

2023 SENATE APPROPRIATIONS

SB 2009

Department 602 - Agriculture Commissioner
Senate Bill No. 2009

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	\$15,777,408	\$37,205,188	\$52,982,596
2023-25 Base Level	13,459,712	24,110,775	37,570,487
Increase (Decrease)	\$2,317,696	\$13,094,413	\$15,412,109

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases of which \$1,019,183 is for salary increases and \$417,832 is for health insurance increases	\$840,125	\$596,890	\$1,437,015
2. Adds funding for an FTE project manager and systems coordinator position, including \$170,326 for salaries and wages and \$10,000 of related operating expenses	\$180,326	\$0	\$180,326
3. Adds funding for an FTE marketing specialist position, including \$214,930 for salaries and wages and \$101,300 of related operating expenses	\$316,230	\$0	\$316,230
4. Adds federal funding for specialty crop block grants to provide a total of \$10.6 million from federal funds	\$0	\$4,555,500	\$4,555,500
5. Adds funding for the Agricultural Products Utilization Commission (APUC), of which \$350,000 is ongoing funding from the APUC fund and \$3,000,000 is one-time funding from Bank of North Dakota profits transferred to the APUC fund, to provide a total of \$5,110,417 for the APUC program from the APUC fund	\$0	\$3,350,000	\$3,350,000
6. Adds funding for aerial contract services for the Wildlife Services program to provide a total of \$1,657,400, of which \$598,600 is from the general fund and \$1,058,800 is from special funds	\$200,000	\$0	\$200,000
7. Adds one-time funding from the strategic investment and improvements fund transferred to the bioscience innovation grant fund for the bioscience innovation grant program	\$0	\$5,500,000	\$5,500,000
8. Adds one-time funding for the North Dakota Trade Office to provide a total of \$2.1 million from the general fund	\$500,000	\$0	\$500,000

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

Environment and rangeland protection fund - Section 4 would identify \$7,104,225 in the estimated income line item in Section 1 is from the environment and rangeland protection fund for various Department of Agriculture programs.

Game and Fish Department operating fund - Section 5 would identify \$661,270 in the estimated income line item in Section 1 is from the Game and Fish Department operating fund for various Department of Agriculture programs.

Department of Water Resources transfer - Section 6 would identify \$125,000 in the estimated income line item in Section 1 is from funding transferred from the Department of Water Resources to the Agriculture Commissioner for the Wildlife Services program.

Pipeline restoration and reclamation program - Section 8 would identify \$200,000 in the estimated income line item in Section 1 is from the abandoned oil and gas well plugging and site reclamation fund for the pipeline restoration and reclamation program.

North Dakota Trade Office - Section 10 would identify \$2.1 million of the funding appropriated in Section 1 is from the general fund for the North Dakota Trade Office. The Agriculture Commissioner may spend 60 percent of this amount without requiring any matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for every \$1 provided by the Agriculture Commissioner. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, to provide training, and to buy computer equipment as part of the North Dakota Trade Office's export assistance program.

APUC - Section 12 would identify \$3 million in the estimated income line item in Section 1 is one-time funding transferred from Bank of North Dakota profits to the Agriculture Commissioner for deposit in the APUC fund for the APUC program.

Continuing Appropriations

Advisory Committee on Sustainable Agriculture - North Dakota Century Code Section 4.1-01-11 - Provides the Agriculture Commissioner may accept gifts, grants, and donations of money, property, and services for duties related to the Advisory Committee on Sustainable Agriculture.

Bioscience innovation grant fund - Section 4.1-01-20.1 - Includes funding appropriated to the Agriculture Commissioner on a continuing basis to award grants to North Dakota bioscience businesses to support biotechnology innovation and commercialization, promote the creation of bioscience jobs in the state, encourage the development of new bioscience technologies and bioscience startup companies in the state, leverage the agriculture industry in the state to support the development of bioscience technologies impacting livestock operations and crop production, promote bioscience research and development at institutions under the control of the State Board of Higher Education; and encourage coordination and collaboration among other entities and programs in the state to promote bioscience innovation goals.

Federal environmental law impact review fund - Section 4.1-01-21 - Includes funding appropriated to the Agriculture Commissioner on a continuing basis for certain administrative costs related to the Federal Environmental Law Impact Review Committee, which reviews federal environmental legislation and regulations detrimentally impacting or potentially detrimentally impacting the state's agricultural, energy, or oil production sectors.

Environmental impact mitigation fund - Section 4.1-01-21.1 - Includes funding appropriated to the Agriculture Commissioner on a continuing basis for distribution to landowners for the mitigation of agricultural land impacted by assessed adverse direct environmental impacts of a proposed site, corridor, route, or facility.

Honey promotion fund - Chapter 4.1-08 - Commodity checkoff for market development of honey.

Turkey fund - Chapter 4.1-12 - Commodity checkoff for market development of turkeys and turkey products.

Industrial hemp - Section 4.1-18.1-03 - Provides for the Agriculture Commissioner to assess a fee of \$350 to each applicant requesting to grow or process industrial hemp. Fees collected for this purpose are deposited in the Agriculture Commissioner operating fund and appropriated to the Department of Agriculture on a continuing basis.

Minor use pesticide fund - Section 4.1-39-08 - For studies, investigations, and evaluations regarding registration and use of pesticides.

Domestic animals and nontraditional livestock - Section 36-01-08 - Provides the Agriculture Commissioner shall collect fees for the actual direct cost of providing brucellosis tags, identification tags, and health books distributed by the Board of Animal Health for the protection and health of domestic animals and nontraditional livestock.

Equine processing fund - Section 36-21-19 - Provides for the Agriculture Commissioner to assess a fee of \$5 for equine processing facility assessments. The first \$50,000 of fees collected is deposited in the general fund and any additional amounts are deposited in the equine processing fund. All funds in the equine processing fund are appropriated to the Agriculture Commissioner on a continuing basis.

State waterbank fund - Section 61-31-10 - Authorizes the Agriculture Commissioner to receive funds from any private or public source, including from state agencies for the state waterbank program. The state waterbank fund and interest earned are appropriated to the Agriculture Commissioner on a continuing basis.

Deficiency Appropriations

Emergency feed transportation assistance program - The executive budget includes a recommendation to provide a \$1.7 million general fund deficiency appropriation to the Agriculture Commissioner to repay a Bank of North Dakota loan for the emergency feed transportation assistance program during 2021-23 biennium.

Significant Audit Findings

The operational audit for the Department of Agriculture conducted by the State Auditor's office for the period ending June 30, 2021, did not identify any significant audit findings.

Major Related Legislation

House Bill No. 1099 - This bill would repeal Section 57-43.1-03 which requires one-half cent per gallon of the motor vehicle fuel tax refund be deposited in the APUC fund.

House Bill No. 1101 - This bill would repeal the Agriculture Commissioner's domestic animals and nontraditional livestock continuing appropriation from Section 36-01-08 and amend it into Section 36-01-33.

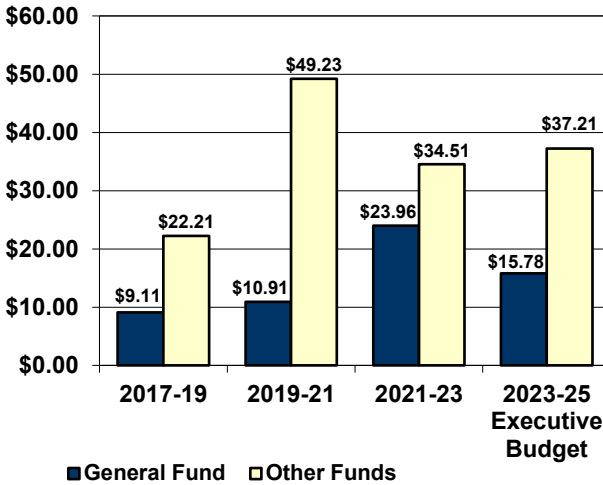
House Bill No. 1148 - This bill creates an agriculture infrastructure fund to be used by the Agriculture Commissioner to provide grants to political subdivisions, individuals, or organizations for infrastructure and capital improvements necessary for the development or enhancement of new or existing value-added agriculture businesses. The bill includes a \$15 million appropriation from the general fund to be transferred to the agriculture infrastructure fund, which is appropriated to the Agriculture Commissioner for the 2023-25 biennium. Of this amount, up to \$10 million is available for grants to political subdivisions and any remaining funding is available to individuals or organizations.

Senate Bill No. 2027 - This bill would repeal Section 4.1-01-11 related to the Advisory Committee on Sustainable Agriculture.

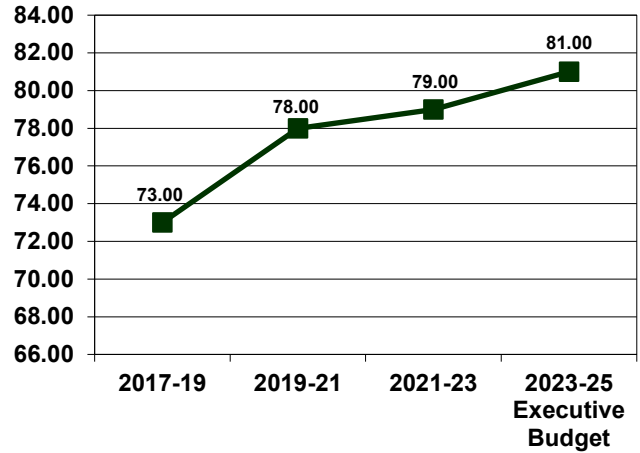
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$9,961,137	\$9,109,101	\$10,700,429	\$13,459,712	\$15,277,408
Increase (decrease) from previous biennium	N/A	(\$852,036)	\$1,591,328	\$2,759,283	\$1,817,696
Percentage increase (decrease) from previous biennium	N/A	(8.6%)	17.5%	25.8%	13.5%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(8.6%)	7.4%	35.1%	53.4%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

1. Removed 4 FTE positions and related funding (\$600,304)
2. Adjusted funding for IT operating expenses (\$296,836)

2019-21 Biennium

1. Added funding to transfer APUC from the Department of Commerce to provide total ongoing funding of \$2,000,000, of which \$1,760,417 is from the APUC fund \$239,583
2. Added funding to transfer the grain warehouse license and inspection program from the Public Service Commission \$853,499

2021-23 Biennium

1. Added funding to address employee salary compression concerns \$369,866
2. Added 1 FTE grain inspector position, of which \$152,670 is for salaries and \$30,729 is for related operating expenses \$183,399
3. Added funding to fully fund a previously underfunded FTE meat inspector position, of which \$90,478 is for salaries and \$15,980 is for operating expenses \$106,458
4. Added funding to reclassify a program coordinator position to an attorney position \$68,279
5. Transferred the North Dakota Trade Office program from the Department of Commerce to the Agriculture Commissioner \$1,600,000

2023-25 Biennium (Executive Budget Recommendation)

- | | |
|---|-----------|
| 1. Adds funding for an FTE project manager and systems coordinator position, including \$170,326 for salaries and wages and \$10,000 of related operating expenses | \$180,326 |
| 2. Adds funding for an FTE marketing specialist position, including \$214,930 for salaries and wages and \$101,300 of related operating expenses | \$316,230 |
| 3. Adds funding for aerial contract services for the Wildlife Services program to provide a total of \$1,657,400, of which \$598,600 is from the general fund and \$1,058,800 is from special funds | \$200,000 |

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$861,360	\$0	\$210,000	\$10,500,000	\$500,000

Major One-Time General Fund Appropriations

2017-19 Biennium

None \$0

2019-21 Biennium

- | | |
|--------------------------------|-----------|
| 1. Grain insolvency litigation | \$100,000 |
| 2. Master customer database | \$110,000 |

2021-23 Biennium

- | | |
|--|-------------|
| 1. Bioscience innovation grant program | \$5,500,000 |
| 2. Federal environmental law impact review costs | \$5,000,000 |

2023-25 Biennium (Executive Budget Recommendation)

- | | |
|------------------------------|-----------|
| 1. North Dakota Trade Office | \$500,000 |
|------------------------------|-----------|

Agriculture Commissioner - Budget No. 602
Senate Bill No. 2009
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	79.00	\$13,459,712	\$24,110,775	\$37,570,487
2023-25 Ongoing Funding Changes				
Base payroll changes		(\$47,344)	(\$275,703)	(\$323,047)
Adds funding for the cost to continue salary increases		65,314	49,755	115,069
Salary increase		606,203	412,980	1,019,183
Health insurance increase		233,922	183,910	417,832
Adds funding for an FTE project manager and systems coordinator position	1.00	180,326		180,326
Adds funding for an FTE marketing specialist position	1.00	316,230		316,230
Adds funding for IT rate increases		17,565	12,568	30,133
Adds funding for IT data processing, communications, and services		10,078	215,059	225,137
Reduces funding for travel, operating fees and services, and other operating expenses		47,266	(659,851)	(612,585)
Adjusts funding for capital assets		(10,000)	2,000	(8,000)
Adds funding for noxious weeds grants			118,695	118,695
Reduces funding for the waterbank program			(200,000)	(200,000)
Adds federal funding for speciality crop block grants			4,555,500	4,555,500
Adds funding for APUC			350,000	350,000
Reduces federal funding for the Board of Animal Health			(170,500)	(170,500)
Adds funding for aerial contract services for the Wildlife Services program		200,000		200,000
Adds funding for a new Capitol space rent model		198,136		198,136
Total ongoing funding changes	2.00	\$1,817,696	\$4,594,413	\$6,412,109
One-time funding items				
Adds funding for bioscience innovation grants			\$5,500,000	\$5,500,000
Adds one-time funding for APUC			3,000,000	3,000,000
Adds one-time funding for the North Dakota Trade Office		\$500,000		500,000
Total one-time funding changes	0.00	\$500,000	\$8,500,000	\$9,000,000
Total Changes to Base Level Funding	2.00	\$2,317,696	\$13,094,413	\$15,412,109
2023-25 Total Funding	81.00	\$15,777,408	\$37,205,188	\$52,982,596
<i>Federal funds included in other funds</i>			\$16,900,416	
<i>Total ongoing changes as a percentage of base level</i>	2.5%	13.5%	19.1%	17.1%
<i>Total changes as a percentage of base level</i>	2.5%	17.2%	54.3%	41.0%

Other Sections in Agriculture Commissioner - Budget No. 602

	Executive Budget Recommendation
Transfer - Environment and rangeland protection fund	Section 3 would require the Agriculture Commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund.
Environment and rangeland protection fund	Section 4 would identify \$7,104,225 in the estimated income line item in Section 1 is from the environment and rangeland protection fund for various Department of Agriculture programs.
Game and Fish Department operating fund	Section 5 would identify \$661,270 in the estimated income line item in Section 1 is from the Game and Fish Department operating fund for various Department of Agriculture programs.
Transfer - Department of Water Resources	Section 6 would identify \$125,000 in the estimated income line item in Section 1 is from the Department of Water Resources, which the department shall transfer to the Agriculture Commissioner for the Wildlife Services program.
Waterbank program	Section 7 would identify of the amount appropriated in the salary and wages line item in Section 1, the Agriculture Commissioner may use up to \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.
Pipeline restoration and reclamation program	Section 8 would identify \$200,000 in the estimated income line item in Section 1 is from the abandoned oil and gas well plugging and site reclamation fund for the pipeline restoration and reclamation program.

Other Sections in Agriculture Commissioner - Budget No. 602

Agriculture Commissioner salary

North Dakota Trade Office - Matching fund requirement

Transfer - Strategic investment and improvements fund to bioscience innovation grant fund - One-time funding

Transfer - Bank of North Dakota profits to the APUC fund

Executive Budget Recommendation

Section 9 would provide the statutory changes necessary to increase the Agriculture Commissioner's salary. The Agriculture Commissioner's annual salary would increase from the current level of \$123,984 to \$131,423 effective July 1, 2023, and to \$136,679 effective July 1, 2024, to reflect the 6 percent and 4 percent annual recommended salary increases.

Section 10 would identify \$2.1 million of the funding appropriated in Section 1 is from the general fund for the North Dakota Trade Office. The Agriculture Commissioner may spend 60 percent of this amount without requiring any matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for every \$1 provided by the Agriculture Commissioner. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, to provide training, and to buy computer equipment as part of the North Dakota Trade Office's export assistance program.

Section 11 would identify \$5.5 million in the estimated income line item in Section 1 is one-time funding transferred from the strategic investment and improvements fund to the bioscience innovation grant fund for the bioscience innovation grant program.

Section 12 would identify \$3 million in the estimated income line item in Section 1 is one-time funding transferred from Bank of North Dakota profits to the Agriculture Commissioner for deposit in the APUC fund for the APUC program.

**SENATE BILL NO. 2009
(Governor's Recommendation)**

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an Act to provide an appropriation for defraying the expenses of the agriculture commissioner; to amend and reenact section 4-01-21 of the North Dakota Century Code, relating to the salary of the agriculture commissioner; and to provide for transfers.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the agriculture commissioner for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2023 and ending June 30, 2025, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$15,717,126	\$1,614,293	\$17,331,419
Operating Expenses	6,848,052	(47,879)	6,800,173
Capital Assets	15,000	(8,000)	7,000
Grants	9,031,774	974,195	10,005,969
Covid 19 Specialty Grants	0	3,500,000	3,500,000
Bioscience Innovation Grants	0	5,500,000	5,500,000
Ag Products Utilization Program	1,760,417	3,350,000	5,110,417
Board of Animal Health	865,718	(170,500)	695,218
Wildlife Services	1,457,400	200,000	1,657,400
Pipeline Restoration and Reclamation Oversite Program	200,000	0	200,000
North Dakota Trade Office	1,600,000	500,000	2,100,000
Crop Harmonization Board	<u>75,000</u>	<u>0</u>	<u>75,000</u>
Total All Funds	\$37,570,487	\$15,412,109	\$52,982,596
Less Estimated Income	<u>24,110,775</u>	<u>13,094,413</u>	<u>37,205,188</u>
Total General Fund	\$13,459,712	\$ 2,317,696	\$15,777,408
Full-Time Equivalent Positions	79.00	2.00	81.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY- EIGHTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the 2023-25 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
Agricultural Products Utilization Commission	\$2,700,000	\$3,000,000
Soil Health Grants	700,000	0
Grassland Grazing Grants	5,000,000	
North Dakota Trade Office	0	500,000
Bioscience Innovation Grants	<u>0</u>	<u>5,500,000</u>
Total All Funds	\$8,400,000	\$9,000,000
Total Special Funds	<u>8,400,000</u>	<u>8,500,000</u>
Total General Fund	\$0	\$ 500,000

The 2023-25 one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The agriculture commissioner shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 3. TRANSFER - ENVIRONMENT AND RANGELAND PROTECTION FUND – MINOR USE PESTICIDE FUND. The agriculture commissioner shall transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 4. ESTIMATED INCOME - ENVIRONMENT AND RANGELAND PROTECTION FUND. The estimated income line item in section 1 of this Act includes the sum of \$7,104,225 or so much of the sum as may be necessary, from the environment and rangeland protection fund for the purpose of defraying the expenses of various department of agriculture programs, for the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 5. ESTIMATED INCOME - GAME AND FISH FUND. The estimated income line item in section 1 of this Act includes the sum of \$661,270, or so much of the sum as may be necessary, from the game and fish department operating fund for the purpose of defraying the expenses of various department of agriculture programs, for the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 6. ESTIMATED INCOME – DEPARTMENT OF WATER RESOURCES - TRANSFER. The estimated income line item in section 1 of this Act includes the sum of \$125,000 which the department of water resources shall transfer to the agriculture commissioner for the wildlife services program, for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 7. WATERBANK PROGRAM - MATCHING FUNDS. The salaries and wages line item in section 1 of this Act includes up to \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.

SECTION 8. ESTIMATED INCOME – PIPELINE RESTORATION AND RECLAMATION. The estimated income line item in section 1 of this Act includes the sum of \$200,000 from the abandoned oil and gas well plugging and site reclamation fund for the purpose of defraying the expenses of the pipeline restoration and reclamation program, for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 9. AMENDMENT. Section 4.1-01-02 of the North Dakota Century Code is amended and reenacted as follows:

4.1-01-02. Salary of agriculture commissioner. The annual salary of the agriculture commissioner is one-hundred ~~twenty-one~~ thirty-one thousand ~~five~~ four hundred ~~fifty-three~~ twenty-three dollars through June 30, ~~2020~~ 2024, and one hundred ~~twenty-three~~ thirty-six thousand ~~nine~~ six hundred ~~eighty-four~~ seventy-nine dollars thereafter.

SECTION 10. TRADE OFFICE - MATCHING FUND REQUIREMENT. The operating line item and the general fund appropriation in section 1 of this Act include \$2,100,000 of funding relating to the North Dakota trade office. The agriculture commissioner may spend sixty percent of this amount without requiring any matching funds from the trade office. Any additional amounts may be spent only to the extent that the North Dakota trade office provides one dollar of matching funds from private or other public sources for each one dollar provided by the department for the biennium beginning July 1, 2023 and ending June 30, 2025. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants provide training to export assistants or buy computer equipment as part of the North Dakota trade office's export assistance program.

SECTION 11. APPROPRIATION – ESTIMATED INCOME – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND – BIOSCIENCE INOVATION GRANT FUND – ONE-TIME FUNDING. The estimated income line item in section 1 of this Act includes the sum of \$5,500,000 from the strategic investment and improvements fund for a transfer to the bioscience innovation grant fund for the biennium beginning July 1, 2023 and ending June 30, 2025. The agriculture commissioner shall use these funds for providing bioscience innovation grants in accordance with 4.1-01-20.1. This funding is considered a one-time funding item.

SECTION 12. ESTIMATED INCOME – TRANSFER – BANK OF NORTH DAKOTA PROFITS – AGRICULTURAL PRODUCTS UTILIZATION COMMISSION – ONE TIME FUNDING. The estimated income line item in section 1 of this Act includes the sum of \$3,000,000 which the Bank of North Dakota shall transfer from the Bank’s current earnings and undivided profits to the agriculture commissioner for deposit in the agricultural products utilization commission fund for defraying the expenses of the agricultural products utilization commission for the biennium beginning July 1, 2023 and ending June 30, 2023. This funding is considered a one-time funding item.

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

SB 2009
1/11/2023

A BILL for an Act to provide an appropriation for defraying the expenses of the agriculture commissioner; and to provide for a transfer.
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10:48 AM Acting Chairman Wanzek opened the hearing on SB 2009.

Members present: Senators Krebsbach, Burckhard, Davison, Dever, Dwyer, Erbele, Kreun, Meyer, Roers, Schaible, Sorvaag, Vedaa, Wanzek, Rust, and Mathern

Members absent: Senator Bekkedahl

Discussion Topics:

- Overview/introduction
- Bio science innovation grants
- Specialty crop block grant program
- Agricultural products utilization commission
- Agricultural diversification and development
- Agency divisions/directors
- Budget summary
- Budget requests
- Authority request
- Budgetary comparisons
- Mitigation fund history

10:48 AM Doug Goehring, Agriculture Commissioner, introduced and presented an overview of budget bill. Testimony/handouts # 12899, #12820, #12819, #12818, #12817, #12816 and #13452

Acting Chairman Wanzek assigned this bill to the Government Operations Division.

Additional Testimony: #21237

11:48 AM Acting Chairman Wanzek closed the hearing.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

SB 2009
1/24/2023

A bill for an act to provide an appropriation for defraying the expenses of the Agriculture Commissioner; and to provide for a transfer.
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9:59 AM Senator Wanzek called the meeting to order.

Senators Wanzek, Roers, Dwyer, and Vedaa are present.

Discussion Topics:

- Mediation services
- Dairy industry
- Marketing
- Specialty crops
- Departmental duties scope
- One-time funds
- Bioscience innovation grants
- Agriculture products utilization
- Related budgetary bills
- Biotechnology incentive programs
- New med-device manufacturing
- Wahpeton-manufactured technology
- Biofilm identification technology
- Wildlife damage within aviation

10:00 AM Doug Goering, ND Agriculture Commissioner, testified.
Testimony #16252

11:23 AM Richard Glynn, Executive Director of the Bioscience Association of ND,
testified affirmatively. Testimony #16233, #16312

11:31 AM Richard Walsh, CEO and President of Corvent Medical Device Company, testified
affirmatively. Testimony #16238

11:47 AM Joe Vacek, Chief Compliance Officer of SafetySpect, Inc., and professor at
UND, testified. (No written testimony)

12:13 PM John Paulson, USDA Wildlife Depredation Agency, testified in support of
SB 2009. (No written testimony)

Andrea Pfennig, Greater ND Chamber, submitted affirmative testimony online. #15674

12:18 PM Senator Wanzek closed the meeting.

Carol Thompson, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

SB 2009
1/26/2023

A bill for an act to provide an appropriation for defraying the expenses of the Agriculture Commissioner; and to provide for a transfer.
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3:33 PM Vice Chair Erbele called the meeting to order.

Senators Erbele, Roers, Dwyer, and Vedaa are present.

Discussion Topics:

- Effects of Grasslands Bill
- Board of Animal Health
- Oversight duties
- Funding Mechanisms
- Bio science
- Ag Products Utilization Commission
- IT FTE
- Marketing -Trade FTE

3:35 PM Doug Goehring, Agriculture Commissioner, compared the 23-25 base level budget to his requested budget and testified in support of his requested budget. Testimony #18874

4:01 PM Vice Chair Erbele closed the meeting.

Carol Thompson, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

SB 2009
2/2/2023

A bill for an act to provide an appropriation for defraying the expenses of the agriculture commissioner; and to provide for a transfer.
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Technical difficulties – no video available until 2:53:46 PM.

2:47 PM Senator Wanzek called the meeting to order.
Senators Wanzek, Erbele, Roers, Dwyer, and Vedaa were present.

Discussion Topics:

- Local food assistance
- Noxious weed program
- Specialty grants
- Bioscience Innovation
- Ag products utilization
- Trade Office
- Full-time employees (FTEs)
- Federal funds match
- Salaries/wages
- Cost to continue
- Health insurance – HB 1411
- Emergency management
- Marketing
- Information Technology (IT)
- Rent
- Ag Products Utilization Commission (APUC)
- Avian influenza
- Trade Office
- Mitigation
- Wind
- Indirect costs

2:49 PM Doug Goehring testified affirmatively about SB 2009. #18874.

3:51 PM Tom Bodine, Deputy Agriculture Commissioner, testified neutrally. (No written testimony)

4:17 PM Levi Kinnischtzke testified. Previous long sheet #21237

4:36 PM Chairman Wanzek closed the meeting.

Carol Thompson, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

SB 2009
2/16/2023

A bill for an act to provide an appropriation for defraying the expenses of the Agriculture Commissioner; and to provide for a transfer.
--

11:18 AM Chairman Wanzek called the meeting to order.

Senators Wanzek, Erbele, Roers, Dwyer, and Vedaa are present.

Discussion Topics:

- Trade and marketing specialist
- Travel and operating expenses
- Noxious weed grants
- Specialty crop block grants
- Local food purchase assistance
- Plant and potato cyst nematode program
- Bioscience innovation grants
- ND trade office

11:18 AM Levi Kinnischtzke reviewed the long-sheet. Testimony #21009

12:24 PM Chairman Wanzek closed the meeting.

Carol Thompson, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

SB 2009
2/17/2023

A bill for an act to provide an appropriation for defraying the expenses of the Agriculture Commissioner; and to provide for a transfer.
--

8:40 AM Chairman Wanzek called the meeting to order.
Senators Wanzek, Erbele, Roers, Dwyer, and Vedaa are present.

