding for Intermodal Grant Program ¹	Total Conference Committee Changes
Intermodal facility grants	\$2,000,000	\$2,000,000
Total all funds	\$2,000,000	\$2,000,000
Less estimated income	2,000,000	2,000,000
General fund	\$0	\$0
FTE	0.00	0.00

Insert LC: 21.0931.02011
Senate Carrier: Krebsbach
House Carrier: J. Nelson

¹ One-time funding of \$2 million from the federal Coronavirus Capital Projects Fund is appropriated to the Agriculture Commissioner for an intermodal facility construction grant program. Grants may be awarded only to an organization dedicated to the expansion of rail capacity at an existing intermodal facility in the state connected to and served by a Class I railroad. Grant funds may be used only to pay for capital costs associated with engineering, labor, equipment, and materials related to rail track expansion. An emergency clause is added.

The House provided a \$2.5 million appropriation to the Agriculture Commissioner from the beginning farmer revolving loan fund. The House's amendments, which were not approved by the Conference Committee, included a provision that if facility assets are sold, all or a portion of the grant amount must be repaid.

Engrossed SB 2245 was placed on the Seventh order of business on the calendar.

21.0931.02010
Title.

Prepared by the Legislative Council staff for
Representative J. Nelson
April 27, 2021

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2245

That the House recede from its amendments as printed on pages 1223-1225 of the Senate Journal and pages 1403-1405 of the House Journal and that Engrossed Senate Bill No. 2245 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide an appropriation to the agriculture commissioner for an intermodal facility grant program; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION - FEDERAL CORONAVIRUS CAPITAL PROJECTS FUND - INTERMODAL FACILITY CONSTRUCTION GRANT PROGRAM - ONE-TIME FUNDING.

There is appropriated from federal funds derived from the federal coronavirus capital projects fund, not otherwise appropriated, the sum of \$2,000,000, or so much of the sum as may be necessary, to the agriculture commissioner for the purpose of an intermodal facility grant program for capital construction projects that will expand rail capacity to support economic and workforce development and growth and enhance the value of agriculture and commercial products exported through an intermodal facility in North Dakota for the period beginning with the effective date of this Act and ending June 30, 2023. This funding is considered a one-time funding item.

1. The agriculture commissioner shall establish guidelines for awarding grants under the program.
2. Grants may be awarded only to an organization dedicated to the expansion of rail capacity at an existing intermodal facility in the state connected to and served by a class I railroad. Grant funds may be used only to pay for capital costs associated with engineering, labor, equipment, and materials related to rail track expansion.
3. The funding provided under this section may be spent only to the extent the director of the office of management and budget certifies to the legislative management that the use of this funding complies with federal guidelines for the federal coronavirus capital projects fund.

SECTION 2. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment provides an appropriation of \$2 million from the federal Coronavirus Capital Projects Fund to the Agriculture Commissioner for an intermodal facility grant program for capital construction projects, rather than a \$2.5 million appropriation from the beginning farmer revolving loan fund.