Discussion Topics:

- Health insurance
- Commissioner's salary
- Marketing specialist position
- Inclusion of intent of SB 2194
- Specialty crop block grants
- Bioscience innovation grants

8:41 AM LC Senior Fiscal Analyst Levi Kinnischtzke testified. Testimony #21009, #21074

8:59 AM Senator Erbele moved to adopt the amendments. LC 23.0263.01003
Senator Roers seconded the motion.

Senators	Vote
Senator Terry M. Wanzek	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Jim P. Roers	Y
Senator Shawn Vedaa	Y

Motion passed 5-0-0

9:00 AM Senator Dwyer moved Do Pass as Amended
Senator Erbele seconded the motion.

Senators	Vote
Senator Terry M. Wanzek	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Jim P. Roers	Y
Senator Shawn Vedaa	Y

Motion passed 5-0-0

9:01 AM Chairman Wanzek closed the meeting.

Carol Thompson, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

SB 2009
2/17/2023

A BILL for an Act to provide an appropriation for defraying the expenses of the agriculture commissioner; relating to the salary of the agriculture commissioner, the environmental impact mitigation fund, factors to be considered in evaluating applications and designations of sites, corridors, and routes, and mitigating direct and indirect environmental impacts; to provide for a transfer; and to provide an exemption.

10:13 AM Chairman Bekkedahl called the hearing to order.

Chairman Bekkedahl, Senators, Krebsbach, Burchard, Davison, Dever, Dwyer, Erbele, Kreun, Mathern, Meyer, Roers, Rust, Schaible, Sorvaag, Vedaa, Wanzek were present.

Discussion Topics:

- Department of Agriculture
- Salaries
- Domestic trade programs
- Bio Science Grants
- Federal funding
- Ombudsman program

10:14 AM Senator Wanzek introduced the bill.

10:25 AM Senator Wanzek moved to amend **SB 2009** #LC 23.0263.01003 (#21086)

10:25 AM Senator J. Roers seconded the motion.

Roll call vote.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator David S. Rust	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	Y

Motion carried. 16-0-0

10:28 AM Senator Wanzek moved a **DO PASS** as Amended.
10:28 AM Senator Erbele seconded the motion.

Roll call vote.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator David S. Rust	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	Y

Motion carried. 16-0-0

Senator Wanzek will carry SB 2009.

10:29 AM Chairman Bekkedahl adjourned the hearing.

Patricia Wilkens on behalf of Kathleen Hall, Committee Clerk

Less estimated income	<u>10,400,000</u>	<u>3,000,000</u>
Total general fund	\$10,500,000	\$500,000

*Alt
2-17-23*

The 2023-25 biennium one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The agriculture commissioner shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 3. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO BIOSCIENCE INNOVATION FUND - BIOSCIENCE INNOVATION GRANT PROGRAM. The office of management and budget shall transfer \$5,500,000 from the strategic investment and improvements fund to the bioscience innovation grant fund for the purpose of the bioscience innovation grant program under section 4.1-01-20.1 for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 4. TRANSFER - LEGACY EARNINGS FUND TO BIOSCIENCE INNOVATION FUND - BIOSCIENCE INNOVATION GRANT PROGRAM. Pursuant to the designation of funding for other legislative purposes under subdivision c of subsection 4 of section 21-10-13, the office of management and budget shall transfer \$6,500,000 from the legacy earnings fund to the bioscience innovation grant fund for the purpose of the bioscience innovation grant program under section 4.1-01-20.1 for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 5. TRANSFER - ENVIRONMENT AND RANGELAND PROTECTION FUND TO ENVIRONMENTAL IMPACT MITIGATION FUND - MITIGATION OF AGRICULTURAL LAND. The office of management and budget shall transfer \$250,000 from the environment and rangeland protection fund to the environmental impact mitigation fund for the purpose of mitigation of agricultural land under section 4.1-01-21.1 for the biennium beginning July 1, 2023, and ending June 30, 2025."

Page 2, line 18, replace "**STATE WATER COMMISSION**" with "**DEPARTMENT OF WATER RESOURCES**"

Page 2, line 19, remove "state"

Page 2, line 20, replace "water commission" with "department of water resources"

Page 2, line 27, replace "\$6,899,395" with "\$7,344,029"

Page 2, line 31, replace "\$619,329" with "\$648,228"

Page 3, after line 2, insert:

"SECTION 10. ESTIMATED INCOME - TRANSFER - BANK OF NORTH DAKOTA PROFITS - AGRICULTURAL PRODUCTS UTILIZATION COMMISSION. The estimated income line item in section 1 of this Act includes the sum of \$3,000,000 which the Bank of North Dakota shall transfer from the Bank's current earnings and undivided profits to the agriculture commissioner for deposit in the agricultural products utilization fund for the purpose of defraying the expenses of the agricultural products utilization commission for the biennium beginning July 1, 2023, and ending June 30, 2025."

Page 3, line 3, replace "**PIPELINE RESTORATION AND RECLAMATION**" with "**ABANDONED OIL AND GAS WELL PLUGGING AND SITE RECLAMATION FUND**"

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Page 3, line 4, replace "\$200,000" with "\$700,000"

Page 3, line 5, after "fund" insert ", of which \$200,000 is"

Page 3, line 6, after "program" insert "and \$500,000 is for the purpose of defraying the expenses of the post-production royalty oversight program"

Page 3, line 9, replace "\$1,600,000" with "\$2,100,000"

Page 3, after line 19, insert:

"SECTION 14. AMENDMENT. Section 4.1-01-02 of the North Dakota Century Code is amended and reenacted as follows:

4.1-01-02. Salary of agriculture commissioner.

The annual salary of the agriculture commissioner is one hundred ~~twenty-one~~thirty thousand five hundred ~~fifty-three~~ dollars through June 30, ~~2022~~2024, and one hundred ~~twenty-three~~thirty-five thousand ~~nine~~two hundred ~~eighty-four~~ dollars after that date.

SECTION 15. A new section to chapter 4.1-01 of the North Dakota Century Code is created and enacted as follows:

Post-production royalty oversight program.

The commissioner shall establish a post-production royalty oversight program providing technical assistance and support to mineral owners, lease owners, and mineral companies relating to royalty payment issues. The commissioner may contract for ombudsmen for assistance on royalty payment issues. The commissioner is not subject to the provisions of chapter 54-44.4 when contracting for the services of ombudsmen. The names of mineral owners, lease owners, and mineral companies that receive assistance under the program are not subject to section 44-04-18 and section 6 of article XI of the Constitution of North Dakota.

SECTION 16. AMENDMENT. Section 4.1-01-21.1 of the North Dakota Century Code is amended and reenacted as follows:

4.1-01-21.1. Environmental impact mitigation fund - Report to legislative management - Continuing appropriation.

1. There is created in the state treasury the environmental impact mitigation fund. The fund consists of all moneys deposited in the fund under section 49-22-09.2. All moneys in the fund are appropriated to the commissioner on a continuing basis for ~~distribution~~disbursement by the agriculture commissioner ~~to landowners for the mitigation of agricultural land impacted by development as set forth under subsection 2~~in accordance with this section.
2. ~~Funding~~Moneys in the fund may be used only for:
 - a. Contracting for consultation with environmental scientists or engineers for relevant services to implement mitigation required from the impact of development; and
 - b. Reclamation or mitigation of adverse impacts from development.

3. The commissioner is not subject to chapter 54-44.4 when contracting for services under this chapter.
4. The federal environmental law impact review committee shall establish criteria for disbursement of moneys in the environmental impact fundsmitigation fund.
5. The commissioner shall make disbursements of moneys in the environmental impact mitigation fund based upon the determinations made by the federal environmental law impact review committee.
6. For purposes of this section, the federal environmental law impact review committee shall hold meetings as the chairman determines necessary at a time and place set by the chairman. Upon written request of any four members, the presiding officer shall call a special meeting of the committee.
7. The federal environmental law impact review committee shall make determinations for the disbursement of environmental impact mitigation fund grants in accordance with subsection 2 and provide those determinations to the commissioner.
8. The federal environmental law impact review committee shall provide a biennial report of environmental impact mitigation fund disbursements to the legislative management.
9. For purposes of this section, the environmental impact mitigation fund is not subject to subsection 2 of section 4.1-01-18.

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SECTION 17. AMENDMENT. Section 49-22-09 of the North Dakota Century Code is amended and reenacted as follows:

49-22-09. Factors to be considered in evaluating applications and designation of sites, corridors, and routes.

1. The commission shall be guided by, but is not limited to, the following considerations, where applicable, to aid the evaluation and designation of sites, corridors, and routes:
 - a. Available research and investigations relating to the effects of the location, construction, and operation of the proposed facility on public health and welfare, natural resources, and the environment.
 - b. The effects of new electric energy conversion and electric transmission technologies and systems designed to minimize adverse environmental effects.
 - c. The potential for beneficial uses of waste energy from a proposed electric energy conversion facility.
 - d. Adverse direct and indirect environmental effects that cannot be avoided should the proposed site or route be designated.
 - e. Alternatives to the proposed site, corridor, or route which are developed during the hearing process and which minimize adverse effects.

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- f. Irreversible and irretrievable commitments of natural resources should the proposed site, corridor, or route be designated.
 - g. The direct and indirect economic impacts of the proposed facility.
 - h. Existing plans of the state, local government, and private entities for other developments at or in the vicinity of the proposed site, corridor, or route.
 - i. The effect of the proposed site or route on existing scenic areas, historic sites and structures, and paleontological or archaeological sites.
 - j. The effect of the proposed site or route on areas unique because of biological wealth or because the areas are habitats for rare and endangered species.
 - k. Problems raised by federal agencies, other state agencies, and local entities.
 - l. Written comments from the agriculture commissioner.
2. The commission may not condition the issuance of a certificate or permit on the applicant providing a mitigation payment assessed or requested by another state agency or entity to offset a negative impact on wildlife habitat.

SECTION 18. AMENDMENT. Section 49-22-09.2 of the North Dakota Century Code is amended and reenacted as follows:

49-22-09.2. Mitigating direct or indirect environmental impacts.

1. An applicant ~~may elect to~~ shall provide payment to mitigate any assessed adverse direct or indirect environmental impacts of a proposed site, corridor, route, or facility. The applicant ~~may elect to~~ shall provide a minimum of fifty percent of the payment to the agriculture commissioner.
2. The agriculture commissioner shall deposit any moneys paid to mitigate the adverse environmental impacts of a proposed site, corridor, route, or facility as follows:
 - a. ~~Fifty percent into the environmental impact mitigation fund; and~~
 - b. ~~Fifty percent into the federal environmental law impact review fund.~~

SECTION 19. WILDLIFE SERVICES PROGRAM - INDIRECT COSTS. The wildlife services line item in section 1 of this Act includes the sum of \$1,657,400 for the purpose of defraying the expenses of the wildlife services program during the biennium beginning July 1, 2023, and ending June 30, 2025. The agriculture commissioner may not use funding appropriated for the program to pay indirect costs as part of the United States department of agriculture animal and plant health inspection service wildlife services program.

SECTION 20. EXEMPTION - COVID-19 SPECIALTY CROP BLOCK GRANT PROGRAM. The amount of \$5,000,000 appropriated from federal funds derived from COVID-19 funds for the specialty crop block grant program during the 2019-21 biennium in section 1 of chapter 27 and continued into the 2021-23 biennium in

section 2 of chapter 27 of the 2021 Session Laws is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2023, and ending June 30, 2025."

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Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2009 - Department of Agriculture - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$15,717,126	\$1,693,446	\$17,410,572
Operating expenses	6,848,052	588,121	7,436,173
Capital assets	15,000	(8,000)	7,000
Grants	9,031,774	1,922,195	10,953,969
State Board of Animal Health	865,718		865,718
Wildlife services	1,457,400	200,000	1,657,400
Crop Harmonization Board	75,000		75,000
Pipeline restoration and reclamation	200,000		200,000
Ag. Products Utilization Commission	1,760,417	3,350,000	5,110,417
North Dakota trade office	1,600,000	500,000	2,100,000
Total all funds	\$37,570,487	\$8,245,762	\$45,816,249
Less estimated income	24,110,775	6,025,073	30,135,848
General fund	\$13,459,712	\$2,220,689	\$15,680,401
FTE	79.00	2.00	81.00

Department 602 - Department of Agriculture - Detail of Senate Changes

	Adds Funding for the Cost to Continue Salaries ¹	Adds Funding for Salary and Benefit Increases ²	Adds Salary Equity Funding for Elected Officials ³	Adds Funding for FTE Positions ⁴	Adjusts Base Level Funding ⁵	Adds Funding for the Capitol Rent Model ⁶
Salaries and wages	\$115,069	\$1,190,586	\$2,535	\$385,256		
Operating expenses				111,300	(\$221,315)	\$198,136
Capital assets					(8,000)	
Grants					866,695	
State Board of Animal Health						
Wildlife services					200,000	
Crop Harmonization Board						
Pipeline restoration and reclamation						
Ag. Products Utilization Commission						
North Dakota trade office						
Total all funds	\$115,069	\$1,190,586	\$2,535	\$496,556	\$837,380	\$198,136
Less estimated income	49,755	497,347	0	0	572,471	0
General fund	\$65,314	\$693,239	\$2,535	\$496,556	\$264,909	\$198,136
FTE	0.00	0.00	0.00	2.00	0.00	0.00

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	Adds Funding for a Royalty Oversight Program ¹	Adds Funding for Specialty Crop Block Grants ²	Adds funding for APUC ³	Adds One-Time Funding for APUC ¹⁰	Adds One-Time Funding for the Trade Office ¹¹	Total Senate Changes
Salaries and wages						\$1,693,446
Operating expenses	\$500,000					588,121
Capital assets						(8,000)
Grants		\$1,055,500				1,922,195
State Board of Animal Health						
Wildlife services						200,000
Crop Harmonization Board						
Pipeline restoration and reclamation						
Ag. Products Utilization Commission			\$350,000	\$3,000,000		3,350,000
North Dakota trade office					\$500,000	500,000
Total all funds	\$500,000	\$1,055,500	\$350,000	\$3,000,000	\$500,000	\$8,245,762
Less estimated income	500,000	1,055,500	350,000	3,000,000	0	6,025,073
General fund	\$0	\$0	\$0	\$0	\$500,000	\$2,220,689
FTE	0.00	0.00	0.00	0.00	0.00	2.00

¹ Funding is added for the cost to continue salary increases.

² The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from \$1,429 to \$1,648 per month:

	General Fund	Other Funds	Total
Salary increase	\$453,936	\$309,206	\$763,142
Health insurance increase	239,303	188,141	427,444
Total	\$693,239	\$497,347	\$1,190,586

³ Funding is added for providing a salary equity increase for the Agriculture Commissioner. The Agriculture Commissioner's annual salary is increased from the current level of \$123,984 to \$130,000 (4.9 percent) effective July 1, 2023. This funding is in addition to the funding added for the general 4 percent annual salary increases for state employees.

⁴ Funding of \$496,566 is added from the general fund for 2 FTE positions. Of the funding provided, \$180,326 is for an FTE project manager and systems coordinator position, including \$170,326 for salaries and wages and \$10,000 for operating expenses, and \$316,230 is for an FTE marketing specialist position, including \$214,930 for salaries and wages and \$101,300 for operating expenses.

⁵ Base level funding is adjusted as follows:

	General Fund	Other Funds	Total
Adds funding for information technology rate increases	\$17,565	\$12,568	\$30,133
Adds funding for information technology data processing, communications, and services	10,078	215,059	225,137
Adjusts funding for travel, operating fees and services, and other operating expenses	47,266	(659,851)	(612,585)
Adds federal funding for the plant and potato cyst nematode program	0	26,000	26,000
Adds federal funding for the local food purchase assistance program for local underserved producers, including \$110,000 for operating expenses and \$868,000 for grants	0	978,000	978,000
Adjusts funding for capital assets to provide a total of \$7,000 for capital assets from the environment and rangeland protection fund	(10,000)	2,000	(8,000)
Adds funding for noxious weeds grants, of which \$80,000 is from federal funds and \$118,695 is from the environment and rangeland protection fund to provide a total of \$1,623,969, of which \$170,000 is from federal funds and \$1,453,969 is from the environment and rangeland protection fund	0	198,695	198,695

Reduces funding for the waterbank program to provide a total of \$100,000 from the North Dakota outdoor heritage fund	0	(200,000)	(200,000)
Adds funding for aerial contract services for the Wildlife Services program to provide a total of \$1,657,400 for the Wildlife Services program	<u>200,000</u>	<u>0</u>	<u>200,000</u>
Total	\$264,909	\$572,471	\$837,380

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⁶ Funding of \$198,136 is added from the general fund for a new Capitol space rent model.

⁷ Funding of \$500,000 is added from the abandoned oil and gas well plugging and site reclamation fund for a post-production royalty oversight program, allowing the Agriculture Commissioner to contract for ombudsmen to assist individuals and companies in royalty payment issues.

⁸ Federal funding of \$1,055,500 is added for the specialty crop block grant program to provide a total of \$7,094,805 from federal funds. This amount does not include funding for the program from COVID-19 federal funds. A section is added to the bill to provide the Agriculture Commissioner an exemption to continue COVID-19 funding appropriated for the program for the 2019-21 biennium and continued into the 2021-23 biennium during the 2021 legislative session into the 2023-25 biennium.

⁹ Funding of \$350,000 is added from the Agricultural Products Utilization Commission (APUC) fund for the APUC program to provide total ongoing funding of \$2,110,417 from the APUC fund.

¹⁰ One-time funding of \$3,000,000 is added from Bank of North Dakota profits for the APUC program to provide total funding of \$5,110,417 for the program.

¹¹ One-time funding of \$500,000 is added from the general fund for the North Dakota Trade Office to provide a total of \$2.1 million from the general fund.

This amendment also:

- Adds a section providing for a \$5.5 million transfer from the strategic investment and improvements fund to the bioscience innovation grant fund for the bioscience innovation grant program. The Agriculture Commissioner has continuing appropriation authority for the bioscience innovation grant fund.
- Adds a section providing for a \$6.5 million transfer from the legacy earnings fund to the bioscience innovation grant fund for the bioscience innovation grant program to provide a total of \$12 million for the bioscience program in Senate Bill No. 2009 for the 2023-25 biennium.
- Adds a section providing for a \$250,000 transfer from the environment and rangeland protection fund to the environmental impact mitigation fund for the environmental impact mitigation program. The Agriculture Commissioner has continuing appropriation authority for the environmental impact mitigation fund.
- Amends a section identifying the amount of funding (\$7,344,029) appropriated from the environment and rangeland protection fund.
- Amends a section identifying the amount of funding (\$648,228) appropriated from the Game and Fish Department operating fund.
- Adds a section to transfer \$3 million from Bank of North Dakota profits to the APUC fund.
- Amends a section to identify the amount of funding (\$700,000) appropriated from the abandoned oil and gas well plugging and site reclamation fund.
- Amends a section identifying the amount of funding (\$2,100,000) appropriated from the general fund for the North Dakota Trade Office. The Agriculture Commissioner may spend 60 percent of this amount without requiring any matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for every \$1 provided by the Agriculture Commissioner. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, to provide training, and to buy computer equipment as part of the North Dakota Trade Office's export assistance program.
- Adds a section to provide the statutory changes necessary to increase the Agriculture Commissioner's salary to \$130,000 (4.9 percent) effective July 1, 2023, and to \$135,200 (4 percent) effective July 1, 2024.
- Adds a new section to North Dakota Century Code Chapter 4.1-01 to establish a post-production royalty oversight program, allowing the Agriculture Commissioner to contract for ombudsmen to assist individuals and companies in royalty payment issues.
- Adds three sections to amend Sections 4.1-01-21.1, 49-22-09, and 49-22-09.2 relating to the environmental impact fund, factors to be considered in evaluating applications and designation of sites, corridors, and routes, and mitigating direct and indirect environmental impacts.
- Adds a section to provide the funding appropriated in the wildlife services line item may not be used to pay indirect costs as part of the United States Department of Agriculture Animal and Plant Health Inspection Service Wildlife Services program.
- Adds a section to provide an exemption to authorize the Agriculture Commissioner to continue the \$5 million appropriated by the 2021 Legislative Assembly for the COVID-19 specialty crop block grant program for the

2019-21 biennium, which was continued into the 2021-23 biennium into the 2023-25 biennium. The Agriculture Commissioner anticipates approximately \$3.5 million will be continued into the 2023-25 biennium.

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2-17-23

REPORT OF STANDING COMMITTEE

SB 2009: Appropriations Committee (Sen. Bekkedahl, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (16 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2009 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

Page 1, line 2, replace "and" with "to create and enact a new section to chapter 4.1-01 of the North Dakota Century Code, relating to the establishment of a post-production royalty oversight program; to amend and reenact sections 4.1-01-02, 4.1-01-21.1, 49-22-09, and 49-22-09.2 of the North Dakota Century Code, relating to the salary of the agriculture commissioner, the environmental impact mitigation fund, factors to be considered in evaluating applications and designations of sites, corridors, and routes, and mitigating direct and indirect environmental impacts;"

Page 1, line 2, after "transfer" insert "; and to provide an exemption"

Page 1, remove lines 10 through 24

Page 2, replace lines 1 through 5 with:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$15,717,126	\$1,693,446	\$17,410,572
Operating expenses	6,848,052	588,121	7,436,173
Capital assets	15,000	(8,000)	7,000
Grants	9,031,774	1,922,195	10,953,969
Agricultural products utilization commission	1,760,417	3,350,000	5,110,417
North Dakota trade office	1,600,000	500,000	2,100,000
Board of animal health	865,718	0	865,718
Wildlife services	1,457,400	200,000	1,657,400
Pipeline restoration and reclamation oversight program	200,000	0	200,000
Crop harmonization board	<u>75,000</u>	<u>0</u>	<u>75,000</u>
Total all funds	\$37,570,487	\$8,245,762	\$45,816,249
Less estimated income	<u>24,110,775</u>	<u>6,025,073</u>	<u>30,135,848</u>
Total general fund	\$13,459,712	\$2,220,689	\$15,680,401
Full-time equivalent positions	79.00	2.00	81.00"

Page 2, line 6, after "FUNDING" insert "- EFFECT ON BASE BUDGET - REPORT TO SIXTY-NINTH LEGISLATIVE ASSEMBLY"

Page 2, line 7, after "biennium" insert "and the one-time funding items included in the appropriation in section 1 of this Act"

Page 2, replace line 9 with:

"Agricultural products utilization commission	\$2,700,000	\$3,000,000"
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Page 2, replace lines 14 through 17 with:

"Intermodal facility construction grant program	2,000,000	0
North Dakota trade office	<u>0</u>	<u>500,000</u>
Total all funds	\$20,900,000	\$3,500,000
Less estimated income	<u>10,400,000</u>	<u>3,000,000</u>
Total general fund	\$10,500,000	\$500,000

The 2023-25 biennium one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The agriculture commissioner shall report to the appropriations committees of the sixty-ninth legislative assembly on the

use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 3. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO BIOSCIENCE INNOVATION FUND - BIOSCIENCE INNOVATION GRANT PROGRAM. The office of management and budget shall transfer \$5,500,000 from the strategic investment and improvements fund to the bioscience innovation grant fund for the purpose of the bioscience innovation grant program under section 4.1-01-20.1 for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 4. TRANSFER - LEGACY EARNINGS FUND TO BIOSCIENCE INNOVATION FUND - BIOSCIENCE INNOVATION GRANT PROGRAM. Pursuant to the designation of funding for other legislative purposes under subdivision c of subsection 4 of section 21-10-13, the office of management and budget shall transfer \$6,500,000 from the legacy earnings fund to the bioscience innovation grant fund for the purpose of the bioscience innovation grant program under section 4.1-01-20.1 for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 5. TRANSFER - ENVIRONMENT AND RANGELAND PROTECTION FUND TO ENVIRONMENTAL IMPACT MITIGATION FUND - MITIGATION OF AGRICULTURAL LAND. The office of management and budget shall transfer \$250,000 from the environment and rangeland protection fund to the environmental impact mitigation fund for the purpose of mitigation of agricultural land under section 4.1-01-21.1 for the biennium beginning July 1, 2023, and ending June 30, 2025."

Page 2, line 18, replace "**STATE WATER COMMISSION**" with "**DEPARTMENT OF WATER RESOURCES**"

Page 2, line 19, remove "state"

Page 2, line 20, replace "water commission" with "department of water resources"

Page 2, line 27, replace "\$6,899,395" with "\$7,344,029"

Page 2, line 31, replace "\$619,329" with "\$648,228"

Page 3, after line 2, insert:

"SECTION 10. ESTIMATED INCOME - TRANSFER - BANK OF NORTH DAKOTA PROFITS - AGRICULTURAL PRODUCTS UTILIZATION COMMISSION. The estimated income line item in section 1 of this Act includes the sum of \$3,000,000 which the Bank of North Dakota shall transfer from the Bank's current earnings and undivided profits to the agriculture commissioner for deposit in the agricultural products utilization fund for the purpose of defraying the expenses of the agricultural products utilization commission for the biennium beginning July 1, 2023, and ending June 30, 2025."

Page 3, line 3, replace "**PIPELINE RESTORATION AND RECLAMATION**" with "**ABANDONED OIL AND GAS WELL PLUGGING AND SITE RECLAMATION FUND**"

Page 3, line 4, replace "\$200,000" with "\$700,000"

Page 3, line 5, after "fund" insert ", of which \$200,000 is"

Page 3, line 6, after "program" insert "and \$500,000 is for the purpose of defraying the expenses of the post-production royalty oversight program"

Page 3, line 9, replace "\$1,600,000" with "\$2,100,000"

Page 3, after line 19, insert:

"SECTION 14. AMENDMENT. Section 4.1-01-02 of the North Dakota Century Code is amended and reenacted as follows:

4.1-01-02. Salary of agriculture commissioner.

The annual salary of the agriculture commissioner is one hundred ~~twenty-one~~thirty thousand five hundred ~~fifty-three~~ dollars through June 30, ~~2022~~2024, and one hundred ~~twenty-three~~thirty-five thousand ~~ninetwo~~ hundred ~~eighty-four~~ dollars after that date.

SECTION 15. A new section to chapter 4.1-01 of the North Dakota Century Code is created and enacted as follows:

Post-production royalty oversight program.

The commissioner shall establish a post-production royalty oversight program providing technical assistance and support to mineral owners, lease owners, and mineral companies relating to royalty payment issues. The commissioner may contract for ombudsmen for assistance on royalty payment issues. The commissioner is not subject to the provisions of chapter 54-44.4 when contracting for the services of ombudsmen. The names of mineral owners, lease owners, and mineral companies that receive assistance under the program are not subject to section 44-04-18 and section 6 of article XI of the Constitution of North Dakota.

SECTION 16. AMENDMENT. Section 4.1-01-21.1 of the North Dakota Century Code is amended and reenacted as follows:

4.1-01-21.1. Environmental impact mitigation fund - Report to legislative management - Continuing appropriation.

1. There is created in the state treasury the environmental impact mitigation fund. The fund consists of all moneys deposited in the fund under section 49-22-09.2. All moneys in the fund are appropriated to the commissioner on a continuing basis for ~~distribution~~disbursement by the agriculture commissioner to ~~landowners for the mitigation of agricultural land impacted by development as set forth under subsection 2~~in accordance with this section.
2. ~~Funding~~Moneys in the fund may be used only for:
 - a. Contracting for consultation with environmental scientists or engineers for relevant services to implement mitigation required from the impact of development; and
 - b. Reclamation or mitigation of adverse impacts from development.
3. The commissioner is not subject to chapter 54-44.4 when contracting for services under this chapter.
4. The federal environmental law impact review committee shall establish criteria for disbursement of moneys in the environmental impact fund~~mitigation fund.~~
5. The commissioner shall make disbursements of moneys in the environmental impact mitigation fund based upon the determinations made by the federal environmental law impact review committee.

6. For purposes of this section, the federal environmental law impact review committee shall hold meetings as the chairman determines necessary at a time and place set by the chairman. Upon written request of any four members, the presiding officer shall call a special meeting of the committee.
7. The federal environmental law impact review committee shall make determinations for the disbursement of environmental impact mitigation fund grants in accordance with subsection 2 and provide those determinations to the commissioner.
8. The federal environmental law impact review committee shall provide a biennial report of environmental impact mitigation fund disbursements to the legislative management.
9. For purposes of this section, the environmental impact mitigation fund is not subject to subsection 2 of section 4.1-01-18.

SECTION 17. AMENDMENT. Section 49-22-09 of the North Dakota Century Code is amended and reenacted as follows:

49-22-09. Factors to be considered in evaluating applications and designation of sites, corridors, and routes.

1. The commission shall be guided by, but is not limited to, the following considerations, where applicable, to aid the evaluation and designation of sites, corridors, and routes:
 - a. Available research and investigations relating to the effects of the location, construction, and operation of the proposed facility on public health and welfare, natural resources, and the environment.
 - b. The effects of new electric energy conversion and electric transmission technologies and systems designed to minimize adverse environmental effects.
 - c. The potential for beneficial uses of waste energy from a proposed electric energy conversion facility.
 - d. Adverse direct and indirect environmental effects that cannot be avoided should the proposed site or route be designated.
 - e. Alternatives to the proposed site, corridor, or route which are developed during the hearing process and which minimize adverse effects.
 - f. Irreversible and irretrievable commitments of natural resources should the proposed site, corridor, or route be designated.
 - g. The direct and indirect economic impacts of the proposed facility.
 - h. Existing plans of the state, local government, and private entities for other developments at or in the vicinity of the proposed site, corridor, or route.
 - i. The effect of the proposed site or route on existing scenic areas, historic sites and structures, and paleontological or archaeological sites.

- j. The effect of the proposed site or route on areas unique because of biological wealth or because the areas are habitats for rare and endangered species.
 - k. Problems raised by federal agencies, other state agencies, and local entities.
 - l. Written comments from the agriculture commissioner.
2. The commission may not condition the issuance of a certificate or permit on the applicant providing a mitigation payment assessed or requested by another state agency or entity to offset a negative impact on wildlife habitat.

SECTION 18. AMENDMENT. Section 49-22-09.2 of the North Dakota Century Code is amended and reenacted as follows:

49-22-09.2. Mitigating direct or indirect environmental impacts.

- 1. An applicant ~~may elect to~~ shall provide payment to mitigate any assessed adverse direct or indirect environmental impacts of a proposed site, corridor, route, or facility. The applicant ~~may elect to~~ shall provide a minimum of fifty percent of the payment to the agriculture commissioner.
- 2. The agriculture commissioner shall deposit any moneys paid to mitigate the adverse environmental impacts of a proposed site, corridor, route, or facility as follows:
 - a. ~~Fifty percent~~ into the environmental impact mitigation fund; ~~and~~
 - b. ~~Fifty percent~~ into the federal environmental law impact review fund.

SECTION 19. WILDLIFE SERVICES PROGRAM - INDIRECT COSTS. The wildlife services line item in section 1 of this Act includes the sum of \$1,657,400 for the purpose of defraying the expenses of the wildlife services program during the biennium beginning July 1, 2023, and ending June 30, 2025. The agriculture commissioner may not use funding appropriated for the program to pay indirect costs as part of the United States department of agriculture animal and plant health inspection service wildlife services program.

SECTION 20. EXEMPTION - COVID-19 SPECIALTY CROP BLOCK GRANT PROGRAM. The amount of \$5,000,000 appropriated from federal funds derived from COVID-19 funds for the specialty crop block grant program during the 2019-21 biennium in section 1 of chapter 27 and continued into the 2021-23 biennium in section 2 of chapter 27 of the 2021 Session Laws is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2023, and ending June 30, 2025."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2009 - Department of Agriculture - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$15,717,126	\$1,693,446	\$17,410,572
Operating expenses	6,848,052	588,121	7,436,173
Capital assets	15,000	(8,000)	7,000
Grants	9,031,774	1,922,195	10,953,969
State Board of Animal Health	865,718		865,718
Wildlife services	1,457,400	200,000	1,657,400
Crop Harmonization Board	75,000		75,000
Pipeline restoration and reclamation	200,000		200,000

Ag. Products Utilization Commission	1,760,417	3,350,000	5,110,417
North Dakota trade office	1,600,000	500,000	2,100,000
Total all funds	\$37,570,487	\$8,245,762	\$45,816,249
Less estimated income	24,110,775	6,025,073	30,135,848
General fund	\$13,459,712	\$2,220,689	\$15,680,401
FTE	79.00	2.00	81.00

Department 602 - Department of Agriculture - Detail of Senate Changes

	Adds Funding for the Cost to Continue Salaries ¹	Adds Funding for Salary and Benefit Increases ²	Adds Salary Equity Funding for Elected Officials ³	Adds Funding for FTE Positions ⁴	Adjusts Base Level Funding ⁵	Adds Funding for the Capitol Rent Model ⁶
Salaries and wages	\$115,069	\$1,190,586	\$2,535	\$385,256		
Operating expenses				111,300	(\$221,315)	\$198,136
Capital assets					(8,000)	
Grants					866,695	
State Board of Animal Health						
Wildlife services					200,000	
Crop Harmonization Board						
Pipeline restoration and reclamation						
Ag. Products Utilization Commission						
North Dakota trade office						
Total all funds	\$115,069	\$1,190,586	\$2,535	\$496,556	\$837,380	\$198,136
Less estimated income	49,755	497,347	0	0	572,471	0
General fund	\$65,314	\$693,239	\$2,535	\$496,556	\$264,909	\$198,136
FTE	0.00	0.00	0.00	2.00	0.00	0.00

	Adds Funding for a Royalty Oversight Program ⁷	Adds Funding for Specialty Crop Block Grants ⁸	Adds funding for APUC ⁹	Adds One-Time Funding for APUC ¹⁰	Adds One-Time Funding for the Trade Office ¹¹	Total Senate Changes
Salaries and wages						\$1,693,446
Operating expenses	\$500,000					588,121
Capital assets						(8,000)
Grants		\$1,055,500				1,922,195
State Board of Animal Health						
Wildlife services						200,000
Crop Harmonization Board						
Pipeline restoration and reclamation						
Ag. Products Utilization Commission			\$350,000	\$3,000,000		3,350,000
North Dakota trade office					\$500,000	500,000
Total all funds	\$500,000	\$1,055,500	\$350,000	\$3,000,000	\$500,000	\$8,245,762
Less estimated income	500,000	1,055,500	350,000	3,000,000	0	6,025,073
General fund	\$0	\$0	\$0	\$0	\$500,000	\$2,220,689
FTE	0.00	0.00	0.00	0.00	0.00	2.00

¹ Funding is added for the cost to continue salary increases.

² The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from \$1,429 to \$1,648 per month:

	General Fund	Other Funds	Total
Salary increase	\$453,936	\$309,206	\$763,142
Health insurance increase	239,303	188,141	427,444
Total	\$693,239	\$497,347	\$1,190,586

³ Funding is added for providing a salary equity increase for the Agriculture Commissioner. The Agriculture Commissioner's annual salary is increased from the current level of \$123,984 to \$130,000 (4.9 percent) effective July 1, 2023. This funding is in addition to the funding added for the general 4 percent annual salary increases for state employees.

⁴ Funding of \$496,566 is added from the general fund for 2 FTE positions. Of the funding provided, \$180,326 is for an FTE project manager and systems coordinator position, including \$170,326 for salaries and wages and \$10,000 for operating expenses, and \$316,230 is for an FTE marketing specialist position, including \$214,930 for salaries and wages and \$101,300 for operating expenses.

⁵ Base level funding is adjusted as follows:

	General Fund	Other Funds	Total
Adds funding for information technology rate increases	\$17,565	\$12,568	\$30,133
Adds funding for information technology data processing, communications, and services	10,078	215,059	225,137
Adjusts funding for travel, operating fees and services, and other operating expenses	47,266	(659,851)	(612,585)
Adds federal funding for the plant and potato cyst nematode program	0	26,000	26,000
Adds federal funding for the local food purchase assistance program for local underserved producers, including \$110,000 for operating expenses and \$868,000 for grants	0	978,000	978,000
Adjusts funding for capital assets to provide a total of \$7,000 for capital assets from the environment and rangeland protection fund	(10,000)	2,000	(8,000)
Adds funding for noxious weeds grants, of which \$80,000 is from federal funds and \$118,695 is from the environment and rangeland protection fund to provide a total of \$1,623,969, of which \$170,000 is from federal funds and \$1,453,969 is from the environment and rangeland protection fund	0	198,695	198,695
Reduces funding for the waterbank program to provide a total of \$100,000 from the North Dakota outdoor heritage fund	0	(200,000)	(200,000)
Adds funding for aerial contract services for the Wildlife Services program to provide a total of \$1,657,400 for the Wildlife Services program	<u>200,000</u>	<u>0</u>	<u>200,000</u>
Total	\$264,909	\$572,471	\$837,380

⁶ Funding of \$198,136 is added from the general fund for a new Capitol space rent model.

⁷ Funding of \$500,000 is added from the abandoned oil and gas well plugging and site reclamation fund for a post-production royalty oversight program, allowing the Agriculture Commissioner to contract for ombudsmen to assist individuals and companies in royalty payment issues.

⁸ Federal funding of \$1,055,500 is added for the specialty crop block grant program to provide a total of \$7,094,805 from federal funds. This amount does not include funding for the program from COVID-19 federal funds. A section is added to the bill to provide the Agriculture Commissioner an exemption to continue COVID-19 funding appropriated for the program for the 2019-21 biennium and continued into the 2021-23 biennium during the 2021 legislative session into the 2023-25 biennium.

⁹ Funding of \$350,000 is added from the Agricultural Products Utilization Commission (APUC) fund for the APUC program to provide total ongoing funding of \$2,110,417 from the APUC fund.

¹⁰ One-time funding of \$3,000,000 is added from Bank of North Dakota profits for the APUC program to provide total funding of \$5,110,417 for the program.

¹¹ One-time funding of \$500,000 is added from the general fund for the North Dakota Trade Office to provide a total of \$2.1 million from the general fund.

This amendment also:

- Adds a section providing for a \$5.5 million transfer from the strategic investment and improvements fund to the bioscience innovation grant fund for the bioscience innovation grant program. The Agriculture Commissioner has continuing appropriation authority for the bioscience innovation grant fund.
- Adds a section providing for a \$6.5 million transfer from the legacy earnings fund to

the bioscience innovation grant fund for the bioscience innovation grant program to provide a total of \$12 million for the bioscience program in Senate Bill No. 2009 for the 2023-25 biennium.

- Adds a section providing for a \$250,000 transfer from the environment and rangeland protection fund to the environmental impact mitigation fund for the environmental impact mitigation program. The Agriculture Commissioner has continuing appropriation authority for the environmental impact mitigation fund.
- Amends a section identifying the amount of funding (\$7,344,029) appropriated from the environment and rangeland protection fund.
- Amends a section identifying the amount of funding (\$648,228) appropriated from the Game and Fish Department operating fund.
- Adds a section to transfer \$3 million from Bank of North Dakota profits to the APUC fund.
- Amends a section to identify the amount of funding (\$700,000) appropriated from the abandoned oil and gas well plugging and site reclamation fund.
- Amends a section identifying the amount of funding (\$2,100,000) appropriated from the general fund for the North Dakota Trade Office. The Agriculture Commissioner may spend 60 percent of this amount without requiring any matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for every \$1 provided by the Agriculture Commissioner. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, to provide training, and to buy computer equipment as part of the North Dakota Trade Office's export assistance program.
- Adds a section to provide the statutory changes necessary to increase the Agriculture Commissioner's salary to \$130,000 (4.9 percent) effective July 1, 2023, and to \$135,200 (4 percent) effective July 1, 2024.
- Adds a new section to North Dakota Century Code Chapter 4.1-01 to establish a post-production royalty oversight program, allowing the Agriculture Commissioner to contract for ombudsmen to assist individuals and companies in royalty payment issues.
- Adds three sections to amend Sections 4.1-01-21.1, 49-22-09, and 49-22-09.2 relating to the environmental impact fund, factors to be considered in evaluating applications and designation of sites, corridors, and routes, and mitigating direct and indirect environmental impacts.
- Adds a section to provide the funding appropriated in the wildlife services line item may not be used to pay indirect costs as part of the United States Department of Agriculture Animal and Plant Health Inspection Service Wildlife Services program.
- Adds a section to provide an exemption to authorize the Agriculture Commissioner to continue the \$5 million appropriated by the 2021 Legislative Assembly for the COVID-19 specialty crop block grant program for the 2019-21 biennium, which was continued into the 2021-23 biennium into the 2023-25 biennium. The Agriculture Commissioner anticipates approximately \$3.5 million will be continued into the 2023-25 biennium.

2023 HOUSE APPROPRIATIONS

SB 2009

Department 602 - Agriculture Commissioner
Senate Bill No. 2009

First Chamber Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 First Chamber Version	\$15,680,401	\$30,135,848	\$45,816,249
2023-25 Base Level	13,459,712	24,110,775	37,570,487
Increase (Decrease)	\$2,220,689	\$6,025,073	\$8,245,762

First Chamber Changes

A summary of the first chamber's changes to the agency's base level appropriations and the executive budget is attached as an appendix.

Selected Bill Sections Included in the First Chamber Version

Transfer - Strategic investment and improvements fund to bioscience innovation grant fund - Section 3 provides for a transfer of \$5.5 million from the strategic investment and improvements fund to the bioscience innovation grant fund for the bioscience innovation grant program. The Agriculture Commissioner has continuing appropriation authority for the bioscience innovation grant fund.

Transfer - Legacy earnings fund to bioscience innovation grant fund - Section 4 provides for a transfer of \$6.5 million from the legacy earnings fund to the bioscience innovation grant fund for the bioscience innovation grant program to provide a total of \$12 million for the program for the 2023-25 biennium. The Agriculture Commissioner has continuing appropriation authority for the bioscience innovation grant fund.

Transfer - Environment and rangeland protection fund to environmental impact mitigation fund - Section 5 provides for a transfer of \$250,000 from the environment and rangeland protection fund to the environmental impact mitigation fund for the environmental impact mitigation program. The Agriculture Commissioner has continuing appropriation authority for the environmental impact mitigation fund.

Transfer - Department of Water Resources - Wildlife Services program - Section 6 identifies \$125,000 in the estimated income line item is from the Department of Water Resources, which the department shall transfer to the Agriculture Commissioner for the Wildlife Services program.

Transfer - Environment and rangeland protection fund to minor use pesticide fund - Section 7 requires the Agriculture Commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund.

Environment and rangeland protection fund - Section 8 identifies \$7,344,029 in the estimated income line item is from the environment and rangeland protection fund for various Department of Agriculture programs.

Transfer - Bank of North Dakota profits - Section 10 identifies \$3 million in the estimated income line item, which is from funding transferred from Bank of North Dakota profits to the Agriculture Commissioner for deposit in the Agricultural Products Utilization Commission (APUC) fund for the APUC program.

Abandoned oil and gas well plugging site reclamation fund - Section 11 identifies \$700,000 in the estimated income line item is from the abandoned oil and gas well plugging and site reclamation fund, of which \$200,000 is for the pipeline restoration and reclamation program and \$500,000 is for the post-production royalty oversight program.

North Dakota Trade Office - Matching funds requirement - Section 12 identifies \$2.1 million of the funding appropriated from the general fund in Section 1 is for the North Dakota Trade Office. The Agriculture Commissioner may spend 60 percent of this amount without requiring any matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for every \$1 provided by the Agriculture Commissioner. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, to provide training, and to buy computer equipment as part of the North Dakota Trade Office's export assistance program.

Post-production royalty oversight program - Section 15 creates a new section to North Dakota Century Code Chapter 4.1-01 to establish a post-production royalty oversight program, allowing the Agriculture Commissioner to contract for ombudsmen to assist mineral owners, lease owners, and mineral companies in royalty payment issues.

Wildlife Services program - Indirect costs - Section 19 provides the funding appropriated in the wildlife services line item may not be used to pay indirect costs as part of the United States Department of Agriculture Animal and Plant Health Inspection Service Wildlife Services program.

Continuing Appropriations

Advisory Committee on Sustainable Agriculture - Section 4.1-01-11 - Provides the Agriculture Commissioner may accept gifts, grants, and donations of money, property, and services for duties related to the Advisory Committee on Sustainable Agriculture.

Bioscience innovation grant fund - Section 4.1-01-20.1 - Includes funding appropriated to the Agriculture Commissioner on a continuing basis to award grants to North Dakota bioscience businesses to support biotechnology innovation and commercialization, promote the creation of bioscience jobs in the state, encourage the development of new bioscience technologies and bioscience startup companies in the state, leverage the agriculture industry in the state to support the development of bioscience technologies impacting livestock operations and crop production, promote bioscience research and development at institutions under the control of the State Board of Higher Education; and encourage coordination and collaboration among other entities and programs in the state to promote bioscience innovation goals.

Federal environmental law impact review fund - Section 4.1-01-21 - Includes funding appropriated to the Agriculture Commissioner on a continuing basis for certain administrative costs related to the Federal Environmental Law Impact Review Committee, which reviews federal environmental legislation and regulations detrimentally impacting or potentially detrimentally impacting the state's agricultural, energy, or oil production sectors.

Environmental impact mitigation fund - Section 4.1-01-21.1 - Includes funding appropriated to the Agriculture Commissioner on a continuing basis for distribution to landowners for the mitigation of agricultural land impacted by assessed adverse direct environmental impacts of a proposed site, corridor, route, or facility.

Honey promotion fund - Chapter 4.1-08 - Commodity checkoff for market development of honey.

Turkey fund - Chapter 4.1-12 - Commodity checkoff for market development of turkeys and turkey products.

Industrial hemp - Section 4.1-18.1-03 - Provides for the Agriculture Commissioner to assess a fee of \$350 to each applicant requesting to grow or process industrial hemp. Fees collected for this purpose are deposited in the Agriculture Commissioner operating fund and appropriated to the Department of Agriculture on a continuing basis.

Minor use pesticide fund - Section 4.1-39-08 - For studies, investigations, and evaluations regarding registration and use of pesticides.

Domestic animals and nontraditional livestock - Section 36-01-08 - Provides the Agriculture Commissioner shall collect fees for the actual direct cost of providing brucellosis tags, identification tags, and health books distributed by the Board of Animal Health for the protection and health of domestic animals and nontraditional livestock.

Equine processing fund - Section 36-21-19 - Provides for the Agriculture Commissioner to assess a fee of \$5 for equine processing facility assessments. The first \$50,000 of fees collected is deposited in the general fund and any additional amounts are deposited in the equine processing fund. All funds in the equine processing fund are appropriated to the Agriculture Commissioner on a continuing basis.

State waterbank fund - Section 61-31-10 - Authorizes the Agriculture Commissioner to receive funds from any private or public source, including from state agencies for the state waterbank program. The state waterbank fund and interest earned are appropriated to the Agriculture Commissioner on a continuing basis.

Agriculture diversification and development fund - House Bill No. 1276, as approved by the House, provides the Agriculture Commissioner a continuing appropriation from the agriculture diversification and development fund to provide grants to political subdivisions for infrastructure necessary for the development or expansion of a value-added agriculture facility.

Deficiency Appropriations

Emergency feed transportation assistance program - Senate Bill No. 2025 includes a \$1.7 million general fund deficiency appropriation to the Agriculture Commissioner to repay a Bank of North Dakota loan for the emergency feed transportation assistance program during 2021-23 biennium.

Significant Audit Findings

The operational audit for the Department of Agriculture conducted by the State Auditor's office for the period ending June 30, 2021, did not identify any significant audit findings.

Major Related Legislation

House Bill No. 1099 - This bill would repeal Section 57-43.1-03 which requires one-half cent per gallon of the motor vehicle fuel tax refund be deposited in the APUC fund.

House Bill No. 1101 - This bill would repeal the Agriculture Commissioner's domestic animals and nontraditional livestock continuing appropriation from Section 36-01-08 and amend it into Section 36-01-33.

House Bill No. 1276 - This bill authorizes the Agriculture Commissioner to provide grants from the agriculture diversification and development fund, including grants to political subdivisions for infrastructure necessary for the development or expansion of a value-added agriculture facility. The Agriculture Diversification and Development Committee is required to develop grant guidelines and to make grant recommendations. The committee is required to designate the amount available from the agriculture diversification and development fund for loans to be spent by the Bank of North Dakota and for grants to be spent by the Agriculture Commissioner. The bill includes a \$30 million one-time appropriation from the general fund, which is transferred to the agriculture diversification and development fund. Of this amount, \$10 million is available for grants to political subdivisions. The Agriculture Commissioner is provided a continuing appropriation from the agriculture diversification and development fund to provide grants.

House Bill No. 1437 - This bill creates a regional livestock development and planning grant program and appropriates \$600,000 from the general fund for grants to counties and townships to identify rural areas for agricultural-related development and to assist with the review of township zoning and land use regulations.

House Bill No. 1519 - This bill provides a one-time appropriation of \$250,000 from the federal State Fiscal Recovery Fund to the Agriculture Commissioner for uncrewed aircraft system, autonomous vehicle, or other autonomous technology grants to individuals and entities in the agriculture industry for inspecting, operating, maintaining, or constructing agriculture property or infrastructure. The department may require \$1 of matching funds from the applicant for every \$4 provided by the department.

Senate Bill No. 2027 - This bill would repeal Section 4.1-01-11 related to the Advisory Committee on Sustainable Agriculture.

Senate Bill No. 2194 - This bill creates a new section to Chapter 4.1-01 to establish a post-production royalty oversight program, allowing the Agriculture Commissioner to contract for ombudsmen to assist mineral owners, lease owners, and mineral companies in royalty payment issues.

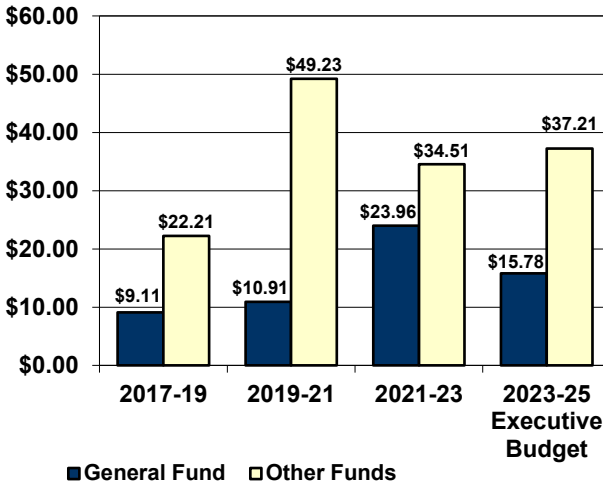
Senate Bill No. 2290 - This bill appropriates \$3 million of one-time funding from the strategic investment and improvements fund to the Agriculture Commissioner for the purpose of providing grasslands grazing grants to an organization representing cooperative grazing associations in the state. The organization must provide \$1 of matching funds for every \$4 provided by the Agriculture Commissioner. The bill also provides the Agriculture Commissioner an exemption to continue the \$5 million appropriated from the strategic investment and improvements fund for grassland grazing grants for the 2021-23 biennium into the 2023-25 biennium.

Senate Bill No. 2374 - This bill creates a new section to Chapter 4.1-01 to establish a post-production royalty oversight program, allowing the Agriculture Commissioner to contract for ombudsmen to assist mineral owners, lease owners, and mineral companies in royalty payment issues.

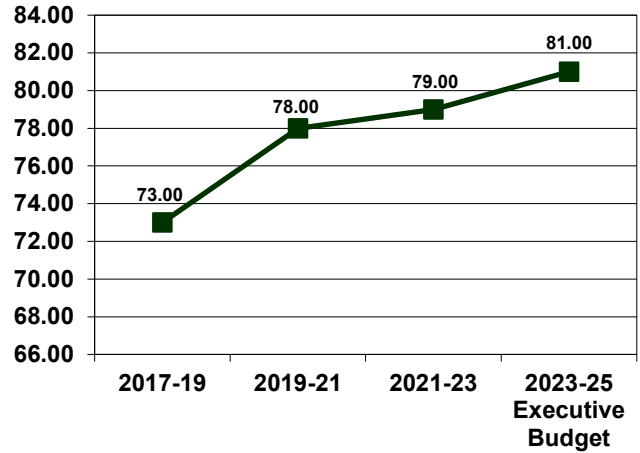
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$9,961,137	\$9,109,101	\$10,700,429	\$13,459,712	\$15,277,408
Increase (decrease) from previous biennium	N/A	(\$852,036)	\$1,591,328	\$2,759,283	\$1,817,696
Percentage increase (decrease) from previous biennium	N/A	(8.6%)	17.5%	25.8%	13.5%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(8.6%)	7.4%	35.1%	53.4%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

1. Removed 4 FTE positions and related funding (\$600,304)
2. Adjusted funding for IT operating expenses (\$296,836)

2019-21 Biennium

1. Added funding to transfer APUC from the Department of Commerce to provide total ongoing funding of \$2,000,000, of which \$1,760,417 is from the APUC fund \$239,583
2. Added funding to transfer the grain warehouse license and inspection program from the Public Service Commission \$853,499

2021-23 Biennium

1. Added funding to address employee salary compression concerns \$369,866
2. Added 1 FTE grain inspector position, of which \$152,670 is for salaries and \$30,729 is for related operating expenses \$183,399
3. Added funding to fully fund a previously underfunded FTE meat inspector position, of which \$90,478 is for salaries and \$15,980 is for operating expenses \$106,458
4. Added funding to reclassify a program coordinator position to an attorney position \$68,279
5. Transferred the North Dakota Trade Office program from the Department of Commerce to the Agriculture Commissioner \$1,600,000

2023-25 Biennium (Executive Budget Recommendation)

1. Adds funding for an FTE project manager and systems coordinator position, including \$170,326 for salaries and wages and \$10,000 of related operating expenses \$180,326

- 2. Adds funding for an FTE marketing specialist position, including \$214,930 for salaries and wages and \$101,300 of related operating expenses \$316,230
- 3. Adds funding for aerial contract services for the Wildlife Services program to provide a total of \$200,000 \$200,000
\$1,657,400, of which \$598,600 is from the general fund and \$1,058,800 is from special funds

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$861,360	\$0	\$210,000	\$10,500,000	\$500,000

Major One-Time General Fund Appropriations

2017-19 Biennium

None \$0

2019-21 Biennium

- 1. Grain insolvency litigation \$100,000
- 2. Master customer database \$110,000

2021-23 Biennium

- 1. Bioscience innovation grant program \$5,500,000
- 2. Federal environmental law impact review costs \$5,000,000

2023-25 Biennium (Executive Budget Recommendation)

North Dakota Trade Office \$500,000

Agriculture Commissioner - Budget No. 602
Senate Bill No. 2009
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	79.00	\$13,459,712	\$24,110,775	\$37,570,487	79.00	\$13,459,712	\$24,110,775	\$37,570,487
2023-25 Ongoing Funding Changes								
Base payroll changes		(\$47,344)	(\$275,703)	(\$323,047)				\$0
Adds funding for the cost to continue salary increases		65,314	49,755	115,069		\$65,314	\$49,755	115,069
Salary increase		606,203	412,980	1,019,183		453,936	309,206	763,142
Health insurance increase		233,922	183,910	417,832		239,303	188,141	427,444
Adds funding for a salary equity increase for the Agriculture Commissioner				0		2,535		2,535
Adds funding for an FTE project manager and systems coordinator position	1.00	180,326		180,326	1.00	180,326		180,326
Adds funding for an FTE marketing specialist position	1.00	316,230		316,230	1.00	316,230		316,230
Adds funding for IT rate increases		17,565	12,568	30,133		17,565	12,568	30,133
Adds funding for IT data processing, communications, and services		10,078	215,059	225,137		10,078	215,059	225,137
Adjusts funding for travel, operating fees and services, and other operating expenses		47,266	(659,851)	(612,585)		47,266	(659,851)	(612,585)
Adds funding for a new Capitol space rent model		198,136		198,136		198,136		198,136
Adds funding for a post-production royalty oversight program				0			500,000	500,000
Adds federal funding for the plant and potato cyst nematode program				0			26,000	26,000
Adds federal funding for the local food purchase assistance program				0			978,000	978,000
Adjusts funding for capital assets		(10,000)	2,000	(8,000)		(10,000)	2,000	(8,000)
Adds funding for noxious weeds grants			118,695	118,695			198,695	198,695
Reduces funding for the waterbank program			(200,000)	(200,000)			(200,000)	(200,000)
Adds federal funding for speciality crop block grants			4,555,500	4,555,500			1,055,500	1,055,500
Adds funding for APUC			350,000	350,000			350,000	350,000
Reduces federal funding for the Board of Animal Health			(170,500)	(170,500)				0
Adds funding for aerial contract services for the Wildlife Services program		200,000		200,000		200,000		200,000
Total ongoing funding changes	2.00	\$1,817,696	\$4,594,413	\$6,412,109	2.00	\$1,720,689	\$3,025,073	\$4,745,762
One-Time Funding Items								
Adds funding for bioscience innovation grants			\$5,500,000	\$5,500,000				\$0
Adds one-time funding for APUC			3,000,000	3,000,000			\$3,000,000	3,000,000
Adds one-time funding for the North Dakota Trade Office		\$500,000		500,000		\$500,000		500,000
Total one-time funding changes	0.00	\$500,000	\$8,500,000	\$9,000,000	0.00	\$500,000	\$3,000,000	\$3,500,000
Total Changes to Base Level Funding	2.00	\$2,317,696	\$13,094,413	\$15,412,109	2.00	\$2,220,689	\$6,025,073	\$8,245,762
2023-25 Total Funding	81.00	\$15,777,408	\$37,205,188	\$52,982,596	81.00	\$15,680,401	\$30,135,848	\$45,816,249
<i>Federal funds included in other funds</i>			\$16,900,416				\$14,496,568	
<i>Total ongoing changes as a percentage of base level</i>	2.5%	13.5%	19.1%	17.1%	2.5%	12.8%	12.5%	12.6%
<i>Total changes as a percentage of base level</i>	2.5%	17.2%	54.3%	41.0%	2.5%	16.5%	25.0%	21.9%

Other Sections in Agriculture Commissioner - Budget No. 602

Transfer - Strategic investment and improvements fund to bioscience innovation grant fund

Executive Budget Recommendation
 Section 11 would identify \$5.5 million in the estimated income line item is from a transfer from the strategic investment and improvements fund to the bioscience innovation grant fund for the bioscience innovation grant program.

Senate Version
 Section 3 provides for a transfer of \$5.5 million from the strategic investment and improvements fund to the bioscience innovation grant fund for the bioscience innovation grant program. The Agriculture Commissioner has continuing appropriation authority for the bioscience innovation grant fund.

Other Sections in Agriculture Commissioner - Budget No. 602

	<u>Executive Budget Recommendation</u>	<u>Senate Version</u>
Transfer - Legacy earnings fund to bioscience innovation grant fund		Section 4 provides for a transfer of \$6.5 million from the legacy earnings fund to the bioscience innovation grant fund for the bioscience innovation grant program to provide a total of \$12 million for the program for the 2023-25 biennium. The Agriculture Commissioner has continuing appropriation authority for the bioscience innovation grant fund.
Transfer - Environment and rangeland protection fund to environmental impact mitigation fund		Section 5 provides for a transfer of \$250,000 from the environment and rangeland protection fund to the environmental impact mitigation fund for the environmental impact mitigation program. The Agriculture Commissioner has continuing appropriation authority for the environmental impact mitigation fund.
Estimated income - Transfer - Department of Water Resources - Wildlife Services program	Section 6 would identify \$125,000 in the estimated income line item is from the Department of Water Resources, which the department shall transfer to the Agriculture Commissioner for the Wildlife Services program.	Section 6 identifies \$125,000 in the estimated income line item is from the Department of Water Resources, which the department shall transfer to the Agriculture Commissioner for the Wildlife Services program.
Transfer - Environment and rangeland protection fund to minor use pesticide fund	Section 3 would require the Agriculture Commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund.	Section 7 requires the Agriculture Commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund.
Estimated income - Environment and rangeland protection fund	Section 4 would identify \$7,104,225 in the estimated income line item is from the environment and rangeland protection fund for various Department of Agriculture programs.	Section 8 identifies \$7,344,029 in the estimated income line item is from the environment and rangeland protection fund for various Department of Agriculture programs.
Estimated income - Game and Fish Department operating fund	Section 5 would identify \$661,270 in the estimated income line item is from the Game and Fish Department operating fund for various Department of Agriculture programs.	Section 9 identifies \$648,228 in the estimated income line item is from the Game and Fish Department operating fund for various Department of Agriculture programs.
Estimated income - Transfer - Bank of North Dakota profits - APUC	Section 12 would identify \$3 million in the estimated income line item is from funding transferred from Bank of North Dakota profits to the Agriculture Commissioner for deposit in the APUC fund for the APUC program.	Section 10 identifies \$3 million in the estimated income line item, which is from funding transferred from Bank of North Dakota profits to the Agriculture Commissioner for deposit in the APUC fund for the APUC program.
Estimated income - Abandoned oil and gas well plugging site reclamation fund	Section 8 would identify \$200,000 in the estimated income line item is from the abandoned oil and gas well plugging and site reclamation fund for the pipeline restoration and reclamation program.	Section 11 identifies \$700,000 in the estimated income line item is from the abandoned oil and gas well plugging and site reclamation fund, of which \$200,000 is for the pipeline restoration and reclamation program and \$500,000 is for the post-production royalty oversight program.
North Dakota Trade Office - Matching funds requirement	Section 10 would identify \$2.1 million of the funding appropriated from the general fund in Section 1 is for the North Dakota Trade Office. The Agriculture Commissioner may spend 60 percent of this amount without requiring any matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for every \$1 provided by the Agriculture Commissioner. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, to provide training, and to buy computer equipment as part of the North Dakota Trade Office's export assistance program.	Section 12 identifies \$2.1 million of the funding appropriated from the general fund in Section 1 is for the North Dakota Trade Office. The Agriculture Commissioner may spend 60 percent of this amount without requiring any matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for every \$1 provided by the Agriculture Commissioner. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, to provide training, and to buy computer equipment as part of the North Dakota Trade Office's export assistance program.
Waterbank program - Matching funds requirement	Section 7 would identify of the amount appropriated in the salary and wages line item, the Agriculture Commissioner may use up to \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.	Section 13 identifies of the amount appropriated in the salary and wages line item, the Agriculture Commissioner may use up to \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.

Other Sections in Agriculture Commissioner - Budget No. 602

	<u>Executive Budget Recommendation</u>	<u>Senate Version</u>
Agriculture Commissioner salary	Section 9 would provide the statutory changes necessary to increase the Agriculture Commissioner's salary. The Agriculture Commissioner's annual salary would increase from the current level of \$123,984 to \$131,423 effective July 1, 2023, and to \$136,679 effective July 1, 2024, to reflect the 6 percent and 4 percent annual recommended salary increases.	Section 14 provides the statutory changes necessary to increase the Agriculture Commissioner's salary. The Agriculture Commissioner's annual salary would increase from the current level of \$123,984 to \$130,000 effective July 1, 2023, and to \$135,200 effective July 1, 2024, to reflect a 4 percent salary increase and a salary equity increase in the 1 st year of the biennium and a 4 percent salary increase in the 2 nd year of the biennium.
Post-production royalty oversight program		Section 15 creates a new section to Chapter 4.1-01 to establish a post-production royalty oversight program, allowing the Agriculture Commissioner to contract for ombudsmen to assist mineral owners, lease owners, and mineral companies in royalty payment issues.
Environmental impact mitigation fund		Sections 16, 17, and 18 amend Sections 4.1-01-21.1, 49-22-09, and 49-22-09.2 relating to the environmental impact fund, factors to be considered in evaluating applications and designation of sites, corridors, and routes, and mitigating direct and indirect environmental impacts.
Wildlife Services program - Indirect costs		Section 19 provides the funding appropriated in the wildlife services line item may not be used to pay indirect costs as part of the United States Department of Agriculture Animal and Plant Health Inspection Service Wildlife Services program.
Exemption - COVID-19 specialty crop block grant program		Section 20 provides an exemption to authorize the Agriculture Commissioner to continue funding appropriated for the 2019-21 biennium and continued into the 2021-23 biennium for the COVID-19 specialty crop block grant program into the 2023-25 biennium. The 2021 Legislative Assembly appropriated \$5 million for the program. Of this amount, the Agriculture Commissioner anticipates approximately \$3.5 million is needed to continue into the 2023-25 biennium.

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Brynhild Haugland Room, State Capitol

SB 2009
3/3/2023

A BILL for an Act to provide an appropriation for defraying the expenses of the agriculture commissioner; and to provide for a transfer.
--

Members present: Chairman Monson, Vice Chair Brandenburg, Rep. Bellew, Rep. Kempenich, Rep. Meier, Rep. Pyle, Rep. Mock

9:02 AM Chairman Monson opened the meeting.

Discussion Topics:

- Overview of the ND Department of Agriculture
- Agency consultation
- Internasal Ketamine - Bioscience

Doug Goehring, Agriculture Commissioner, ND Department of Agriculture testified in favor of the bill. (#21903) (#21901) (#21940) (# 21942) (#21943) (#21945) (#21946)

Julie Fedorchak, Public Service Commissioner, testified in opposition to SB 2009. Testimony (#21845)

Richard Glynn, Executive Director of Bioscience Association of ND testified in support of SB 2009) (#21917) (#21747)

Richard Walsh CEO of CorVent Medical testified in favor of the bill (#21854) (#21853).

Mike Burke, Owner of Lincoln Therapeutics internasal ketamine testified in favor of the bill (#21865).

Joe Vacek, Chief Compliance Officer, SafetySpect Inc. testified in favor of the bill (#21852).

Additional written testimony: Dana Hager, Executive Director EDND (#21858), Andrea Pfenning, ND Public Service Commission (# 21788), Doug Goehring (#22132) and (#22133)

11:36 AM Chairman Monson closed the meeting.

Amy Liepke, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Brynhild Haugland Room, State Capitol

SB 2009
3/30/2023

A BILL for an Act to provide an appropriation for defraying the expenses of the agriculture commissioner; and to provide for a transfer.
--

Chairman Monson opened the meeting at 2:49 PM

Members present: Chairman Monson, Vice Chair Brandenburg, Rep. Bellew, Rep. Kempenich, Rep. Meier, Rep. Pyle, Rep. Mock

Discussion Topics:

- Budget 602
- Additional FTE's
- General funding
- One-time expenditures
- Federal funding
- Special funds

Legislative council, discusses Budget 602 (#27097)

Doug Goehring, Commissioner, ND Dept. of Agriculture answers questions for the committee

Tom Bodine Ag commissioner, answers questions for the committee.

John Paulson, State director, Wildlife service's ND Ag dept. Answers questions for the committee.

Richard Glynn, Executive director Bioscience associates of ND (#27112)

Chairman Brandenburg closed the hearing at 4:41 PM

Leah Kuball, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Brynhild Haugland Room, State Capitol

SB 2009
4/13/2023

A BILL for an Act to provide an appropriation for defraying the expenses of the agriculture commissioner; and to provide for a transfer.
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Chairman Monson opened the meeting at 3:18 PM

Members present: Chairman Monson, Vice Chair Brandenburg, Rep. Kempenich, Rep. Meier, Rep. Pyle, Rep. Mock

Members absent: Rep. Bellew

Discussion Topics:

- Budget 602

Vice Chairman Brandenburg goes over Budget 602 (#27097)

Doug Goehring, ND Agricultural commissioner, answers questions for the committee.

Vice Chair Brandenburg hands out (#27551)

Chairman Monson closed the hearing at 3:34 PM

Leah Kuball, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Brynhild Haugland Room, State Capitol

SB 2009
4/14/2023

A BILL for an Act to provide an appropriation for defraying the expenses of the agriculture commissioner; and to provide for a transfer.
--

Chairman Monson opened the meeting at 12:33 PM

Members present: Chairman Monson, Vice Chair Brandenburg, Rep. Kempenich, Rep. Meier, Rep. Pyle, Rep. Mock

Members absent: Rep. Bellew,

Discussion Topics:

- Amendment 23.0263.02013

Doug Goehring, ND Agricultural commissioner, goes over amendment (23.0263.02013) (#27580) (#27579)

Julie Fedorchak, North Dakota Public Service Commission, answers questions for the committee.

Tom Bodine, Deputy Agriculture Department, (#27584)

Chairman Monson closed the hearing at 1:26 PM

Leah Kuball, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Brynhild Haugland Room, State Capitol

SB 2009
4/17/2023

A BILL for an Act to provide an appropriation for defraying the expenses of the agriculture commissioner; and to provide for a transfer.
--

Chairman Monson opened the meeting at 5:02 PM

Members present: Chairman Monson, Vice Chair Brandenburg, Rep. Kempenich, Rep. Meier, Rep. Pyle, Rep. Mock

Members absent: Rep. Bellew

Discussion Topics:

- Amendment (23.0263.02014) (23.0263.02007)
- Budget 602

Vice Chair Brandenburg goes over amendment (23.0263.02014) (#27638)

Chairman Monson, goes over Budget 602 (#27097)

Shaun Quissell, Agricultural commissioner, answers questions for the committee

Committee discusses (23.0263.02007) (#27639)

Chairman Monson closed the hearing at 5:35 PM

Leah Kuball, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Brynhild Haugland Room, State Capitol

SB 2009
4/18/2023

A BILL for an Act to provide an appropriation for defraying the expenses of the agriculture commissioner; and to provide for a transfer.
--

Chairman Monson opened the meeting at 8:23 AM

Members present: Chairman Monson, Vice Chair Brandenburg, Rep. Bellew, Rep. Kempenich, Rep. Meier, Rep. Pyle, Rep. Mock

Discussion Topics:

- Committee action
- Amendment (23.0263.02014)

Vice Chairman Brandenburg Moved to adopt (23.0263.02014) (#27638)

Seconded by Representative Mock

Representative Mock Withdrew motion.

Seconded by Vice Chairman Brandenburg

Chairman Monson closed the hearing at 8:28 AM

Leah Kuball, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Brynhild Haugland Room, State Capitol

SB 2009
4/18/2023

A BILL for an Act to provide an appropriation for defraying the expenses of the agriculture commissioner; and to provide for a transfer.
--

Chairman Monson opened the meeting at 4:22 PM

Members present: Chairman Monson, Vice Chair Brandenburg, Rep. Meier, Rep. Pyle, Rep. Mock

Members absent: Rep. Kempenich, Rep. Bellew

Discussion Topics:

- Committee action
- Amendment (23.0263.02002)
- SIIF funds
- General funds
- Legacy Funds

Vice Chairman Brandenburg went though (23.0263.02002) (#27684)

Chairman Monson closed the hearing at 4:40 PM

Leah Kuball, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Brynhild Haugland Room, State Capitol

SB 2009
4/19/2023

A BILL for an Act to provide an appropriation for defraying the expenses of the agriculture commissioner; and to provide for a transfer.

Chairman Monson opened the meeting at 7:32 AM

Members present: Chairman Monson, Rep. Meier, Rep. Pyle, Rep. Mock
Members absent: Rep. Bellew, Rep. Kempenich, Vice Chair Brandenburg

Discussion Topics:

- Committee action
- Amendment 23.0263.02002

Tom Bodine, Deputy Commissioner, ND Ag. Dept, answered questions

Chairman Monson, proposed amendment (23.0263.02002) (#27684)

Representative Kempenich moves to adopt amendment (23.0263.02002)

Representative Meier seconds motion

Roll call vote:

Representatives	Vote
Representative David Monson	Y
Representative Mike Brandenburg	AB
Representative Larry Bellew	AB
Representative Keith Kempenich	Y
Representative Lisa Meier	Y
Representative Corey Mock	Y
Representative Brandy Pyle	Y

Motion carries: 5-0-2

Carried by Representative Brandenburg.

Chairman Monson closed the hearing at 7:55 AM

Leah Kuball, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Brynhild Haugland Room, State Capitol

SB 2009
4/19/2023

A BILL for an Act to provide an appropriation for defraying the expenses of the agriculture commissioner; and to provide for a transfer.
--

11:18 AM Chairman Vigesaa Called the meeting to order and roll call was taken-

Members Present; Chairman Vigesaa, Representatives B. Anderson, Brandenburg, Hanson, Kreidt, Martinson, Mitskog, Meier, Mock, Monson, Nathe, J. Nelson, O'Brien, Pyle, Richter, Sanford, Schatz, Schobinger, Strinden, and Swiontek.

Members not Present; Representative Kempenich, Bellew, G. Stemen and Monson

Discussion Topics:

- Amendment
- Committee Action

Representative Brandenburg- Give statement of purpose and explains amendment 23.0263.02002 (Testimony #27708)

Representative Brandenburg Move to Adopt Amendment 23.0263.02002

Representative Meier Seconds the Motion

Committee discussion- Roll call vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	A
Representative Bert Anderson	Y
Representative Larry Bellew	A
Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	N
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative Corey Mock	Y
Representative David Monson	A
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy Pyle	Y

Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y
Representative Randy A. Schobinger	Y
Representative Greg Stemen	A
Representative Michelle Strinden	Y
Representative Steve Swiontek	Y

Motion Carries 18-1-4

Representative Brandenburg Move for a Do Pass as Amended

Representative Meier Seconds the Motion

Committee Discussion-Roll call vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	A
Representative Bert Anderson	Y
Representative Larry Bellew	A
Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative Corey Mock	Y
Representative David Monson	A
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y
Representative Randy A. Schobinger	Y
Representative Greg Stemen	A
Representative Michelle Strinden	Y
Representative Steve Swiontek	y

Motion Carries 19-0-4 Representative Brandenburg will carry the bill.

11:51 AM Chairman Vigesaa Closed the meeting for SB 2009

Risa Berube, Committee Clerk

Uma
4/19/23
1087

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2009

Page 1, line 2, remove "to create and enact a new section to chapter 4.1-01 of the North Dakota Century"

Page 1, line 3, remove "Code, relating to the establishment of a post-production royalty oversight program;"

Page 1, line 4, remove "49-22-09,"

Page 1, line 6, remove "factors to be considered in evaluating applications and designations of sites,"

Page 1, line 7, remove "corridors, and routes,"

Page 1, line 7, remove "direct and indirect"

Page 1, line 8, remove "and"

Page 1, line 8, after "exemption" insert "; and to provide for a legislative management study"

Page 1, replace lines 18 and 19 with:

"Salaries and wages	\$15,717,126	\$873,888	\$16,591,014
Operating expenses	6,848,052	578,121	7,426,173"

Page 1, replace line 21 with:

"Grants	9,031,774	3,922,195	12,953,969"
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Page 2, after line 4 insert:

"Bioscience innovation program transfer	0	6,500,000	6,500,000"
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Page 2, replace lines 6 through 9 with:

"Total all funds	\$37,570,487	\$15,916,204	\$53,486,691
Less estimated income	<u>24,110,775</u>	<u>6,856,343</u>	<u>30,967,118</u>
Total general fund	\$13,459,712	\$9,059,861	\$22,519,573
Full-time equivalent positions	79.00	1.00	80.00"

Page 2, replace lines 17 and 18 with:

"Grasslands grazing grants	5,000,000	1,000,000
Bioscience innovation grant program transfer	5,500,000	6,500,000
Food distribution grants	0	1,000,000"

Page 2, replace lines 22 through 24 with:

"Total all funds	\$20,900,000	\$12,000,000
Less estimated income	<u>10,400,000</u>	<u>4,000,000</u>
Total general fund	\$10,500,000	\$8,000,000"

Page 3, line 4, replace "LEGACY EARNINGS" with "GENERAL"

Umg
4/19/23
2067

Page 3, line 5, remove "Pursuant to the designation of"

Page 3, remove line 6

Page 3, line 7, replace "the office of management and budget shall transfer" with "The bioscience innovation program transfer line item in section 1 of this Act includes"

Page 3, line 7, replace "legacy earnings" with "general"

Page 3, line 7, after "fund" insert ", which the office of management and budget shall transfer"

Page 3, line 12, replace "office of management and budget" with "agriculture commissioner"

Page 3, line 25, replace "\$7,344,029" with "\$7,351,547"

Page 4, after line 7, insert:

"SECTION 11. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - GRASSLANDS GRAZING GRANTS - MATCHING FUNDS REQUIREMENT. The estimated income line item in section 1 of this Act includes the sum of \$1,000,000 from the strategic investment and improvements fund for the purpose of providing grasslands grazing grants to an organization representing cooperative grazing associations in the state. To be eligible for a grant under this program, an organization must provide one dollar of matching funds from nonstate sources for every four dollars of grant funding. An organization that receives a grant under this program may distribute the funding to cooperative grazing associations for eligible infrastructure projects, which must be located on national grasslands within the state. Eligible infrastructure projects include water development; fencing; conservation initiatives; compliance with federal permitting requirements, including fees for professional services; and other projects to enhance wildlife habitat or capture carbon, or to increase the health of grasslands. Program participants shall develop and implement a grazing land plan in compliance with local soil conservation district guidance and the plan must be approved by the local soil conservation district. The agriculture commissioner shall establish additional guidelines for the program."

Page 5, line 2, replace "thirty" with "thirty-one"

Page 5, line 3, after "~~fifty-three~~" insert "four hundred twenty-three"

Page 5, line 4, replace "thirty-five" with "thirty-six"

Page 5, line 4, replace "two" with "six"

Page 5, line 4, after "~~eighty-four~~" insert "eighty"

Page 5, remove lines 5 through 14

Page 5, line 22, overstrike "agriculture"

Page 5, line 26, overstrike "Contracting for consultation" and insert immediately thereafter "Consultation"

Page 5, line 26, after "engineers" insert ", industry specialists, or others"

Page 5, line 27, after "to" insert "analyze or"

Page 5, line 29, overstrike "Reclamation or mitigation" and insert immediately thereafter "Creation, restoration, or mitigation of similar habitat affected by the construction or operation of an energy conversion or transmission facility. Mitigation"

Umg
4/19/23
307

Page 5, line 29, after "development" insert "under this section shall be conducted in the following order of priority:

- (1) The area immediately impacted by the development;
- (2) The county impacted by the development;
- (3) The region impacted by the development; and
- (4) Other areas within the state"

Page 6, line 1, overstrike "The federal environmental law impact review committee shall establish criteria for"

Page 6, line 2, overstrike "disbursement of"

Page 6, line 2, remove "moneys in the"

Page 6, line 2, overstrike "environmental impact"

Page 6, line 2, replace "mitigation fund" with "In consultation with the federal environmental law impact review committee, the commissioner shall adopt rules pursuant to chapter 28-32 to implement the provisions of this section"

Page 6, line 3, overstrike "The commissioner shall make disbursements"

Page 6, line 3, remove "of moneys in the environmental impact"

Page 6, line 4, remove "mitigation fund"

Page 6, line 4, overstrike "based upon the determinations made by the federal environmental law"

Page 6, overstrike lines 5 through 10

Page 6, line 11, overstrike "the disbursement of"

Page 6, line 11, remove "environmental impact mitigation fund"

Page 6, line 11, overstrike "grants in accordance with"

Page 6, line 12, overstrike "subsection 2 and provide those determinations to the commissioner" and insert immediately thereafter "Easements or leaseholds purchased by a person to mitigate adverse environmental effects of the construction or operation of an energy conversion or transmission facility under chapter 49-22 must be limited to the operational life of the facility as defined under chapter 49-22. Any payment made to mitigate adverse environmental effects of the construction or operation of an energy conversion or transmission facility under chapter 49-22 must be made to the commissioner who shall deposit the payment into the environmental impact mitigation fund. Prior to the public service commission issuing a permit or certificate to an applicant under chapter 49-22, the commissioner shall notify the public service commission of mitigation efforts under this section to create, restore, or mitigate similar habitat affected by the construction or operation of an energy conversion or transmission facility"

Page 6, line 13, overstrike "8." and insert immediately thereafter "6."

Page 6, line 13, overstrike "federal environmental law impact review committee" and insert immediately thereafter "commissioner"

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Page 6, line 15, overstrike "9." and insert immediately thereafter "7."

Page 6, remove lines 17 through 31

Page 7, remove lines 1 through 16

Page 7, line 19, overstrike "**direct** "

Page 7, line 19, remove "**or indirect**"

Page 7, line 20, overstrike "1. An applicant"

Page 7, line 20, remove "shall"

Page 7, line 20, overstrike "provide payment to mitigate any assessed adverse"

Page 7, line 21, overstrike "direct"

Page 7, line 21, remove "or indirect"

Page 7, line 21, overstrike "environmental impacts of a proposed site, corridor, route, or facility."

Page 7, line 22, overstrike "The applicant"

Page 7, line 22, remove "shall"

Page 7, line 22, overstrike "provide"

Page 7, line 22, remove "a minimum of fifty percent of"

Page 7, line 22, overstrike "the payment to"

Page 7, overstrike lines 23 and 24

Page 7, line 25, overstrike "environmental impacts of a proposed site, corridor, route, or facility"

Page 7, line 26, overstrike "into the environmental impact mitigation fund"

Page 7, line 27, after "fund" insert "If an applicant elects to provide a payment to mitigate the environmental impact of the construction or operation of an energy conversion or transmission facility, the payment must be made to the agriculture commissioner who shall deposit the payment into the environmental impact mitigation fund under section 4.1-01-21.1. Nothing in this section shall be construed to limit an applicant from conducting mitigation activities"

Page 8, after line 8, insert:

"SECTION 20. EXEMPTION - GRASSLANDS GRAZING GRANTS. The amount of \$5,000,000 appropriated from the strategic investment and improvements fund for grasslands grazing grants in the grants line item in section 1 of chapter 9 of the 2021 Session Laws is not subject to section 54-44.1-11 and may be continued into the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 21. LEGISLATIVE MANAGEMENT STUDY - ENERGY CONVERSION OR TRANSMISSION FACILITY - ENVIRONMENTAL MITIGATION. During the 2023-24 interim, the legislative management shall consider studying plans for mitigation of adverse wildlife and environmental impacts and monetary payments made to state agencies, contractors, nongovernmental organizations, and others by applicants or other persons for mitigation during the siting and operation of energy conversion or transmission facilities. The study must include consideration of the

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provisions of law that affect the ability of developers to effectively mitigate adverse wildlife habitat and environmental impacts, applicant payments used for the purchase of perpetual or nonperpetual conservation easements, the distinction between an adverse direct environmental effect or an adverse indirect environmental effect, methods to monetarily quantify adverse direct or adverse indirect environmental effects, and alternative programs that may be used or developed for the mitigation of adverse wildlife and environmental effects. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-ninth legislative assembly.

SECTION 22. LEGISLATIVE MANAGEMENT STUDY - TRANSFER OF AGRICULTURE EDUCATION PROGRAMS. During the 2023-24 interim, the legislative management shall consider studying the feasibility and desirability of transferring agriculture education programs in the department of career and technical education to the agriculture commissioner. The study must include an analysis of each program, duties and responsibilities of the programs and department of career and technical education staff, the potential to gain administrative and resource efficiencies if the programs are transferred to the agriculture commissioner, and future staffing, operating, and equipment needs of the programs. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-ninth legislative assembly."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2009 - Department of Agriculture - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	\$15,717,126	\$17,410,572	(\$819,558)	\$16,591,014
Operating expenses	6,848,052	7,436,173	(10,000)	7,426,173
Capital assets	15,000	7,000		7,000
Grants	9,031,774	10,953,969	2,000,000	12,953,969
State Board of Animal Health	865,718	865,718		865,718
Wildlife services	1,457,400	1,657,400		1,657,400
Crop Harmonization Board	75,000	75,000		75,000
Pipeline restoration and reclamation	200,000	200,000		200,000
Ag. Products Utilization Commission	1,760,417	5,110,417		5,110,417
North Dakota trade office	1,600,000	2,100,000		2,100,000
Bioscience innovation program transfer			6,500,000	6,500,000
Total all funds	\$37,570,487	\$45,816,249	\$7,670,442	\$53,486,691
Less estimated income	24,110,775	30,135,848	831,270	30,967,118
General fund	\$13,459,712	\$15,680,401	\$6,839,172	\$22,519,573
FTE	79.00	81.00	(1.00)	80.00

Department 602 - Department of Agriculture - Detail of House Changes

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	Adjusts Funding for Salary and Benefit Increases ¹	Removes Funding for Elected Official Salary Equity ²	Removes FTE Position ³	Removes Salary Funding for Funding Pool ⁴	Adjusts One- Time Funding for Bioscience Innovation Grants ⁵	Adds One- Time Funding ⁶
Salaries and wages	\$230,303	(\$2,535)	(\$170,326)	(\$877,000)		
Operating expenses			(10,000)			
Capital assets						
Grants						\$2,000,000
State Board of Animal Health						
Wildlife services						
Crop Harmonization Board						
Pipeline restoration and reclamation						
Ag. Products Utilization Commission						
North Dakota trade office						
Bioscience innovation program transfer					\$6,500,000	
Total all funds	\$230,303	(\$2,535)	(\$180,326)	(\$877,000)	\$6,500,000	\$2,000,000
Less estimated income	99,543	0	0	(268,273)	0	1,000,000
General fund	\$130,760	(\$2,535)	(\$180,326)	(\$608,727)	\$6,500,000	\$1,000,000
FTE	0.00	0.00	(1.00)	0.00	0.00	0.00

	Total House Changes
Salaries and wages	(\$819,558)
Operating expenses	(10,000)
Capital assets	
Grants	2,000,000
State Board of Animal Health	
Wildlife services	
Crop Harmonization Board	
Pipeline restoration and reclamation	
Ag. Products Utilization Commission	
North Dakota trade office	
Bioscience innovation program transfer	6,500,000
Total all funds	\$7,670,442
Less estimated income	831,270
General fund	\$6,839,172
FTE	(1.00)

¹ Salaries and wages funding is adjusted to provide for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$141,284	\$103,774	\$245,058
Health insurance adjustment	(10,524)	(4,231)	(14,755)
Total	\$130,760	\$99,543	\$230,303

The Senate provided salary adjustments of 4 percent on July 1, 2023, and July 1, 2024.

² Funding of \$2,535 from the general fund for a salary equity increase for the Agriculture Commissioner is removed.

³ Funding of \$180,326 added by the Senate from the general fund for 1 FTE project manager and systems coordinator position, including \$170,326 for salaries and wages and \$10,000 for operating expenses, is removed.

⁴ Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and

Budget for a transfer from the new and vacant FTE funding pool.

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	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
New FTE positions	(\$214,930)	\$0	(\$214,930)
Vacant FTE positions	(393,797)	(268,273)	(662,070)
Total	(\$608,727)	(\$268,273)	(\$877,000)

⁵ One-time funding for the bioscience innovation grant program is adjusted by removing \$6.5 million from the legacy earnings fund and adding \$6.5 million from the general fund to provide a total of \$12 million, of which \$5.5 million is from the strategic investment and improvements fund (SIIF). Funding provided by the House from the general fund is added in a new bioscience innovation program transfer line item.

The Senate provided \$12 million, of which \$5.5 million was from SIIF and \$6.5 million was from the legacy earnings fund.

⁶ One-time funding is added as follows:

- Adds \$1 million from SIIF for grasslands grazing grants. The Senate did not provide funding for this program.
- Adds \$1 million from the general fund for a food distribution grant program to be used for the purchase of food and equipment and any distribution costs associated with assisting local food banks to provide food to individuals in the state. The Senate did not provide funding for this program.

This amendment also:

- Amends a section providing for a transfer of \$6.5 million to the bioscience innovation grant fund. The Senate provided the transfer from the legacy earnings fund. The House provided the transfer from the general fund.
- Amends a section identifying funding in Section 1 from the environment and rangeland protection fund.
- Adds a section identifying funding in Section 1 from SIIF. The House provided one-time funding of \$1 million for grasslands grazing grants. The Senate did not provide funding for this program. To be eligible for a grant under this program, an organization must provide \$1 of matching funds from nonstate sources for every \$4 of grant funding. An organization that receives a grant under this program may distribute the funding to cooperative grazing associations for eligible infrastructure projects, which must be located on national grasslands within the state. Eligible infrastructure projects include water development; fencing; conservation initiatives; compliance with federal permitting requirements, including fees for professional services; and other projects to enhance wildlife habitat or capture carbon, or to increase the health of grasslands. Program participants shall develop and implement a grazing land plan in compliance with local soil conservation district guidance and the plan must be approved by the local soil conservation district. The Agriculture Commissioner shall establish additional guidelines for the program.
- Amends a section to provide the statutory changes necessary for the salary of the Agriculture Commissioner.
- Removes a section added by the Senate that established a post-production royalty oversight program. This program was created in Senate Bill No. 2194 (2023).
- Amends two sections related the environmental impact mitigation fund and mitigation of environmental impacts.
- Removes a section added by the Senate that amended Section 49-22-09 related to factors to be considered in evaluating applications and designations of sites, corridors, and routes.
- Adds a section to provide an exemption to authorize the Agriculture Commissioner to continue \$5 million appropriated from SIIF for grasslands grazing grants for the 2021-23 biennium into the 2023-25 biennium.
- Adds a section to provide for a Legislative Management study of plans for mitigation of adverse wildlife and environmental impacts and monetary payments made to state agencies, contractors, nongovernmental organizations, and others by applicants or other persons for mitigation during the siting and operation of energy conversion or transmission facilities.
- Adds a section to provide for a Legislative Management study of the feasibility and desirability of transferring agriculture education programs in the Department of Career and Technical Education to the Agriculture Commissioner.

REPORT OF STANDING COMMITTEE

SB 2009, as engrossed: Appropriations Committee (Rep. Vigesaa, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (19 YEAS, 0 NAYS, 4 ABSENT AND NOT VOTING). Engrossed SB 2009 was placed on the Sixth order on the calendar.

Page 1, line 2, remove "to create and enact a new section to chapter 4.1-01 of the North Dakota Century"

Page 1, line 3, remove "Code, relating to the establishment of a post-production royalty oversight program;"

Page 1, line 4, remove "49-22-09,"

Page 1, line 6, remove "factors to be considered in evaluating applications and designations of sites,"

Page 1, line 7, remove "corridors, and routes,"

Page 1, line 7, remove "direct and indirect"

Page 1, line 8, remove "and"

Page 1, line 8, after "exemption" insert "; and to provide for a legislative management study"

Page 1, replace lines 18 and 19 with:

"Salaries and wages	\$15,717,126	\$873,888	\$16,591,014
Operating expenses	6,848,052	578,121	7,426,173"

Page 1, replace line 21 with:

"Grants	9,031,774	3,922,195	12,953,969"
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Page 2, after line 4 insert:

"Bioscience innovation program transfer	0	6,500,000	6,500,000"
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Page 2, replace lines 6 through 9 with:

"Total all funds	\$37,570,487	\$15,916,204	\$53,486,691
Less estimated income	<u>24,110,775</u>	<u>6,856,343</u>	<u>30,967,118</u>
Total general fund	\$13,459,712	\$9,059,861	\$22,519,573
Full-time equivalent positions	79.00	1.00	80.00"

Page 2, replace lines 17 and 18 with:

"Grasslands grazing grants	5,000,000	1,000,000
Bioscience innovation grant program transfer	5,500,000	6,500,000
Food distribution grants	0	1,000,000"

Page 2, replace lines 22 through 24 with:

"Total all funds	\$20,900,000	\$12,000,000
Less estimated income	<u>10,400,000</u>	<u>4,000,000</u>
Total general fund	\$10,500,000	\$8,000,000"

Page 3, line 4, replace "**LEGACY EARNINGS**" with "**GENERAL**"

Page 3, line 5, remove "Pursuant to the designation of"

Page 3, remove line 6

Page 3, line 7, replace "the office of management and budget shall transfer" with "The bioscience innovation program transfer line item in section 1 of this Act includes"

Page 3, line 7, replace "legacy earnings" with "general"

Page 3, line 7, after "fund" insert ", which the office of management and budget shall transfer"

Page 3, line 12, replace "office of management and budget" with "agriculture commissioner"

Page 3, line 25, replace "\$7,344,029" with "\$7,351,547"

Page 4, after line 7, insert:

"SECTION 11. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - GRASSLANDS GRAZING GRANTS - MATCHING FUNDS REQUIREMENT. The estimated income line item in section 1 of this Act includes the sum of \$1,000,000 from the strategic investment and improvements fund for the purpose of providing grasslands grazing grants to an organization representing cooperative grazing associations in the state. To be eligible for a grant under this program, an organization must provide one dollar of matching funds from nonstate sources for every four dollars of grant funding. An organization that receives a grant under this program may distribute the funding to cooperative grazing associations for eligible infrastructure projects, which must be located on national grasslands within the state. Eligible infrastructure projects include water development; fencing; conservation initiatives; compliance with federal permitting requirements, including fees for professional services; and other projects to enhance wildlife habitat or capture carbon, or to increase the health of grasslands. Program participants shall develop and implement a grazing land plan in compliance with local soil conservation district guidance and the plan must be approved by the local soil conservation district. The agriculture commissioner shall establish additional guidelines for the program."

Page 5, line 2, replace "thirty" with "thirty-one"

Page 5, line 3, after "~~fifty-three~~" insert "four hundred twenty-three"

Page 5, line 4, replace "thirty-five" with "thirty-six"

Page 5, line 4, replace "two" with "six"

Page 5, line 4, after "~~eighty-four~~" insert "eighty"

Page 5, remove lines 5 through 14

Page 5, line 22, overstrike "agriculture"

Page 5, line 26, overstrike "Contracting for consultation" and insert immediately thereafter "Consultation"

Page 5, line 26, after "engineers" insert ", industry specialists, or others"

Page 5, line 27, after "to" insert "analyze or"

Page 5, line 29, overstrike "Reclamation or mitigation" and insert immediately thereafter "Creation, restoration, or mitigation of similar habitat affected by the construction or operation of an energy conversion or transmission facility. Mitigation"

Page 5, line 29, after "development" insert "under this section shall be conducted in the following order of priority:

- (1) The area immediately impacted by the development;
- (2) The county impacted by the development;
- (3) The region impacted by the development; and
- (4) Other areas within the state"

Page 6, line 1, overstrike "The federal environmental law impact review committee shall establish criteria for"

Page 6, line 2, overstrike "disbursement of"

Page 6, line 2, remove "moneys in the"

Page 6, line 2, overstrike "environmental impact"

Page 6, line 2, replace "mitigation fund" with "In consultation with the federal environmental law impact review committee, the commissioner shall adopt rules pursuant to chapter 28-32 to implement the provisions of this section"

Page 6, line 3, overstrike "The commissioner shall make disbursements"

Page 6, line 3, remove "of moneys in the environmental impact"

Page 6, line 4, remove "mitigation fund"

Page 6, line 4, overstrike "based upon the determinations made by the federal environmental law"

Page 6, overstrike lines 5 through 10

Page 6, line 11, overstrike "the disbursement of"

Page 6, line 11, remove "environmental impact mitigation fund"

Page 6, line 11, overstrike "grants in accordance with"

Page 6, line 12, overstrike "subsection 2 and provide those determinations to the commissioner" and insert immediately thereafter "Easements or leaseholds purchased by a person to mitigate adverse environmental effects of the construction or operation of an energy conversion or transmission facility under chapter 49-22 must be limited to the operational life of the facility as defined under chapter 49-22. Any payment made to mitigate adverse environmental effects of the construction or operation of an energy conversion or transmission facility under chapter 49-22 must be made to the commissioner who shall deposit the payment into the environmental impact mitigation fund. Prior to the public service commission issuing a permit or certificate to an applicant under chapter 49-22, the commissioner shall notify the public service commission of mitigation efforts under this section to create, restore, or mitigate similar habitat affected by the construction or operation of an energy conversion or transmission facility"

Page 6, line 13, overstrike "8." and insert immediately thereafter "6."

Page 6, line 13, overstrike "federal environmental law impact review committee" and insert immediately thereafter "commissioner"

Page 6, line 15, overstrike "9." and insert immediately thereafter "7."

Page 6, remove lines 17 through 31

Page 7, remove lines 1 through 16

Page 7, line 19, overstrike "direct "

Page 7, line 19, remove "or indirect"

Page 7, line 20, overstrike "1. An applicant"

Page 7, line 20, remove "shall"

Page 7, line 20, overstrike "provide payment to mitigate any assessed adverse"

Page 7, line 21, overstrike "direct"

Page 7, line 21, remove "or indirect"

Page 7, line 21, overstrike "environmental impacts of a proposed site, corridor, route, or facility."

Page 7, line 22, overstrike "The applicant"

Page 7, line 22, remove "shall"

Page 7, line 22, overstrike "provide"

Page 7, line 22, remove "a minimum of fifty percent of"

Page 7, line 22, overstrike "the payment to"

Page 7, overstrike lines 23 and 24

Page 7, line 25, overstrike "environmental impacts of a proposed site, corridor, route, or facility"

Page 7, line 26, overstrike "into the environmental impact mitigation fund"

Page 7, line 27, after "~~fund~~" insert "If an applicant elects to provide a payment to mitigate the environmental impact of the construction or operation of an energy conversion or transmission facility, the payment must be made to the agriculture commissioner who shall deposit the payment into the environmental impact mitigation fund under section 4.1-01-21.1. Nothing in this section shall be construed to limit an applicant from conducting mitigation activities"

Page 8, after line 8, insert:

"SECTION 20. EXEMPTION - GRASSLANDS GRAZING GRANTS. The amount of \$5,000,000 appropriated from the strategic investment and improvements fund for grasslands grazing grants in the grants line item in section 1 of chapter 9 of the 2021 Session Laws is not subject to section 54-44.1-11 and may be continued into the biennium beginning July 1, 2023, and ending June 30, 2025.

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adverse wildlife habitat and environmental impacts, applicant payments used for the purchase of perpetual or nonperpetual conservation easements, the distinction between an adverse direct environmental effect or an adverse indirect environmental effect, methods to monetarily quantify adverse direct or adverse indirect environmental effects, and alternative programs that may be used or developed for the mitigation of adverse wildlife and environmental effects. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-ninth legislative assembly.

SECTION 22. LEGISLATIVE MANAGEMENT STUDY - TRANSFER OF AGRICULTURE EDUCATION PROGRAMS. During the 2023-24 interim, the legislative management shall consider studying the feasibility and desirability of transferring agriculture education programs in the department of career and technical education to the agriculture commissioner. The study must include an analysis of each program, duties and responsibilities of the programs and department of career and technical education staff, the potential to gain administrative and resource efficiencies if the programs are transferred to the agriculture commissioner, and future staffing, operating, and equipment needs of the programs. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-ninth legislative assembly."

ReNUMBER accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2009 - Department of Agriculture - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	\$15,717,126	\$17,410,572	(\$819,558)	\$16,591,014
Operating expenses	6,848,052	7,436,173	(10,000)	7,426,173
Capital assets	15,000	7,000		7,000
Grants	9,031,774	10,953,969	2,000,000	12,953,969
State Board of Animal Health	865,718	865,718		865,718
Wildlife services	1,457,400	1,657,400		1,657,400
Crop Harmonization Board	75,000	75,000		75,000
Pipeline restoration and reclamation	200,000	200,000		200,000
Ag. Products Utilization Commission	1,760,417	5,110,417		5,110,417
North Dakota trade office	1,600,000	2,100,000		2,100,000
Bioscience innovation program transfer			6,500,000	6,500,000
Total all funds	\$37,570,487	\$45,816,249	\$7,670,442	\$53,486,691
Less estimated income	24,110,775	30,135,848	831,270	30,967,118
General fund	\$13,459,712	\$15,680,401	\$6,839,172	\$22,519,573
FTE	79.00	81.00	(1.00)	80.00

Department 602 - Department of Agriculture - Detail of House Changes

	Adjusts Funding for Salary and Benefit Increases ¹	Removes Funding for Elected Official Salary Equity ²	Removes FTE Position ³	Removes Salary Funding for Funding Pool ⁴	Adjusts One-Time Funding for Bioscience Innovation Grants ⁵	Adds One-Time Funding ⁶
Salaries and wages	\$230,303	(\$2,535)	(\$170,326)	(\$877,000)		
Operating expenses			(10,000)			
Capital assets						
Grants						\$2,000,000
State Board of Animal Health						
Wildlife services						
Crop Harmonization Board						
Pipeline restoration and reclamation						
Ag. Products Utilization Commission						
North Dakota trade office						
Bioscience innovation program transfer					\$6,500,000	
Total all funds	\$230,303	(\$2,535)	(\$180,326)	(\$877,000)	\$6,500,000	\$2,000,000
Less estimated income	99,543	0	0	(268,273)	0	1,000,000
General fund	\$130,760	(\$2,535)	(\$180,326)	(\$608,727)	\$6,500,000	\$1,000,000
FTE	0.00	0.00	(1.00)	0.00	0.00	0.00

	Total House Changes
Salaries and wages	(\$819,558)
Operating expenses	(10,000)
Capital assets	
Grants	2,000,000
State Board of Animal Health	
Wildlife services	
Crop Harmonization Board	
Pipeline restoration and reclamation	
Ag. Products Utilization Commission	
North Dakota trade office	
Bioscience innovation program transfer	6,500,000
Total all funds	\$7,670,442
Less estimated income	831,270
General fund	\$6,839,172
FTE	(1.00)

¹ Salaries and wages funding is adjusted to provide for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	\$141,284	\$103,774	\$245,058
Health insurance adjustment	(10,524)	(4,231)	(14,755)
Total	\$130,760	\$99,543	\$230,303

The Senate provided salary adjustments of 4 percent on July 1, 2023, and July 1, 2024.

² Funding of \$2,535 from the general fund for a salary equity increase for the Agriculture Commissioner is removed.

³ Funding of \$180,326 added by the Senate from the general fund for 1 FTE project manager and systems coordinator position, including \$170,326 for salaries and wages and \$10,000 for operating expenses, is removed.

⁴ Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	(\$214,930)	\$0	(\$214,930)
Vacant FTE positions	(393,797)	(268,273)	(662,070)
Total	(\$608,727)	(\$268,273)	(\$877,000)

⁵ One-time funding for the bioscience innovation grant program is adjusted by removing \$6.5 million from the legacy earnings fund and adding \$6.5 million from the general fund to provide a total of \$12 million, of which \$5.5 million is from the strategic investment and improvements fund (SIIF). Funding provided by the House from the general fund is added in a new bioscience innovation program transfer line item.

The Senate provided \$12 million, of which \$5.5 million was from SIIF and \$6.5 million was from the legacy earnings fund.

⁶ One-time funding is added as follows:

- Adds \$1 million from SIIF for grasslands grazing grants. The Senate did not provide funding for this program.
- Adds \$1 million from the general fund for a food distribution grant program to be used for the purchase of food and equipment and any distribution costs associated with assisting local food banks to provide food to individuals in the state. The Senate did not provide funding for this program.

This amendment also:

- Amends a section providing for a transfer of \$6.5 million to the bioscience innovation grant fund. The Senate provided the transfer from the legacy earnings fund. The House provided the transfer from the general fund.
- Amends a section identifying funding in Section 1 from the environment and rangeland protection fund.
- Adds a section identifying funding in Section 1 from SIIF. The House provided one-time funding of \$1 million for grasslands grazing grants. The Senate did not provide funding for this program. To be eligible for a grant under this program, an organization must provide \$1 of matching funds from nonstate sources for every \$4 of grant funding. An organization that receives a grant under this program may distribute the funding to cooperative grazing associations for eligible infrastructure projects, which must be located on national grasslands within the state. Eligible infrastructure projects include water development; fencing; conservation initiatives; compliance with federal permitting requirements, including fees for professional services; and other projects to enhance wildlife habitat or capture carbon, or to increase the health of grasslands. Program participants shall develop and implement a grazing land plan in compliance with local soil conservation district guidance and the plan must be approved by the local soil conservation district. The Agriculture Commissioner shall establish additional guidelines for the program.
- Amends a section to provide the statutory changes necessary for the salary of the Agriculture Commissioner.
- Removes a section added by the Senate that established a post-production royalty oversight program. This program was created in Senate Bill No. 2194 (2023).
- Amends two sections related the environmental impact mitigation fund and mitigation of environmental impacts.
- Removes a section added by the Senate that amended Section 49-22-09 related to factors to be considered in evaluating applications and designations of sites, corridors, and routes.
- Adds a section to provide an exemption to authorize the Agriculture Commissioner to continue \$5 million appropriated from SIIF for grasslands grazing grants for the 2021-23 biennium into the 2023-25 biennium.
- Adds a section to provide for a Legislative Management study of plans for mitigation of adverse wildlife and environmental impacts and monetary payments made to state agencies, contractors, nongovernmental organizations, and others by

applicants or other persons for mitigation during the siting and operation of energy conversion or transmission facilities.

- Adds a section to provide for a Legislative Management study of the feasibility and desirability of transferring agriculture education programs in the Department of Career and Technical Education to the Agriculture Commissioner.

2023 CONFERENCE COMMITTEE

SB 2009

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

SB 2009
4/25/2023
Conference Committee

A bill for an act to provide an appropriation for defraying the expenses of the Agriculture Commissioner; and to provide for a transfer.
--

2:33 PM Vice Chairman Erbele opened the meeting.
Senators Erbele, Dwyer, and Representatives Brandenburg, Pyle, and Monson are present. Senator Wanzek is absent.

Discussion Topics:

- Federal environmental law impact review committee
- Cost of participation
- Waters of the US (WOTUS)
- Endangered species
- Carryover authority
- Fertilizer plant

2:34 PM Legislative Council Senior Fiscal Analyst Levi Kinnischtzke distributed budget information. Testimony #27900, #27915

2:34 PM Representative Brandenburg distributed a review committee description.
Testimony #27914

2:42 PM Representative Brandenburg moved to give the Governor the appointment of the lignite industry representative and give the appointment of the oil and gas industry representative to the Agriculture Commissioner.
Representative Pyle seconded the motion.

2:43 PM Tom Bodine, Deputy ND Agriculture Commissioner, testified. (No written testimony)

2:46 PM Motion and second withdrawn

2:48 PM Representative Brandenburg moved the House Recede from its Amendments and further amend SB 2009 to give the Governor the appointment of the lignite industry representative and give the appointment of the oil and gas industry representative to the Agriculture Commissioner, and to provide the additional carryover authority for Federal funds.
(No written amendments at time of voting)
Representative Pyle seconded the motion.

Roll call vote passed 6-0-0

Senator Wanzek will carry the bill in the Senate.

Representative Brandenburg will carry the bill in the House.

2:49 PM Vice Chairman Erbele closed the meeting.

Carol Thompson, Committee Clerk

OK
149
4-26-23

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2009

That the House recede from its amendments as printed on pages 1771-1777 of the Senate Journal and pages 2105-2111 of the House Journal and that Engrossed Senate Bill No. 2009 be amended as follows:

Page 1, line 2, remove "to create and enact a new section to chapter 4.1-01 of the North Dakota Century"

Page 1, line 3, remove "Code, relating to the establishment of a post-production royalty oversight program;"

Page 1, line 4, after the first coma insert "4.1-01-18,"

Page 1, line 4, remove "49-22-09,"

Page 1, line 5, after the second coma insert "the federal environmental law impact review committee,"

Page 1, line 6, remove "factors to be considered in evaluating applications and designations of sites,"

Page 1, line 7, remove "corridors, and routes,"

Page 1, line 7, remove "direct and indirect"

Page 1, line 8, remove "and"

Page 1, line 8, after "exemption" insert "; and to provide for a legislative management study"

Page 1, replace lines 18 and 19 with:

"Salaries and wages	\$15,717,126	\$873,888	\$16,591,014
Operating expenses	6,848,052	578,121	7,426,173"

Page 1, replace line 21 with:

"Grants	9,031,774	3,922,195	12,953,969"
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Page 2, after line 4 insert:

"Bioscience innovation program transfer	0	6,500,000	6,500,000"
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Page 2, replace lines 6 through 9 with:

"Total all funds	\$37,570,487	\$15,916,204	\$53,486,691
Less estimated income	<u>24,110,775</u>	<u>6,856,343</u>	<u>30,967,118</u>
Total general fund	\$13,459,712	\$9,059,861	\$22,519,573
Full-time equivalent positions	79.00	1.00	80.00"

Page 2, replace lines 17 and 18 with:

"Grasslands grazing grants	5,000,000		1,000,000
Bioscience innovation grant program transfer	5,500,000		6,500,000
Food distribution grants	0		1,000,000"

Page 2, replace lines 22 through 24 with:

"Total all funds	\$20,900,000	\$12,000,000
Less estimated income	<u>10,400,000</u>	<u>4,000,000</u>
Total general fund	\$10,500,000	\$8,000,000"

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Page 3, line 4, replace "**LEGACY EARNINGS**" with "**GENERAL**"

Page 3, line 5, remove "Pursuant to the designation of"

Page 3, remove line 6

Page 3, line 7, replace "the office of management and budget shall transfer" with "The bioscience innovation program transfer line item in section 1 of this Act includes"

Page 3, line 7, replace "legacy earnings" with "general"

Page 3, line 7, after "fund" insert ", which the office of management and budget shall transfer"

Page 3, line 12, replace "office of management and budget" with "agriculture commissioner"

Page 3, line 25, replace "\$7,344,029" with "\$7,351,547"

Page 4, after line 7, insert:

"SECTION 11. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - GRASSLANDS GRAZING GRANTS - MATCHING FUNDS REQUIREMENT. The estimated income line item in section 1 of this Act includes the sum of \$1,000,000 from the strategic investment and improvements fund for the purpose of providing grasslands grazing grants to an organization representing cooperative grazing associations in the state. To be eligible for a grant under this program, an organization must provide one dollar of matching funds from nonstate sources for every four dollars of grant funding. An organization that receives a grant under this program may distribute the funding to cooperative grazing associations for eligible infrastructure projects, which must be located on national grasslands within the state. Eligible infrastructure projects include water development; fencing; conservation initiatives; compliance with federal permitting requirements, including fees for professional services; and other projects to enhance wildlife habitat or capture carbon, or to increase the health of grasslands. Program participants shall develop and implement a grazing land plan in compliance with local soil conservation district guidance and the plan must be approved by the local soil conservation district. The agriculture commissioner shall establish additional guidelines for the program."

Page 5, line 2, replace "thirty" with "thirty-one"

Page 5, line 3, after "~~fifty-three~~" insert "four hundred twenty-three"

Page 5, line 4, replace "thirty-five" with "thirty-six"

Page 5, line 4, replace "two" with "six"

Page 5, line 4, after "~~eighty-four~~" insert "eighty"

Page 5, replace lines 5 through 14 with:

"SECTION 16. AMENDMENT. Section 4.1-01-18 of the North Dakota Century Code is amended and reenacted as follows:

4.1-01-18. Federal environmental law impact review committee.

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4-26-23

1. The federal environmental law impact review committee consists of:
 - a. The commissioner, who shall serve as the chairman;
 - b. The governor or the governor's designee;
 - c. The majority leader of the house of representatives, or the leader's designee;
 - d. The majority leader of the senate, or the leader's designee;
 - e. One member of the legislative assembly from the minority party, selected by the chairman of the legislative management;
 - f. One individual appointed by the North Dakota corn growers association;
 - g. One individual appointed by the North Dakota grain growers association;
 - h. One individual appointed by the North Dakota soybean growers association;
 - i. One individual appointed by the North Dakota stockmen's association;
 - j. One individual appointed by the North Dakota farm bureau;
 - k. One individual appointed by the North Dakota farmers union;
 - l. The chairman of the public service commission or the chairman's designee;
 - m. The director of the department of water resources or the director's designee;
 - n. The director of the game and fish department, or the director's designee;
 - o. The director of the department of transportation, or the director's designee;
 - p. The director of the department of environmental quality, or the director's designee;
 - q. One representative of an investor-owned utility company;
 - r. One representative from the North Dakota association of rural electric cooperatives; and
 - s. Two individuals from the energy community, of which one individual must be a representative of an organization that supports lignite energy in the state appointed by the commissioner and one individual must be a representative of an organization that supports oil and gas activity in the state appointed by the governor.
2. The committee shall review federal environmental legislation and regulations detrimentally impacting or potentially detrimentally impacting the state's agricultural, energy, or oil production sectors. The committee shall confer with the attorney general with respect to participation in

administrative or judicial processes pertaining to the legislation or regulations.

3. a. Any member of the legislative assembly serving on the committee is entitled to compensation at the rate provided for attendance at interim committee meetings and reimbursement for expenses, as provided by law for state officers, if the member is attending meetings of the committee or performing duties directed by the committee.
- b. The compensation and reimbursement of expenses, as provided for in this subsection, are payable by the legislative council."

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4-26-23

Page 5, line 22, overstrike "agriculture"

Page 5, line 26, overstrike "Contracting for consultation" and insert immediately thereafter "Consultation"

Page 5, line 26, after "engineers" insert ", industry specialists, or others"

Page 5, line 27, after "to" insert "analyze or"

Page 5, line 29, overstrike "Reclamation or mitigation" and insert immediately thereafter "Creation, restoration, or mitigation of similar habitat affected by the construction or operation of an energy conversion or transmission facility. Mitigation"

Page 5, line 29, after "development" insert "under this section shall be conducted in the following order of priority:

- (1) The area immediately impacted by the development;
- (2) The county impacted by the development;
- (3) The region impacted by the development; and
- (4) Other areas within the state"

Page 6, line 1, overstrike "The federal environmental law impact review committee shall establish criteria for"

Page 6, line 2, overstrike "disbursement of"

Page 6, line 2, remove "moneys in the"

Page 6, line 2, overstrike "environmental impact"

Page 6, line 2, replace "mitigation fund" with "In consultation with the federal environmental law impact review committee, the commissioner shall adopt rules pursuant to chapter 28-32 to implement the provisions of this section"

Page 6, line 3, overstrike "The commissioner shall make disbursements"

Page 6, line 3, remove "of moneys in the environmental impact"

Page 6, line 4, remove "mitigation fund"

Page 6, line 4, overstrike "based upon the determinations made by the federal environmental law"

Page 6, overstrike lines 5 through 10

Page 6, line 11, overstrike "the disbursement of"

Page 6, line 11, remove "environmental impact mitigation fund"

Page 6, line 11, overstrike "grants in accordance with"

Page 6, line 12, overstrike "subsection 2 and provide those determinations to the commissioner" and insert immediately thereafter "Easements or leaseholds purchased by a person to mitigate adverse environmental effects of the construction or operation of an energy conversion or transmission facility under chapter 49-22 must be limited to the operational life of the facility as defined under chapter 49-22. Any payment made to mitigate adverse environmental effects of the construction or operation of an energy conversion or transmission facility under chapter 49-22 must be made to the commissioner who shall deposit the payment into the environmental impact mitigation fund. Prior to the public service commission issuing a permit or certificate to an applicant under chapter 49-22, the commissioner shall notify the public service commission of mitigation efforts under this section to create, restore, or mitigate similar habitat affected by the construction or operation of an energy conversion or transmission facility"

Page 6, line 13, overstrike "8." and insert immediately thereafter "6."

Page 6, line 13, overstrike "federal environmental law impact review committee" and insert immediately thereafter "commissioner"

Page 6, line 15, overstrike "9." and insert immediately thereafter "7."

Page 6, remove lines 17 through 31

Page 7, remove lines 1 through 16

Page 7, line 19, overstrike "**direct** "

Page 7, line 19, remove "or indirect"

Page 7, line 20, overstrike "1. An applicant"

Page 7, line 20, remove "shall"

Page 7, line 20, overstrike "provide payment to mitigate any assessed adverse"

Page 7, line 21, overstrike "direct"

Page 7, line 21, remove "or indirect"

Page 7, line 21, overstrike "environmental impacts of a proposed site, corridor, route, or facility."

Page 7, line 22, overstrike "The applicant"

Page 7, line 22, remove "shall"

Page 7, line 22, overstrike "provide"

Page 7, line 22, remove "a minimum of fifty percent of"

Page 7, line 22, overstrike "the payment to"

Page 7, overstrike lines 23 and 24

Page 7, line 25, overstrike "environmental impacts of a proposed site, corridor, route, or facility"

Page 7, line 26, overstrike "into the environmental impact mitigation fund"

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599
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Page 7, line 27, after "fund" insert "If an applicant elects to provide a payment to mitigate the environmental impact of the construction or operation of an energy conversion or transmission facility, the payment must be made to the agriculture commissioner who shall deposit the payment into the environmental impact mitigation fund under section 4.1-01-21.1. Nothing in this section shall be construed to limit an applicant from conducting mitigation activities"

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4-26-23

Page 8, line 3, after "PROGRAM" insert "**AND COVID-19 STRESS ASSISTANCE PROGRAM**"

Page 8, line 4, replace "5,000,000" with "5,500,000"

Page 8, line 4, after the second "funds" insert ", of which \$5,000,000 was"

Page 8, line 5, after "program" insert "and \$500,000 was for stress assistance program operating expenses,

Page 8, line 7, replace "program" with "programs"

Page 8, after line 8, insert:

"SECTION 21. EXEMPTION - GRASSLANDS GRAZING GRANTS. The amount of \$5,000,000 appropriated from the strategic investment and improvements fund for grasslands grazing grants in the grants line item in section 1 of chapter 9 of the 2021 Session Laws is not subject to section 54-44.1-11 and may be continued into the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 22. LEGISLATIVE MANAGEMENT STUDY - ENERGY CONVERSION OR TRANSMISSION FACILITY - ENVIRONMENTAL MITIGATION. During the 2023-24 interim, the legislative management shall consider studying plans for mitigation of adverse wildlife and environmental impacts and monetary payments made to state agencies, contractors, nongovernmental organizations, and others by applicants or other persons for mitigation during the siting and operation of energy conversion or transmission facilities. The study must include consideration of the provisions of law that affect the ability of developers to effectively mitigate adverse wildlife habitat and environmental impacts, applicant payments used for the purchase of perpetual or nonperpetual conservation easements, the distinction between an adverse direct environmental effect or an adverse indirect environmental effect, methods to monetarily quantify adverse direct or adverse indirect environmental effects, and alternative programs that may be used or developed for the mitigation of adverse wildlife and environmental effects. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-ninth legislative assembly.

SECTION 23. LEGISLATIVE MANAGEMENT STUDY - TRANSFER OF AGRICULTURE EDUCATION PROGRAMS. During the 2023-24 interim, the legislative management shall consider studying the feasibility and desirability of transferring agriculture education programs in the department of career and technical education to the agriculture commissioner. The study must include an analysis of each program, duties and responsibilities of the programs and department of career and technical education staff, the potential to gain administrative and resource efficiencies if the programs are transferred to the agriculture commissioner, and future staffing, operating, and equipment needs of the programs. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-ninth legislative assembly."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2009 - Department of Agriculture - Conference Committee Action

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	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$15,717,126	\$17,410,572	(\$819,558)	\$16,591,014	\$16,591,014	
Operating expenses	6,848,052	7,436,173	(10,000)	7,426,173	7,426,173	
Capital assets	15,000	7,000		7,000	7,000	
Grants	9,031,774	10,953,969	2,000,000	12,953,969	12,953,969	
State Board of Animal Health	865,718	865,718		865,718	865,718	
Wildlife services	1,457,400	1,657,400		1,657,400	1,657,400	
Crop Harmonization Board	75,000	75,000		75,000	75,000	
Pipeline restoration and reclamation	200,000	200,000		200,000	200,000	
Ag. Products Utilization Commission	1,760,417	5,110,417		5,110,417	5,110,417	
North Dakota trade office	1,600,000	2,100,000		2,100,000	2,100,000	
Bioscience innovation program transfer			6,500,000	6,500,000	6,500,000	
Total all funds	\$37,570,487	\$45,816,249	\$7,670,442	\$53,486,691	\$53,486,691	\$0
Less estimated income	24,110,775	30,135,848	831,270	30,967,118	30,967,118	0
General fund	\$13,459,712	\$15,680,401	\$6,839,172	\$22,519,573	\$22,519,573	\$0
FTE	79.00	81.00	(1.00)	80.00	80.00	0.00

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

	Adjusts Funding for Salary and Benefit Increases ¹	Removes Funding for Elected Official Salary Equity ²	Removes FTE Position ³	Removes Salary Funding for Funding Pool ⁴	Adjusts One-Time Funding for Bioscience Innovation Grants ⁵	Adds One-Time Funding ⁶
Salaries and wages	\$230,303	(\$2,535)	(\$170,326)	(\$877,000)		
Operating expenses			(10,000)			
Capital assets						
Grants						\$2,000,000
State Board of Animal Health						
Wildlife services						
Crop Harmonization Board						
Pipeline restoration and reclamation						
Ag. Products Utilization Commission						
North Dakota trade office						
Bioscience innovation program transfer					\$6,500,000	
Total all funds	\$230,303	(\$2,535)	(\$180,326)	(\$877,000)	\$6,500,000	\$2,000,000
Less estimated income	99,543	0	0	(268,273)	0	1,000,000
General fund	\$130,760	(\$2,535)	(\$180,326)	(\$608,727)	\$6,500,000	\$1,000,000
FTE	0.00	0.00	(1.00)	0.00	0.00	0.00

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	Total Conference Committee Changes
Salaries and wages	(\$819,558)
Operating expenses	(10,000)
Capital assets	
Grants	2,000,000
State Board of Animal Health Wildlife services	
Crop Harmonization Board	
Pipeline restoration and reclamation	
Ag. Products Utilization Commission	
North Dakota trade office	
Bioscience innovation program transfer	6,500,000
Total all funds	\$7,670,442
Less estimated income	831,270
General fund	\$6,839,172
 FTE	 (1.00)

¹ Salaries and wages funding is adjusted to provide for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	\$141,284	\$103,774	\$245,058
Health insurance adjustment	(10,524)	(4,231)	(14,755)
Total	\$130,760	\$99,543	\$230,303

The Senate provided salary adjustments of 4 percent on July 1, 2023, and July 1, 2024. The House approved the same salary and health insurance adjustments as the Conference Committee.

² Funding of \$2,535 from the general fund for a salary equity increase for the Agriculture Commissioner is removed. The House also removed this funding.

³ Funding of \$180,326 added by the Senate from the general fund for 1 FTE project manager and systems coordinator position, including \$170,326 for salaries and wages and \$10,000 for operating expenses, is removed. The House also removed this position.

⁴ Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	(\$214,930)	\$0	(\$214,930)
Vacant FTE positions	(393,797)	(268,273)	(662,070)
Total	(\$608,727)	(\$268,273)	(\$877,000)

The House also removed this funding.

⁵ One-time funding for the bioscience innovation grant program is adjusted by removing \$6.5 million from the legacy earnings fund and adding \$6.5 million from the general fund to provide a total of \$12 million, of which \$5.5 million is from the strategic investment and improvements fund (SIIF), the same as provided by the House. Funding provided by the Conference Committee from the general fund is added in a new bioscience innovation program transfer line item, the same as provided by the House.

The Senate provided \$12 million, of which \$5.5 million was from SIIF and \$6.5 million was from the legacy earnings fund.

⁶ One-time funding is added as follows:

- Adds \$1 million from SIIF for grasslands grazing grants, the same as provided by the House. The Senate did not provide funding for this program.

- Adds \$1 million from the general fund for a food distribution grant program to be used for the purchase of food and equipment and any distribution costs associated with assisting local food banks to provide food to individuals in the state, the same as provided by the House. The Senate did not provide funding for this program.

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This amendment also:

- Amends a section providing for a transfer of \$6.5 million to the bioscience innovation grant fund. The Senate provided the transfer from the legacy earnings fund. The Conference Committee and the House provided the transfer from the general fund.
- Amends a section identifying funding in Section 1 from the environment and rangeland protection fund. The Conference Committee did not change the House version.
- Adds a section identifying funding in Section 1 from SIIF. The Conference Committee and the House provided one-time funding of \$1 million for grasslands grazing grants. The Senate did not provide funding for this program. To be eligible for a grant under this program, an organization must provide \$1 of matching funds from nonstate sources for every \$4 of grant funding. An organization that receives a grant under this program may distribute the funding to cooperative grazing associations for eligible infrastructure projects, which must be located on national grasslands within the state. Eligible infrastructure projects include water development; fencing; conservation initiatives; compliance with federal permitting requirements, including fees for professional services; and other projects to enhance wildlife habitat or capture carbon, or to increase the health of grasslands. Program participants shall develop and implement a grazing land plan in compliance with local soil conservation district guidance and the plan must be approved by the local soil conservation district. The Agriculture Commissioner shall establish additional guidelines for the program.
- Amends a section to provide the statutory changes necessary for the salary of the Agriculture Commissioner, the same as provided by the House.
- Removes a section added by the Senate that established a post-production royalty oversight program. This program was created in Senate Bill No. 2194 (2023). The House also removed this section.
- Adds a section to amend Section 4.1-01-18 to provide of the two individuals from the energy community that serve on the Federal Environmental Law Impact Review Committee, the Governor will appoint one individual and the Agriculture Commissioner will appoint one individual, instead of the Agriculture Commissioner appointing both individuals. The House did not add this section.
- Amends two sections related the environmental impact mitigation fund and mitigation of environmental impacts. The House also amended these sections.
- Removes a section added by the Senate that amended Section 49-22-09 related to factors to be considered in evaluating applications and designations of sites, corridors, and routes. The House also removed this section.
- Amends a section to provide an exemption to the Agriculture Commissioner for the COVID-19 specialty crop block grant program (\$5 million) and COVID-19 stress assistance program operating expenses (\$500,000) that were appropriated for the 2019-21 biennium and continued into the 2021-23 biennium to be continued into the 2023-25 biennium. The Senate and House provided an exemption for the COVID-19 specialty crop block grant program but not for COVID-19 stress assistance program operating expenses.
- Adds a section to provide an exemption to authorize the Agriculture Commissioner to continue \$5 million appropriated from SIIF for grasslands grazing grants for the 2021-23 biennium into the 2023-25 biennium. The House also added this section.
- Adds a section to provide for a Legislative Management study of plans for mitigation of adverse wildlife and environmental impacts and monetary payments made to state agencies, contractors, nongovernmental organizations, and others by applicants or other persons for mitigation during the siting and operation of energy conversion or transmission facilities. The House also added this section.
- Adds a section to provide for a Legislative Management study of the feasibility and desirability of transferring agriculture education programs in the Department of Career and Technical Education to the Agriculture Commissioner. The House also added this section.

**2023 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. SB 2009 as (re) engrossed

Senate "Enter committee name" 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: Representative Brandenburg Seconded by: Representative Pyle

Senators	4/25		Yes	No	Representatives	4/25		Yes	No
Terry Wanzek	X		X		Mike Brandenburg	X		X	
Robert Erbele	X		X		Brandy Pyle	X		X	
Michael Dwyer	X		X		David Monson	X		X	
Total Senate Vote			3		Total Rep. Vote			3	

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier Senator Wanzek House Carrier Representative Brandenburg

LC Number 23.0263 . .02015 of amendment

LC Number 23.0263 . .04000 of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Representative Brandenburg moved the House Recede from its Amendments and further amend SB 2009 to give the Governor the appointment of the lignite industry representative and give the appointment of the oil and gas industry representative to the Agriculture Commissioner, and to provide the additional carryover authority for Federal funds.
(No written amendments at time of voting)

REPORT OF CONFERENCE COMMITTEE

SB 2009, as engrossed: Your conference committee (Sens. Wanzek, Erbele, Dwyer and Reps. Brandenburg, Pyle, Monson) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1771-1777, adopt amendments as follows, and place SB 2009 on the Seventh order:

That the House recede from its amendments as printed on pages 1771-1777 of the Senate Journal and pages 2105-2111 of the House Journal and that Engrossed Senate Bill No. 2009 be amended as follows:

Page 1, line 2, remove "to create and enact a new section to chapter 4.1-01 of the North Dakota Century"

Page 1, line 3, remove "Code, relating to the establishment of a post-production royalty oversight program;"

Page 1, line 4, after the first coma insert "4.1-01-18,"

Page 1, line 4, remove "49-22-09,"

Page 1, line 5, after the second coma insert "the federal environmental law impact review committee,"

Page 1, line 6, remove "factors to be considered in evaluating applications and designations of sites,"

Page 1, line 7, remove "corridors, and routes,"

Page 1, line 7, remove "direct and indirect"

Page 1, line 8, remove "and"

Page 1, line 8, after "exemption" insert "; and to provide for a legislative management study"

Page 1, replace lines 18 and 19 with:

"Salaries and wages	\$15,717,126	\$873,888	\$16,591,014
Operating expenses	6,848,052	578,121	7,426,173"

Page 1, replace line 21 with:

"Grants	9,031,774	3,922,195	12,953,969"
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Page 2, after line 4 insert:

"Bioscience innovation program transfer	0	6,500,000	6,500,000"
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Page 2, replace lines 6 through 9 with:

"Total all funds	\$37,570,487	\$15,916,204	\$53,486,691
Less estimated income	<u>24,110,775</u>	<u>6,856,343</u>	<u>30,967,118</u>
Total general fund	\$13,459,712	\$9,059,861	\$22,519,573
Full-time equivalent positions	79.00	1.00	80.00"

Page 2, replace lines 17 and 18 with:

"Grasslands grazing grants	5,000,000	1,000,000
Bioscience innovation grant program transfer	5,500,000	6,500,000
Food distribution grants	0	1,000,000"

Page 2, replace lines 22 through 24 with:

"Total all funds	\$20,900,000	\$12,000,000
Less estimated income	10,400,000	4,000,000
Total general fund	\$10,500,000	\$8,000,000"

Page 3, line 4, replace "**LEGACY EARNINGS**" with "**GENERAL**"

Page 3, line 5, remove "Pursuant to the designation of"

Page 3, remove line 6

Page 3, line 7, replace "the office of management and budget shall transfer" with "The bioscience innovation program transfer line item in section 1 of this Act includes"

Page 3, line 7, replace "legacy earnings" with "general"

Page 3, line 7, after "fund" insert ", which the office of management and budget shall transfer"

Page 3, line 12, replace "office of management and budget" with "agriculture commissioner"

Page 3, line 25, replace "\$7,344,029" with "\$7,351,547"

Page 4, after line 7, insert:

"SECTION 11. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - GRASSLANDS GRAZING GRANTS - MATCHING FUNDS REQUIREMENT. The estimated income line item in section 1 of this Act includes the sum of \$1,000,000 from the strategic investment and improvements fund for the purpose of providing grasslands grazing grants to an organization representing cooperative grazing associations in the state. To be eligible for a grant under this program, an organization must provide one dollar of matching funds from nonstate sources for every four dollars of grant funding. An organization that receives a grant under this program may distribute the funding to cooperative grazing associations for eligible infrastructure projects, which must be located on national grasslands within the state. Eligible infrastructure projects include water development; fencing; conservation initiatives; compliance with federal permitting requirements, including fees for professional services; and other projects to enhance wildlife habitat or capture carbon, or to increase the health of grasslands. Program participants shall develop and implement a grazing land plan in compliance with local soil conservation district guidance and the plan must be approved by the local soil conservation district. The agriculture commissioner shall establish additional guidelines for the program."

Page 5, line 2, replace "thirty" with "thirty-one"

Page 5, line 3, after "~~fifty-three~~" insert "four hundred twenty-three"

Page 5, line 4, replace "thirty-five" with "thirty-six"

Page 5, line 4, replace "two" with "six"

Page 5, line 4, after "~~eighty-four~~" insert "eighty"

Page 5, replace lines 5 through 14 with:

"SECTION 16. AMENDMENT. Section 4.1-01-18 of the North Dakota Century Code is amended and reenacted as follows:

4.1-01-18. Federal environmental law impact review committee.

1. The federal environmental law impact review committee consists of:
 - a. The commissioner, who shall serve as the chairman;
 - b. The governor or the governor's designee;
 - c. The majority leader of the house of representatives, or the leader's designee;
 - d. The majority leader of the senate, or the leader's designee;
 - e. One member of the legislative assembly from the minority party, selected by the chairman of the legislative management;
 - f. One individual appointed by the North Dakota corn growers association;
 - g. One individual appointed by the North Dakota grain growers association;
 - h. One individual appointed by the North Dakota soybean growers association;
 - i. One individual appointed by the North Dakota stockmen's association;
 - j. One individual appointed by the North Dakota farm bureau;
 - k. One individual appointed by the North Dakota farmers union;
 - l. The chairman of the public service commission or the chairman's designee;
 - m. The director of the department of water resources or the director's designee;
 - n. The director of the game and fish department, or the director's designee;
 - o. The director of the department of transportation, or the director's designee;
 - p. The director of the department of environmental quality, or the director's designee;
 - q. One representative of an investor-owned utility company;
 - r. One representative from the North Dakota association of rural electric cooperatives; and
 - s. Two individuals from the energy community, of which one individual must be a representative of an organization that supports lignite energy in the state appointed by the commissioner and one individual must be a representative of an organization that supports oil and gas activity in the state appointed by the governor.

2. The committee shall review federal environmental legislation and regulations detrimentally impacting or potentially detrimentally impacting the state's agricultural, energy, or oil production sectors. The committee shall confer with the attorney general with respect to participation in administrative or judicial processes pertaining to the legislation or regulations.
3. a. Any member of the legislative assembly serving on the committee is entitled to compensation at the rate provided for attendance at interim committee meetings and reimbursement for expenses, as provided by law for state officers, if the member is attending meetings of the committee or performing duties directed by the committee.
- b. The compensation and reimbursement of expenses, as provided for in this subsection, are payable by the legislative council."

Page 5, line 22, overstrike "agriculture"

Page 5, line 26, overstrike "Contracting for consultation" and insert immediately thereafter "Consultation"

Page 5, line 26, after "engineers" insert ", industry specialists, or others"

Page 5, line 27, after "to" insert "analyze or"

Page 5, line 29, overstrike "Reclamation or mitigation" and insert immediately thereafter "Creation, restoration, or mitigation of similar habitat affected by the construction or operation of an energy conversion or transmission facility. Mitigation"

Page 5, line 29, after "development" insert "under this section shall be conducted in the following order of priority:

- (1) The area immediately impacted by the development;
- (2) The county impacted by the development;
- (3) The region impacted by the development; and
- (4) Other areas within the state"

Page 6, line 1, overstrike "The federal environmental law impact review committee shall establish criteria for"

Page 6, line 2, overstrike "disbursement of"

Page 6, line 2, remove "moneys in the"

Page 6, line 2, overstrike "environmental impact"

Page 6, line 2, replace "mitigation fund" with "In consultation with the federal environmental law impact review committee, the commissioner shall adopt rules pursuant to chapter 28-32 to implement the provisions of this section"

Page 6, line 3, overstrike "The commissioner shall make disbursements"

Page 6, line 3, remove "of moneys in the environmental impact"

Page 6, line 4, remove "mitigation fund"

Page 6, line 4, overstrike "based upon the determinations made by the federal environmental law"

Page 6, overstrike lines 5 through 10

Page 6, line 11, overstrike "the disbursement of"

Page 6, line 11, remove "environmental impact mitigation fund"

Page 6, line 11, overstrike "grants in accordance with"

Page 6, line 12, overstrike "subsection 2 and provide those determinations to the commissioner" and insert immediately thereafter "Easements or leaseholds purchased by a person to mitigate adverse environmental effects of the construction or operation of an energy conversion or transmission facility under chapter 49-22 must be limited to the operational life of the facility as defined under chapter 49-22. Any payment made to mitigate adverse environmental effects of the construction or operation of an energy conversion or transmission facility under chapter 49-22 must be made to the commissioner who shall deposit the payment into the environmental impact mitigation fund. Prior to the public service commission issuing a permit or certificate to an applicant under chapter 49-22, the commissioner shall notify the public service commission of mitigation efforts under this section to create, restore, or mitigate similar habitat affected by the construction or operation of an energy conversion or transmission facility"

Page 6, line 13, overstrike "8." and insert immediately thereafter "6."

Page 6, line 13, overstrike "federal environmental law impact review committee" and insert immediately thereafter "commissioner"

Page 6, line 15, overstrike "9." and insert immediately thereafter "7."

Page 6, remove lines 17 through 31

Page 7, remove lines 1 through 16

Page 7, line 19, overstrike "**direct** "

Page 7, line 19, remove "**or indirect**"

Page 7, line 20, overstrike "1. An applicant"

Page 7, line 20, remove "shall"

Page 7, line 20, overstrike "provide payment to mitigate any assessed adverse"

Page 7, line 21, overstrike "direct"

Page 7, line 21, remove "or indirect"

Page 7, line 21, overstrike "environmental impacts of a proposed site, corridor, route, or facility."

Page 7, line 22, overstrike "The applicant"

Page 7, line 22, remove "shall"

Page 7, line 22, overstrike "provide"

Page 7, line 22, remove "a minimum of fifty percent of"

Page 7, line 22, overstrike "the payment to"

Page 7, overstrike lines 23 and 24

Page 7, line 25, overstrike "environmental impacts of a proposed site, corridor, route, or facility"

Page 7, line 26, overstrike "into the environmental impact mitigation fund"

Page 7, line 27, after "fund" insert "If an applicant elects to provide a payment to mitigate the environmental impact of the construction or operation of an energy conversion or transmission facility, the payment must be made to the agriculture commissioner who shall deposit the payment into the environmental impact mitigation fund under section 4.1-01-21.1. Nothing in this section shall be construed to limit an applicant from conducting mitigation activities"

Page 8, line 3, after "**PROGRAM**" insert "**AND COVID-19 STRESS ASSISTANCE PROGRAM**"

Page 8, line 4, replace "5,000,000" with "5,500,000"

Page 8, line 4, after the second "funds" insert ", of which \$5,000,000 was"

Page 8, line 5, after "program" insert "and \$500,000 was for stress assistance program operating expenses,

Page 8, line 7, replace "program" with "programs"

Page 8, after line 8, insert:

"SECTION 21. EXEMPTION - GRASSLANDS GRAZING GRANTS. The amount of \$5,000,000 appropriated from the strategic investment and improvements fund for grasslands grazing grants in the grants line item in section 1 of chapter 9 of the 2021 Session Laws is not subject to section 54-44.1-11 and may be continued into the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 22. LEGISLATIVE MANAGEMENT STUDY - ENERGY CONVERSION OR TRANSMISSION FACILITY - ENVIRONMENTAL MITIGATION. During the 2023-24 interim, the legislative management shall consider studying plans for mitigation of adverse wildlife and environmental impacts and monetary payments made to state agencies, contractors, nongovernmental organizations, and others by applicants or other persons for mitigation during the siting and operation of energy conversion or transmission facilities. The study must include consideration of the provisions of law that affect the ability of developers to effectively mitigate adverse wildlife habitat and environmental impacts, applicant payments used for the purchase of perpetual or nonperpetual conservation easements, the distinction between an adverse direct environmental effect or an adverse indirect environmental effect, methods to monetarily quantify adverse direct or adverse indirect environmental effects, and alternative programs that may be used or developed for the mitigation of adverse wildlife and environmental effects. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-ninth legislative assembly.

SECTION 23. LEGISLATIVE MANAGEMENT STUDY - TRANSFER OF AGRICULTURE EDUCATION PROGRAMS. During the 2023-24 interim, the legislative management shall consider studying the feasibility and desirability of

Insert LC: 23.0263.02015
 Senate Carrier: Wanzek
 House Carrier: Brandenburg

transferring agriculture education programs in the department of career and technical education to the agriculture commissioner. The study must include an analysis of each program, duties and responsibilities of the programs and department of career and technical education staff, the potential to gain administrative and resource efficiencies if the programs are transferred to the agriculture commissioner, and future staffing, operating, and equipment needs of the programs. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-ninth legislative assembly."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2009 - Department of Agriculture - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$15,717,126	\$17,410,572	(\$819,558)	\$16,591,014	\$16,591,014	
Operating expenses	6,848,052	7,436,173	(10,000)	7,426,173	7,426,173	
Capital assets	15,000	7,000		7,000	7,000	
Grants	9,031,774	10,953,969	2,000,000	12,953,969	12,953,969	
State Board of Animal Health	865,718	865,718		865,718	865,718	
Wildlife services	1,457,400	1,657,400		1,657,400	1,657,400	
Crop Harmonization Board	75,000	75,000		75,000	75,000	
Pipeline restoration and reclamation	200,000	200,000		200,000	200,000	
Ag. Products Utilization Commission	1,760,417	5,110,417		5,110,417	5,110,417	
North Dakota trade office	1,600,000	2,100,000		2,100,000	2,100,000	
Bioscience innovation program transfer			6,500,000	6,500,000	6,500,000	
Total all funds	\$37,570,487	\$45,816,249	\$7,670,442	\$53,486,691	\$53,486,691	\$0
Less estimated income	24,110,775	30,135,848	831,270	30,967,118	30,967,118	0
General fund	\$13,459,712	\$15,680,401	\$6,839,172	\$22,519,573	\$22,519,573	\$0
FTE	79.00	81.00	(1.00)	80.00	80.00	0.00

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

	Adjusts Funding for Salary and Benefit Increases ¹	Removes Funding for Elected Official Salary Equity ²	Removes FTE Position ³	Removes Salary Funding for Funding Pool ⁴	Adjusts One-Time Funding for Bioscience Innovation Grants ⁵	Adds One-Time Funding ⁶
Salaries and wages	\$230,303	(\$2,535)	(\$170,326)	(\$877,000)		
Operating expenses			(10,000)			
Capital assets						
Grants						\$2,000,000
State Board of Animal Health						
Wildlife services						
Crop Harmonization Board						
Pipeline restoration and reclamation						
Ag. Products Utilization Commission						
North Dakota trade office						
Bioscience innovation program transfer					\$6,500,000	
Total all funds	\$230,303	(\$2,535)	(\$180,326)	(\$877,000)	\$6,500,000	\$2,000,000
Less estimated income	99,543	0	0	(268,273)	0	1,000,000
General fund	\$130,760	(\$2,535)	(\$180,326)	(\$608,727)	\$6,500,000	\$1,000,000
FTE	0.00	0.00	(1.00)	0.00	0.00	0.00

Insert LC: 23.0263.02015
 Senate Carrier: Wanzek
 House Carrier: Brandenburg

Salaries and wages
 Operating expenses
 Capital assets
 Grants
 State Board of Animal Health
 Wildlife services
 Crop Harmonization Board
 Pipeline restoration and reclamation
 Ag. Products Utilization Commission
 North Dakota trade office
 Bioscience innovation program transfer

Total all funds
 Less estimated income
 General fund

FTE

Total Conference Committee Changes	
	(\$819,558)
	(10,000)
	2,000,000
	6,500,000
	\$7,670,442
	831,270
	\$6,839,172
	(1.00)

¹ Salaries and wages funding is adjusted to provide for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	\$141,284	\$103,774	\$245,058
Health insurance adjustment	(10,524)	(4,231)	(14,755)
Total	\$130,760	\$99,543	\$230,303

The Senate provided salary adjustments of 4 percent on July 1, 2023, and July 1, 2024. The House approved the same salary and health insurance adjustments as the Conference Committee.

² Funding of \$2,535 from the general fund for a salary equity increase for the Agriculture Commissioner is removed. The House also removed this funding.

³ Funding of \$180,326 added by the Senate from the general fund for 1 FTE project manager and systems coordinator position, including \$170,326 for salaries and wages and \$10,000 for operating expenses, is removed. The House also removed this position.

⁴ Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	(\$214,930)	\$0	(\$214,930)
Vacant FTE positions	(393,797)	(268,273)	(662,070)
Total	(\$608,727)	(\$268,273)	(\$877,000)

The House also removed this funding.

⁵ One-time funding for the bioscience innovation grant program is adjusted by removing \$6.5 million from the legacy earnings fund and adding \$6.5 million from the general fund to provide a total of \$12 million, of which \$5.5 million is from the strategic investment and improvements fund (SIIF), the same as provided by the House. Funding provided by the Conference Committee from the general fund is added in a new bioscience innovation program transfer line item, the same as provided by the House.

The Senate provided \$12 million, of which \$5.5 million was from SIIF and \$6.5 million was from the legacy earnings fund.

⁶ One-time funding is added as follows:

- Adds \$1 million from SIIF for grasslands grazing grants, the same as provided by

the House. The Senate did not provide funding for this program.

- Adds \$1 million from the general fund for a food distribution grant program to be used for the purchase of food and equipment and any distribution costs associated with assisting local food banks to provide food to individuals in the state, the same as provided by the House. The Senate did not provide funding for this program.

This amendment also:

- Amends a section providing for a transfer of \$6.5 million to the bioscience innovation grant fund. The Senate provided the transfer from the legacy earnings fund. The Conference Committee and the House provided the transfer from the general fund.
- Amends a section identifying funding in Section 1 from the environment and rangeland protection fund. The Conference Committee did not change the House version.
- Adds a section identifying funding in Section 1 from SIIF. The Conference Committee and the House provided one-time funding of \$1 million for grasslands grazing grants. The Senate did not provide funding for this program. To be eligible for a grant under this program, an organization must provide \$1 of matching funds from nonstate sources for every \$4 of grant funding. An organization that receives a grant under this program may distribute the funding to cooperative grazing associations for eligible infrastructure projects, which must be located on national grasslands within the state. Eligible infrastructure projects include water development; fencing; conservation initiatives; compliance with federal permitting requirements, including fees for professional services; and other projects to enhance wildlife habitat or capture carbon, or to increase the health of grasslands. Program participants shall develop and implement a grazing land plan in compliance with local soil conservation district guidance and the plan must be approved by the local soil conservation district. The Agriculture Commissioner shall establish additional guidelines for the program.
- Amends a section to provide the statutory changes necessary for the salary of the Agriculture Commissioner, the same as provided by the House.
- Removes a section added by the Senate that established a post-production royalty oversight program. This program was created in Senate Bill No. 2194 (2023). The House also removed this section.
- Adds a section to amend Section 4.1-01-18 to provide of the two individuals from the energy community that serve on the Federal Environmental Law Impact Review Committee, the Governor will appoint one individual and the Agriculture Commissioner will appoint one individual, instead of the Agriculture Commissioner appointing both individuals. The House did not add this section.
- Amends two sections related the environmental impact mitigation fund and mitigation of environmental impacts. The House also amended these sections.
- Removes a section added by the Senate that amended Section 49-22-09 related to factors to be considered in evaluating applications and designations of sites, corridors, and routes. The House also removed this section.
- Amends a section to provide an exemption to the Agriculture Commissioner for the COVID-19 specialty crop block grant program (\$5 million) and COVID-19 stress assistance program operating expenses (\$500,000) that were appropriated for the 2019-21 biennium and continued into the 2021-23 biennium to be continued into the 2023-25 biennium. The Senate and House provided an exemption for the COVID-19 specialty crop block grant program but not for COVID-19 stress assistance program operating expenses.
- Adds a section to provide an exemption to authorize the Agriculture Commissioner to continue \$5 million appropriated from SIIF for grasslands grazing grants for the 2021-23 biennium into the 2023-25 biennium. The House also added this section.
- Adds a section to provide for a Legislative Management study of plans for mitigation

of adverse wildlife and environmental impacts and monetary payments made to state agencies, contractors, nongovernmental organizations, and others by applicants or other persons for mitigation during the siting and operation of energy conversion or transmission facilities. The House also added this section.

- Adds a section to provide for a Legislative Management study of the feasibility and desirability of transferring agriculture education programs in the Department of Career and Technical Education to the Agriculture Commissioner. The House also added this section.

Engrossed SB 2009 was placed on the Seventh order of business on the calendar.

TESTIMONY

SB 2009

SPECIALTY CROP BLOCK GRANT PROGRAM

FISCAL YEAR 2022 AWARDED PROJECTS



Agriculture Commissioner
Doug Goehring

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A Letter from the Commissioner

Greetings,

The North Dakota Department of Agriculture is pleased to support the specialty crop industry in the state through specialty crop block grants.

The USDA defines specialty crops as “fruits and vegetables, tree nuts, dried fruits, horticulture and nursery crops.” Specialty crops grown commercially in North Dakota include dry beans, dry peas, lentils, potatoes, confection sunflowers, grapes, honey and various vegetables.

Projects that enhance the competitiveness of specialty crops in ND are eligible for these grants.

Eligible applications include enhancing food safety; pest and disease control; developing new and improved seed varieties and specialty crops; and increasing child and adult nutrition knowledge and consumption of specialty crops. Projects that directly benefit specific, commercial products or profit a single organization, institution or individual are not eligible.

North Dakota receives funds based on a grant allocation formula that is based on the average of specialty crop cash receipts and specialty crop acreage in the state.

The North Dakota Department of Agriculture has been administering the Specialty Crop Block Grant Program since 2007. Since then, we have administered a total of 256 grants and have received more than \$30 million in funding through the past 18 annual funding opportunities; and an additional 28 grants and \$4.3 million in additional one-time funding through H.R. 133, the Consolidated Appropriations Act of 2020.

We encourage organizations, institutions and individuals to submit proposals on their own or in partnerships during open application periods. Questions may be directed to Deanna Gierszewski at 701-328-2191 or scbg@nd.gov.

Thank you for your interest in specialty crop block grants.

Sincerely,



Doug Goehring
Agriculture Commissioner



Agriculture
Commissioner
DOUG GOEHRING

ABOUT PROGRAM

The purpose of the Specialty Crop Block Grant Program (SCBGP) is to enhance the competitiveness of specialty crops. Specialty crops are defined as “fruits, vegetables, tree nuts, dried fruits, horticulture, and nursery crops (including floriculture).”

The Food, Conservation, and Energy Act of 2008 (Farm Bill) amended the Specialty Crops Competitiveness Act of 2004. Under the amended Act, the Secretary of Agriculture is directed to make grants to states for each of the fiscal years 2008 through 2012 to be used by state departments of agriculture to enhance the competitiveness of specialty crops. The American Taxpayer Relief Act of 2012 provided funding for fiscal year 2013, section 10010 of the Agricultural Act of 2014 provided funding for fiscal years 2014 through 2018 and section 10107 of the Agriculture Improvement Act of 2018 will provide funding for fiscal years 2019 through 2023.

To be eligible for a grant, the project(s) must “enhance the competitiveness of U.S. or U.S. territory grown specialty crops in either domestic or foreign markets.” Projects must also benefit more than one commercial product (e.g., ABC Company brand), organization, or individual.

Examples of enhancing the competitiveness of specialty crops include, but are not limited to: research, promotion, marketing, nutrition, trade enhancement, food safety, food security, plant health programs, education, increased consumption, increased innovation, improved efficiency and reduced costs of distribution systems and environmental concerns and conservation.

Grant funds are not awarded to projects that solely benefit a specific commercial product. It will not benefit products that provide a profit to a single organization, institution, or individual. Grant funds cannot be put toward capital expenditures (equipment, buildings, land). They also may not

be used to make improvements to capital assets that materially increase their value or useful life. Each project funded through the Specialty Crop Block Grant Program will be carried out over a two-year timeframe. The Specialty Crop Block Grant Program is funded through the United States Department of Agriculture’s Agricultural Marketing Service.

Number of Grants Awarded to the North Dakota Department of Agriculture: 1
Number of Sub-Awarded Projects: 21
Amount of Funds Awarded: \$3,309,650.39

These following funding breakdowns are for annual funding:

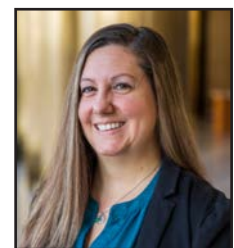
2022 Farm Bill funding (fiscal year 22-25):	
21 Projects	\$3,049,728.84
Direct	\$152,057.00
Indirect	<u>\$107,864.55</u>
Total	\$3,309,650.39

For more information, please visit the program’s website at <https://www.nd.gov/ndda/scbgp>.

SCBGP STAFF

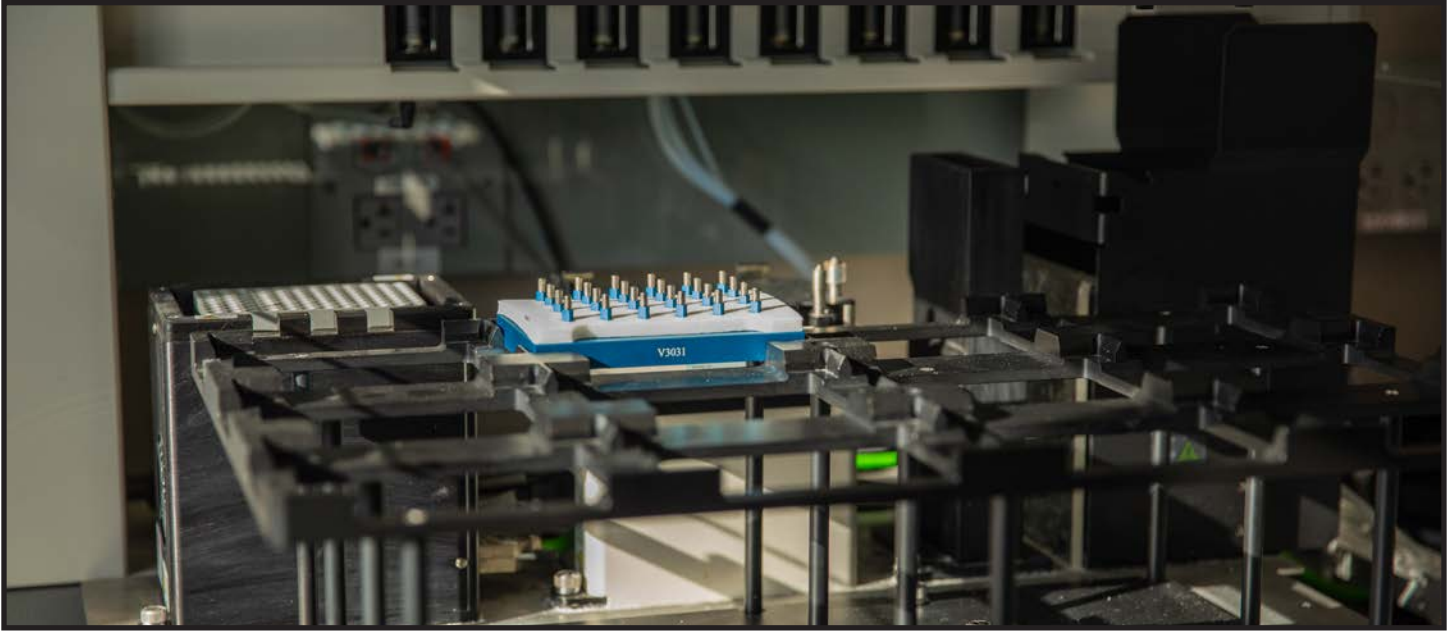


KARA HAFF
Ag Marketing &
Business Development
Coordinator



DEANNA GIERSZEWSKI
Grant Administrator

2022 FARM BILL FUNDING



Research being done at the National Agricultural Genotyping Center

SUPPORTING SEED POTATO EXPORTS TO CANADA

North Dakota Department of Agriculture
Charles Elhard, Fargo

Project Budget: \$79,925

The North Dakota Department of Agriculture (NDDA) will support exports of seed potatoes grown in North Dakota to Canada by conducting a survey of Potato Cyst Nematodes or PCN (*Globodera pallida* and *G. rostochiensis*). A survey showing field specific negative results for PCN is required for shipments of seed potatoes into Canada. Results will be disseminated to participating potato growers. NDDA will partner with North Dakota State Seed Department (NDSSD) to complete this project.

INCREASING THE AVAILABILITY OF SSR GENOTYPING FOR VARIETY IDENTIFICATION IN CHICKPEA AND FIELD PEA

National Agricultural Genotyping Center
Zachary Bateson, Fargo

Project Budget: \$322,497

The National Agricultural Genotyping Center will develop two genotyping panels for variety identification in chickpea and field pea for the seed industry. Certification of field peas in North Dakota requires variety confirmation by genotyping, but upgrades to the existing diagnostic technology are needed to increase the efficiency and accuracy of variety identification.

HIGH-THROUGHPUT SCREENING FOR THE GENETIC MARKERS OF AFRICANIZED HONEYBEE COLONIES

National Agricultural Genotyping Center
Zachary Bateson, Fargo

Project Budget: \$118,426

The National Agricultural Genotyping Center (NAGC) will develop a high-throughput genetic test to survey colonies for a common marker associated with Africanized honeybees (AHB). The test will help apiary inspectors and beekeepers identify AHB and limit the further spread of aggressive colonies and AHB traits associated with reduced honey production.

INTERNATIONAL EXPORT EXPANSION OF ND SPECIALTY CROPS

North Dakota Trade Office
Amanda Nordick, Fargo

Project Budget: \$307,706

The North Dakota Trade Office (NDTO) seeks to increase the market share of North Dakota specialty crops by strategically expanding internationally. We plan to do this by providing up to six North Dakota companies the opportunity to exhibit at SIAL Paris, France, in 2022; Increasing the exposure of pulse crops for up to four North Dakota companies to the Middle East and North African Region by exhibiting at Gulfood 2023 in Dubai; United Arab Emirates; and executing an NDTO lead trade mission to India based on the market research to a promising region where up to five companies will meet with prescreened buyers and develop relationships for lasting success.

SCREENING FOR PEA ROOT ROT DISEASE RESISTANCE IN NEWLY-DEVELOPED NDSU BREEDING LINES AND GERmplasm

NDSU
Audrey Kalil, Williston

Project Budget: \$84,438

North Dakota State University Williston Research Extension Center will maintain *Aphanomyces* and *Fusarium* root rot breeding nurseries by infesting the soil with pathogen inoculum and growing susceptible host crops and screen North Dakota State University pea breeding lines for resistance to *Fusarium* and *Aphanomyces* root rot. Maintaining these nurseries will serve as a resource to the pulse breeding community for many years to come and screening NDSU breeding lines will aid in the development of root rot resistant varieties adapted to the North Dakota growing region.

NORTH DAKOTA SPECIALTY CROP EDUCATION SERIES

North Dakota Department of Agriculture
Kristine Kostuck, Bismarck

Project Budget: \$73,625.84

The North Dakota Department of Agriculture (NDDA) will offer a series of workshops around the state to educate producers in growing, preparing, marketing, and selling specialty crops. At the conclusion of these events, attendees will have gained knowledge about food safety and will learn new business practices to improve specialty crop production and distribution.



The North Dakota Department of Agriculture presents a seed-growing activity at a local farmers market

PROJECT SPOTLIGHT: POTATO



Russet skin potatoes from the variety trials

The North Dakota Department of Agriculture has long supported potato research through the Specialty Crop Block Grant Program. Here are a few interesting projects on potato that have been done in past years:

Potato Blight App

Potato blight is a devastating disease, so researchers at North Dakota State University (NDSU) developed an app for a potato blight model. The app allows North Dakota growers to put in their individual field locations and uses the nearest weather data from the North Dakota Agriculture Weather Network (NDAWN) to help predict when conditions are right for late and early blight. The app takes into account the temperature, humidity and other factors. Growers get notifications on their phone when severity levels are close to threshold and allow them to apply the appropriate protection at the right time, helping to decrease pesticide use, improve prevention and control of blight and make the best management decisions. There are approximately 200 potato growers in state and the app has been downloaded at least 400 times.

Yellow Potato Variety Trials

Demand has been increasing for yellow potatoes due to their good flavor. NDSU conducted variety trials on 30-40 varieties of yellow potatoes to find some that grow well in the Red River Valley, store well and pack well to help growers know where to place their money. Some examples of favorable varieties include: Melody, Musica, Paroli, Actrice and Columba.

Russet Potato Variety Trials

NDSU looked at russet skin potato varieties that fit our North Dakota environment better, use less nitrogen and are more sustainable from an environmental aspect as consumers demand these qualities and growers can spend less on inputs.

IMPROVING MANAGEMENT OF TWO IMPORTANT FOLIAR LEAF SPOTTING DISEASES OF POTATOES

NDSU

Julie Pasche, Fargo

Project Budget: \$197,715

Plant pathologists from North Dakota State University will conduct research to improve management recommendations for early blight and brown leaf spot of potato caused by *Alternaria* pathogens. Results from pathogen aggressiveness trials, fungicide efficacy evaluations and pathogen sequencing will increase our understanding of the brown leaf spot pathogen complex including the levels of SDHI fungicide resistance.

DEFINING VERTICILLIUM ON TUBERS WITH IMAGE ANALYSIS DURING BULKING

NDSU

Andrew Robinson, Fargo

Project Budget: \$141,392

North Dakota State University will develop improved grower recommendations, earlier diagnosis for *Verticillium dahliae*, and increase economic return by determining bulking rate of three russet potatoes. The purpose of this study is to understand the effects of planting dates on the develop of bulking rates and to define *V. dahliae* accumulation of Dakota Russet, Bannock Russet and Russet Burbank utilizing traditional laboratory methods and developing a new imaging analysis.



Andrew Robinson, NDSU, in a field of potatoes during the harvest portion of variety trials.

WEED CONTROL IN DRY PEA, LENTIL, AND CHICKPEA USING FALL COVER CROP AND HERBICIDES

NDSU

Brian Jenks, Minot

Project Budget: \$57,311

North Dakota State University will evaluate using a winter rye (*Secale cereale*) cover crop combined with fall-applied herbicides to control winter annual weeds and early spring-emerging weeds like kochia and Russian thistle. The project goal is to utilize the competitive shading ability of winter rye combined with fall-applied herbicides to reduce the density and size of weeds that compete with pulse crops.

IDENTIFYING DRY BEAN GERMLASM AND GENOMIC REGIONS WITH RESISTANCE TO NEW SOYBEAN CYST NEMATODE POPULATIONS

NDSU
Guiping Yan, Fargo

Project Budget: \$126,062

The Department of Plant Pathology at North Dakota State University (NDSU) will evaluate 250 dry bean cultivars, germplasm, and breeding lines for their resistance to the new virulent soybean cyst nematode (SCN) populations HG type 2.5.7 and HG type 1.2.5.7 detected in North Dakota and perform a genome wide association study (GWAS) for identifying genomic regions and genes associated with resistance to SCN in dry bean in cooperation with the Dry Bean Breeding Program at NDSU.

STRATEGIC MANAGEMENT OF DRY BEAN RUST: PATHOGEN SURVEILLANCE, HOST GENETICS, AND ECONOMICS OF RESISTANCE

NDSU
Upinder Gill, Fargo

Project Budget: \$192,347

North Dakota State University researchers propose a multifaceted rust management strategy that includes rust surveillance, evaluation of genetic resistance, and determination of the economic impact of that resistance when used by growers. Surveillance activities will involve identifying and characterizing rust races in North Dakota using traditional and genomics approaches. The newly released rust-resistant bean cultivars and new breeding lines from the NDSU dry bean breeding program will be screened against those pathogen races to determine the efficacy of genetic resistance and identify potential threats of resistance breakdown.

IDENTIFYING DRY BEANS AND RHIZOBIA THAT CAN WITHSTAND SOIL SALINITY AND WATERLOGGING

NDSU
Thomas DeSutter, Fargo

Project Budget: \$160,380

North Dakota State University aims to improve cultivar selection of dry beans for waterlogged and saline soil conditions, and to also determine how these conditions influence efficiency of BNF. The goals of this project will be accomplished by conducting waterlogging and salinity tolerance field and greenhouse experiments to isolate conditions, dry bean cultivars and breeding lines, to assess inoperable conditions for existing inoculum and to identify rhizobia within the nodules of bean plants growing under these two soil conditions and evaluate their potential for development as salinity and flooding-tolerant inoculants.



Bean research being conducted at NDSU Carrington Research Extension Center

PROJECT SPOTLIGHT: COMPOST



The DCB greenhouse manager prepares compost tea

Maintaining and improving soil health is important, but research has been limited on specialty cropping systems. Dakota College at Bottineau's (DCB) goal for the project was to research and demonstrate innovative and sustainable composting methods using biochar and wood chip from forestry waste as well as compost tea to improve specialty crop yield and enhance soil health with minimal chemical input.

Compost bays were created to test the different types of compost and composting techniques were disseminated and demonstrated to producers during two field days. After the field days, one producer was inspired to try a new technique not covered in the session which involved composting inside a high tunnel during the winter months to keep the compost active nearly year round.

Results of the composting were that biochar charged with compost tea resulted in less production than other composts. It is believed that biochar acts like a nutrient sponge and soaks and holds nutrients. DCB will continue the study to see what happens with production in biochar next year. Economical and environmental advantages to using compost were realized as DCB was able to use plant material waste from their gardens, high tunnels, greenhouse and lawns. They were also able to use food waste, mainly fruits and vegetables, as a soil nutrient. This reduced the cost of fertilizer needing to be applied to gardens and high tunnels. It also kept plant waste from going to the landfill. Overall the most significant result was to be able to utilize their own resources for improving soil health and increased plant production. Using their plant waste and materials as a resource was a good move toward sustainability.

While commercial fertilizers have high salt content, using compost and mitigating salt during the composting process reduced salt and improved soil health. After the field days, a number of producers have switched or are switching to compost. The project helped to show North Dakota small farm and specialty crop farmers how to compost effectively in their farming operations.

MOLECULAR APPROACHES TO IDENTIFY ASCOCHYTA RESISTANCE IN CHICKPEA

NDSU

Malaika Ebert, Fargo

Project Budget: \$312,883

Plant breeders and plant pathologists of North Dakota State University will work together to unravel the molecular aspects of *Ascochyta rabiei* – chickpea interaction and use this data to identify durable resistance of chickpea to the devastating disease *Ascochyta* blight.

NORTH DAKOTA GARLIC FROM FIELD TO FORK

NDSU

Julie Garden-Robinson, Fargo

Project Budget: \$86,019

North Dakota State University will establish an agreement relationship with the State Department of Agriculture to lead and execute the project that will work toward the increased

production of garlic in North Dakota and encourage consumers to use more garlic on their menus, especially to encourage vegetable and specialty crop consumption. We propose to conduct a garlic variety trial to evaluate garlic cultivars transplanted at three intervals for growth, development, yield, and quality when all other production variables remain constant.

EVALUATION OF WOODY ORNAMENTAL SHRUBS FOR NORTH DAKOTA

NDSU

Todd West, Fargo

Project Budget: \$71,635

North Dakota State University will conduct this project to provide information to growers and users (landscape companies and homeowners) for new ornamental woody shrubs for North Dakota landscapes. Increasing woody plant species for use in landscaping applications would have a significant impact on residents' specifically in North Dakota and throughout the region.

EVALUATING ARONIA FOR ORNAMENTAL AND EDIBLE USE FOR NORTH DAKOTA

NDSU

Todd West, Fargo

Project Budget: \$58,919

North Dakota State University will evaluate 21 different cultivars/unreleased accessions of Aronia and provide information to commercial small fruit growers and the North Dakota Greenhouse, Nursery and Landscape Association on cultivar use for edible and ornamental use. Recommendations will be made available through websites, newsletter articles and field day presentations.



Aronia research

FUMIGATION EFFECTS ON CARRYOVER OF HERBICIDES IN POTATO PRODUCTION

NDSU

Andrew Robinson, Fargo

Project Budget: \$132,368

North Dakota State University will determine the effects of fumigation on herbicide carryover in potato production systems. This project will determine the breakdown rate of herbicides when fumigated the fall after summer herbicide application. Research plots will be established to include different herbicides with and without fumigation. Soil samples will be taken and evaluated for herbicide residues to determine what effects fumigation has on the availability of these herbicides. Plants growth will be monitored and yield taken to be associated with soil samples.

ADDING PRE-BIOTICS TO PRO-BIOTICS: CHEMOATTRACTANTS SUPPORT RHIZOSPHERE BACTERIA, ENHANCING PLANT GROWTH AND DISEASE RESISTANCE

NDSU

Birgit Pruess, Fargo

Project Budget: \$190,007

Researchers at North Dakota State University are proposing the use of pre-biotic plant root exudates to support the pro-biotic inoculant rhizosphere bacteria that are currently being used for peas but are still in the research state for tomatoes and cucumbers. There is a growing body of evidence that plant beneficial pro-biotic bacteria use these substances to chemotax and swim through the soil towards the plant roots. The resulting symbiosis between plant and bacteria enhances plant growth and health, as well as disease resistance.



North Dakota field peas

OPTIMIZING THE DEPLOYMENT OF FUNGICIDES FOR MANAGEMENT OF FOLIAR DISEASES IN FIELD PEAS

NDSU

Michael Wunsch, Carrington

Project Budget: \$128,884

The North Dakota State University Carrington Research Extension Center, in cooperation with the NDSU North Central and Langdon Research Extension Centers, will conduct multi-location field trials to develop rigorous disease management recommendations for optimizing the deployment of fungicides for improved management of *Ascochyta* blight and powdery mildew in field peas.

**EVALUATING NEW BRASSICA CULTIVARS
YIELDS AND HEALTH ATTRIBUTES TO
INCREASE OPPORTUNITIES FOR LOCAL
FOODS**

NDSU
Harlene Hatterman-Valenti

Project Budget: \$105,095

North Dakota State University Agriculture Experiment Station will establish an agreement relationship with the State Department of Agriculture to lead and execute the project to evaluate new broccoli (*Brassica oleracea* var. *italica*), and cauliflower (*Brassica oleracea* var. *botritis*) cultivars for floret yield, quality, composition, and health benefit attributes compared to commonly grown broccoli and cauliflower cultivars.



North Dakota bees

**HONEYBEE VIRUS AND PATHOGEN SURVEY
AND RESEARCH PUBLICATION**

North Dakota Department of Agriculture
Samantha Brunner, Bismarck

Project Budget: \$102,094

The North Dakota Department of Agriculture (NDDA) will document the presence or absence of various honeybee pests and pathogens through a comprehensive survey and provide outreach and education to the beekeeping industry and the general public. NDDA will also publish a booklet with all the previously funded research projects funded by various grant programs that NDDA administers.



NORTH DAKOTA DEPARTMENT OF AGRICULTURE

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SPECIALTY CROP BLOCK GRANT PROGRAM

FISCAL YEAR 2021 AWARDED PROJECTS



**Agriculture Commissioner
Doug Goehring**

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A Letter from the Commissioner

Greetings,

The North Dakota Department of Agriculture is pleased to support the specialty crop industry in the state through specialty crop block grants.

The USDA defines specialty crops as “fruits and vegetables, tree nuts, dried fruits, horticulture and nursery crops.” Specialty crops grown commercially in North Dakota include dry beans, dry peas, lentils, potatoes, confection sunflowers, grapes, honey and various vegetables.

Projects that enhance the competitiveness of specialty crops in ND are eligible for these grants.

Eligible applications include enhancing food safety; pest and disease control; developing new and improved seed varieties and specialty crops; and increasing child and adult nutrition knowledge and consumption of specialty crops. Projects that directly benefit specific, commercial products or profit a single organization, institution or individual are not eligible.

North Dakota receives funds based on a grant allocation formula that is based on the average of specialty crop cash receipts and specialty crop acreage in the state.

The North Dakota Department of Agriculture has been administering the Specialty Crop Block Grant Program since 2007. Since then, we have administered a total of 235 grants and have received more than \$26.7 million in funding through the past 17 annual funding opportunities; and an additional 28 grants and \$4.3 million in additional one-time funding through H.R. 133, the Consolidated Appropriations Act of 2020.

We encourage organizations, institutions and individuals to submit proposals on their own or in partnerships during open application periods. Questions may be directed to Deanna Gierszewski at 701-328-2191 or scbg@nd.gov.

Thank you for your interest in specialty crop block grants.

Sincerely,



Doug Goehring
Agriculture Commissioner



Agriculture
Commissioner
DOUG GOEHRING

ABOUT PROGRAM

The purpose of the Specialty Crop Block Grant Program (SCBGP) is to enhance the competitiveness of specialty crops. Specialty crops are defined as “fruits, vegetables, tree nuts, dried fruits, horticulture, and nursery crops (including floriculture).”

The Food, Conservation, and Energy Act of 2008 (Farm Bill) amended the Specialty Crops Competitiveness Act of 2004. Under the amended Act, the Secretary of Agriculture is directed to make grants to states for each of the fiscal years 2008 through 2012 to be used by state departments of agriculture to enhance the competitiveness of specialty crops. The American Taxpayer Relief Act of 2012 provided funding for fiscal year 2013, section 10010 of the Agricultural Act of 2014 provided funding for fiscal years 2014 through 2018 and section 10107 of the Agriculture Improvement Act of 2018 will provide funding for fiscal years 2019 through 2023.

To be eligible for a grant, the project(s) must “enhance the competitiveness of U.S. or U.S. territory grown specialty crops in either domestic or foreign markets.” Projects must also benefit more than one commercial product (e.g., ABC Company brand), organization, or individual.

Examples of enhancing the competitiveness of specialty crops include, but are not limited to: research, promotion, marketing, nutrition, trade enhancement, food safety, food security, plant health programs, education, increased consumption, increased innovation, improved efficiency and reduced costs of distribution systems and environmental concerns and conservation.

Grant funds are not awarded to projects that solely benefit a specific commercial product. It will not benefit products that provide a profit to a single organization, institution, or individual. Grant funds cannot be put toward capital expenditures (equipment, buildings, land). They also may not

be used to make improvements to capital assets that materially increase their value or useful life. Each project funded through the Specialty Crop Block Grant Program will be carried out over a two-year timeframe. The Specialty Crop Block Grant Program is funded through the United States Department of Agriculture’s Agricultural Marketing Service.

Number of Grants Awarded to the North Dakota Department of Agriculture: 2
Number of Sub-Awarded Projects: 49
Amount of Funds Awarded: \$7,605,788.33

These following funding breakdowns are for annual funding and H.R. 133, the Consolidated Appropriations Act of 2020, funding:

2021 Farm Bill funding (fiscal year 21-24):

23 Projects	\$3,012,946.88
Direct	\$146,380.47
Indirect	<u>\$112,863.24</u>
Total	\$3,272,190.59

Additional one-time funding (fiscal year 21-25):

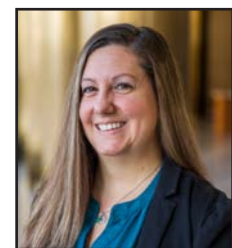
28 Projects	\$4,058,093.40
Direct	\$178,023.30
Indirect	<u>\$97,481.04</u>
Total	\$4,333,597.74

For more information, please visit the program’s website at <https://www.nd.gov/ndda/scbgbp>.

SCBGP STAFF



KARA HAFF
Ag Marketing &
Business Development
Coordinator



DEANNA GIERSZEWSKI
Grant Administrator

2021 FARM BILL FUNDING



Aronia berries at the NDSU Carrington Research Extension Center

DISENTANGLING THE ROOT ROT PATHOGEN COMPLEX IN LENTILS THROUGH MOLECULAR DIAGNOSTICS

National Agricultural Genotyping Center
Zachary Bateson, Fargo

Project Budget: \$114,636

The National Agricultural Genotyping Center will optimize a root rot pathogen assay that will test environmental samples from university and private lentil fields to provide preliminary pathogen data in ongoing research and further evaluate molecular diagnostics as a proactive management tool for root rot disease in pulse crops.

COMPREHENSIVE PANEL TO DETECT GENETIC MARKERS LINKED TO HERBICIDE RESISTANCE IN PIGWEEDS

National Agricultural Genotyping Center
Zachary Bateson, Fargo

Project Budget: \$123,086

The declining herbicide options to manage

pigweeds is a persistent concern for North Dakota dry bean producers. Knowing the herbicide resistance potential of local pigweed populations can help producers avoid costs of using ineffective chemical control. The National Agricultural Genotyping Center will optimize diagnostic assays to detect genetic markers linked to herbicide resistance in pigweeds collected from dry bean fields. The specific objectives for this project are to: 1) evaluate target-site mechanisms for ALS- and PPO-inhibiting herbicide resistance in late-season pigweeds that persist in dry bean fields, and 2) validate high-throughput diagnostic assays for detection of commonly occurring target-site mechanisms.

ENHANCING RUST RESISTANCE IN CONFECTION SUNFLOWER PRODUCTION THROUGH NEXT- GENERATION TECHNOLOGIES

National Sunflower Association
Tina Mittlesteadt, Fargo

Project Budget: \$130,004

The National Sunflower Association will use newly available genome sequence information for sunflower to identify diagnostic single-nucleotide polymorphism (SNP) markers tightly linked to the rust resistance genes (R genes) expanding the options for stacking resistance to obtain an enhanced, long-lasting resistance to the rust disease. Rust is a growing threat to sunflower production worldwide, leading to losses in yield and seed quality. This project will apply cutting edge genetic and genomic approaches to characterize the genetic basis for rust resistance in sunflower. With improved next generation sequencing (NGS) and the decreased cost of sequencing, it is now feasible to discover millions of SNPs for any plant and connect these markers to desirable phenotypic traits.

INCREASING CONSUMER USE AND CONSUMPTION OF PEAS, LENTILS AND CHICKPEAS

Northern Pulse Growers Association
Brian Gion, Bismarck

Project Budget: \$80,730

The Northern Pulse Growers Association (NPGA) proposal is to design an educational outreach program to the restaurants in the region which will address the priorities of the North Dakota Department of Agriculture related to enhancing the competitiveness of specialty crops through increased sales and consumption of dry peas, lentils, chickpeas and fava beans.

VIRTUAL EXPERIENCES DELIVERING REAL PROTECTION OF SPECIALTY CROPS FROM PLANT DISEASES AND ECONOMIC LOSS

NDSU
Samuel Markell, Fargo

Project Budget: \$121,177

North Dakota State University plant pathologists will deliver transformational educational experiences to growers by utilizing immersive 360-degree videos and drone imagery that teach disease management practices by letting growers ‘experience’ protection of specialty crops from diseases and yield loss.

ROOT ROT OF LENTIL: EVALUATION OF CROP ROTATION, INTERCROPPING AND RISK ASSESSMENT

NDSU
Audrey Kalil, Williston

Project Budget: \$28,662

Lentil production has been an economic boon to northwest North Dakota, but in recent years root rots have becoming increasingly problematic. Recommendations for a four-to-five-year rotation between lentil crops to avoid the build-up of root rot pathogens in the soil can be a challenge for many growers, as lentils may be their primary profit generating crop. The North Dakota State University Williston Research Extension Center will compare one-, two-, three- and four-year intervals in between lentil crops to determine the effect of these rotation lengths on root rot disease severity and yield in a no-till, dryland cropping system. Intercropping lentils with mustard will be evaluated for suppression of root rot in lentils in a short rotation. Finally, a soil root rot potential seedling bioassay will be used to determine the effect of rotation length on root rot inoculum in the soil and these data will be correlated with yield and field root rot severity. This effort will improve root rot management and help generate more specific rotation recommendations for lentils grown in North Dakota.



Beans at the NDSU Carrington Research Extension Center

PYRAMIDING DESIRABLE BEAN RUST GENES FOR BROADER AND DURABLE RESISTANCE
NDSU

Juan Osorno, Fargo

Project Budget: \$162,533

Bean rust is one of the most important diseases both in North Dakota and worldwide. Under high disease pressure conditions, seed yield losses range between 50 to 100%, especially if infection occurs at early growth stages. Genetic resistance is a good control alternative because of lower costs compared with chemical applications, plus it is more environmentally friendly. Since its beginning in the early 1980s, the dry bean breeding program at NDSU focused its efforts on the genetic improvement of rust resistance. The Ur-3 gene was deployed in many released varieties and provided rust protection during many years. Unfortunately, bean rust is a highly variable pathogen and in 2008, a new race of the pathogen that overcomes the Ur-3 resistance gene, was detected in North Dakota.

Fortunately, a few alternative genes were found to be effective against this new race (named 20-3). The NDSU dry bean breeding program started efforts to incorporate the Ur-11 resistance gene which has broader resistance. However, additional genes are needed to ensure long-term durable resistance. Recent efforts are focused on incorporating the Ur-5 gene.

INTEGRATED IMPROVEMENT PROCESS OF COLD-HARDY GRAPES; FROM BREEDING, PRODUCTION, TO SENSORY ANALYSIS

NDSU

David Boehm, Fargo

Project Budget: \$269,846

The Northern Crops Institute will lead a collaborative and integrated effort between North Dakota State Universities Grape Germplasm Enhancement Project (GGEP) and the North Central Research Extension Center (NCREC) to evaluate 11,000+ winter-hardy grape accessions, including breeding projects, to grafting and production improvements, to final microvinification (small batch wine) process and tasting evaluations at the NCI. Outcome to include an improved process for selecting and screening cold-hardy grapes for North Dakota and disseminate non-proprietary information to all stakeholders in the expanding grape and wine industry through industry meetings, reports and with the Winery Association of ND (WAND) and the ND Grape and Wine Association (NDGWA).

EVALUATION OF LUPIN ADAPTATION IN NORTH DAKOTA AND SEED QUALITY FOR FOOD INGREDIENTS

NDSU

Blaine Schatz, Carrington

Project Budget: \$196,972

The North Dakota State University Carrington Research Extension Center will evaluate a diverse number of lupin selections to determine their adaptation for production in North Dakota and assess their nutritional profile for inclusion in food products. This project will source and assemble a diversity of lupin genetics representing experimental lines and released varieties grown in other parts of the world. Seed quality of the most adapted materials will be evaluated to determine their level of the primary nutritional factors important for lupin as a food ingredient or product and to assess any presence of alkaloids, an antinutritional factor. Multiple food ingredient companies and researchers will be provided with seed samples for evaluations to determine acceptance within their products. Achievement of project objectives will position North Dakota to be in a favorable position to supply the emerging demand for this high-quality plant-based protein.

PROVIDING ACCESS TO SPECIALTY CROPS TO GRADE SCHOOLS IN NORTH DAKOTA

North Dakota Department of Agriculture
Kristine Kostuck, Bismarck

Project Budget: \$61,915.88

The North Dakota Department of Agriculture (NDDA) will provide educational resources and grants to grade school classrooms to purchase supplies to grow lettuce, herbs, tomatoes and peppers in their classroom during the school year. The growing of vegetables in the classroom will provide hands on learning to enhance STEM education already being taught.

IMPACTS OF FUNGICIDE APPLICATIONS AND PLANT DISEASES ON SPECIALTY CROP YIELDS AFTER HAIL

NDSU

Samuel Markell, Fargo

Project Budget: \$180,342

North Dakota State University plant pathologists will; 1) determine the severity and yield impact of diseases that occur on pinto bean, navy bean, chickpea, dry edible pea and confectionary sunflower following hail, 2) determine the disease severity and yield impact of foliar fungicide and cupric hydroxide applied after hail events, 3) determine the impacts of fungicide applications on plant health, and 4) develop and disseminate management recommendations to growers at meetings, field days and through media.

MINING THE SOIL AND HOST GENETICS FOR SUSTAINABLE ANSWERS TO VERTICILLIUM WILT IN POTATO

NDSU

Julie Pasche, Fargo

Project Budget: \$176,720

North Dakota State University plant pathologist and potato breeder, and University of Minnesota potato breeder will improve the management of Verticillium wilt of potato using sustainable methods. Specifically, we will develop, optimize and validate multiplex qPCR methods to quantify Verticillium dahliae and Colletotrichum coccodes from potato stem tissue and soil, and identify genetic regions associated with resistance to V. dahliae in potato breeding germplasm developed for North Dakota growers. This project is somewhat unique in that it will leverage existing genetic and phenotypic data for NDSU breeding lines. These efforts focus on two inter-related, critical and sustainable aspects of Verticillium wilt management and bring together three potato researchers with complementary expertise.

DEFINING OPTIMUM ROW SPACING FOR IMPROVED SIZE PROFILE AND YIELD OF CHIPPING POTATO TUBERS

NDSU

Andrew Robinson, Fargo

Project Budget: \$117,444

North Dakota State University will determine the value of narrower row spacing to reduce size profile and improve total marketable yield. Potato chips are most sold in small bags of 0.75 to 1 oz. Because smaller bags are most popular to consumers, chip processors would like to receive smaller sized tubers and will likely mandate a smaller size profile soon. It is unknown though what effect row spacing would have on chipping potato production. Because it is very costly for a commercial potato grower to change equipment for narrower row spacing, a research project should be performed to determine if there is value in narrower row spacing. The purpose of this study is to determine the optimal row spacing of chipping potatoes to improve marketable potatoes.



Trees at Burnt Creek Nursery in Baldwin, ND

INDUCING STERILITY IN ORNAMENTAL WOODY TREES AND SHRUBS

NDSU

Todd West, Fargo

Project Budget: \$45,739

Many woody plants are well adapted for the harsh growing environment of North Dakota. Unfortunately, with non-native plants, there is a risk of invasiveness. Examples of this include Siberian elm and common buckthorn. Both plants are well adapted for growing in very difficult places but are highly invasive. This North Dakota State University project proposes to 1. evaluate commercially available sterile ornamental trees and shrubs and 2. induce sterility by developing tetraploids of several different woody trees and shrubs. These tetraploids will be utilized for breeding and inducing sterile cultivars to be used in the ND nursery and landscape trade.

DEVELOP COMPLEMENTARY PULSE PROTEINS FOR IMPROVING NUTRITIONAL QUALITY AND FUNCTIONALITY OF PULSE PROTEINS

NDSU

Jiajia Rao, Fargo

Project Budget: \$181,758

North Dakota State University will address the critical needs of pulse proteins to be utilized as “Alt protein” in the food industry, which can directly help increase the market and profitability of pulse production in North Dakota (ND). In North America, positioning a good/excellent source of protein claim in food requires enough “high-quality” protein. The quality of a protein is primarily determined by its amino acid composition and digestibility. Pulse proteins are known to be deficient in certain essential amino acids such as sulfur amino acids or tryptophan. The most promising solution to overcome these deficiencies by combining pulse proteins

with cereal proteins/or another source of plant protein, leading to a complete amino acid profile and overall digestibility and functionality. However, functionality, sensory and flavor profile of pulse protein blends are not explored yet. Therefore, the aim of this study is to investigate the effects of pulse protein and/ or rice, hemp protein blending method, ratio on amino acid profile, in vitro digestibility and physicochemical characteristics of protein mixture.

DETERMINING NITROGEN USE EFFICIENCY OF NEW RUSSET-SKINNED POTATOES

NDSU

Andrew Robinson, Fargo

Project Budget: \$134,194

North Dakota State University (NDSU) will determine the response of lower nitrogen rates of newly released potato cultivars or advanced selections from the NDSU potato-breeding program. There is a great push for more sustainable potato production North America from consumers and processors. One way to improve sustainable potato production is to reduce inputs by using new cultivars that have higher nitrogen use efficiency. A reduction of inputs could lessen the production cost and put fewer products into the environment. Exciting cultivars that the NDSU Potato Agronomy program have tested can produce potatoes with less nitrogen than the standard Russet Burbank.

OPTIMIZING FUNGICIDE SPRAY DROPLET SIZE FOR IMPROVED MANAGEMENT OF FOLIAR DISEASES IN FIELD PEAS

NDSU

Michael Wunsch, Carrington

Project Budget: \$107,581

The North Dakota State University Carrington

Research Extension Center, in cooperation with the NDSU North Central and Langdon Research Extension Centers, will conduct multi-location field trials to develop rigorous disease management recommendations for optimizing fungicide spray droplet size for improved management of Ascochyta blight and powdery mildew in field peas. Field peas, grown for domestic and international consumption and for the non-GMO plant-based fractionated protein market, are an important rotational legume in western and central North Dakota. Powdery mildew and Ascochyta blights are economically important diseases of field peas, impacting both seed yield and seed quality, and fungicides are important tools for their management. Preliminary research indicates that the yield response to fungicide applications in field peas is strongly influenced by the spray droplet size utilized in fungicide applications. This project seeks to establish field studies to develop rigorous recommendations on optimizing fungicide droplet size relative to crop canopy characteristics for improved management of Ascochyta blight and powdery mildew in field peas.

OPTIMIZING FUNGICIDE TANK-MIXES WITH CHLOROTHALONIL FOR IMPROVED MANAGEMENT OF ASCOCHYTA BLIGHT IN CHICKPEAS

NDSU

Michael Wunsch, Carrington

Project Budget: \$109,377

The North Dakota State University Carrington Research Extension Center, in collaboration with the NDSU North Central and Williston Research Extension Centers, will conduct field trials and conduct outreach to North Dakota and Montana chickpea producers to improve the management of Ascochyta blight in chickpeas. With the development of resistance to QoI fungicides, Ascochyta blight of chickpeas is managed almost

exclusively with fungicides with DMI (triazole) and/or SDHI modes of action. Neither mode of action provides satisfactory disease control under conditions of high disease pressure, and the reliance on two modes of action is high risk for the development of fungicide resistance. The contact fungicide chlorothalonil represents another mode of action and is registered for use on chickpeas, but it is not used widely due to poor efficacy when applied alone. This project seeks to optimize fungicide application rates in tank-mixes with chlorothalonil, assess whether different brands of chlorothalonil perform equivalently, evaluate which commonly used fungicides benefit from this tank-mix strategy, and identify the spray droplet size that optimizes the performance of the tank-mix.

BOOSTING FIELD PEA PRODUCTION AND INSECT PEST CONTROL: THE ROLE OF ROOT MICROBE DIVERSITY

NDSU

Deirdre Prischmann-Voldseth, Fargo

Project Budget: \$99,582

Root microbes are promising tools in the sustainable management of specialty crops that can be manipulated by farmers, although their use is hampered by variable performance and a lack of information of how they function under realistic growing conditions. North Dakota State University will conduct greenhouse and field experiments to determine how manipulating the species diversity of beneficial arbuscular mycorrhizal fungi benefits microbes associated with field pea roots, levels of key phytohormones and nutrients, plant growth, and reduces insect pest densities. NDSU will disseminate results to stakeholders via presentations and published articles.



A haskap berry at the NDSU Carrington Research Extension Center

ASSESSMENT OF IMPROVED HASKAP SELECTIONS FOR NORTH DAKOTA

NDSU

Kathleen Wiederholt, Carrington

Project Budget: \$97,369

The North Dakota State University Carrington Research Extension Center will make selections of new Japanese haskaps to identify varieties that are better suited to North Dakota's growing conditions. We will assess the berry cling, ripening time, productivity and fruit quality of new material and plants that were propagated in a previously supported project which will begin to bear fruit in 2022 and 2023. Results will be made available through meetings, field days, publications and web content.

TRANSLATING HIGH- THROUGHPUT PHENOTYPING INTO REALIZED GENETIC GAIN IN PULSE CROPS

NDSU

Nonoy Bandillo, Fargo

Project Budget: \$190,453

Collecting useful, accurate, interpretable, and biologically relevant phenotypic data in a resource-efficient manner is a major bottleneck in plant breeding. The phenotyping bottleneck, particularly for capturing under- and over-canopy traits, is a perennial problem for successful evaluation of new breeding lines. The NDSU researchers will pioneer development and utilization of a high-throughput field phenotyping platform for 1) efficient generation of high-quality trait data, 2) speed- up the time-consuming and laborious traditional data gathering, and 3) increase selection accuracy of phenotyping field experiments. We will explore a combination of aerial imaging and under-canopy robot, including development of a machine learning algorithm, for estimation of important agronomic yield-related and adaptation traits. We will focus our efforts on field pea with a current market cap value of \$9 billion due to growing plant-based protein market.

WEED CONTROL IN ONION: USING AN INTEGRATED SYSTEM FOR EARLY SEASON CONTROL

NDSU

Harlene Hatterman-Valenti, Fargo

Project Budget: \$83,283

North Dakota State University will establish a contractual relationship with the State Department of Agriculture to lead and execute the project. Objectives are to determine appropriate herbicide applications that will keep the field weed-free without onion injury prior to the two-true-leaf stage when several products

are available. Field experiments will be in a grower's field and the NDSU Agricultural REC near Oakes, ND. Data from each location will be recorded and analyzed. The findings from this research will be provided at field days, meetings, and will be published nationally and locally online. With demonstration of early season weed control, onion acreage will increase, potentially diversifying a producer's cropping system and increasing the competitiveness and profitability for ND growers.

UNLOCKING BENEFICIAL MICROORGANISMS FOR ENHANCING ADAPTABILITY AND RESILIENCE OF DRY EDIBLE PEA

NDSU

Barney Geddes, Fargo

Project Budget: \$199,543

Dry edible pea is a critical specialty crop to agriculture in North Dakota, which ranks top in the US for dry edible pea production. Consumption of pea protein is gaining traction in a growing market driven by products such as the Beyond Meat burger. In North Dakota, key stresses that affect pulse crop production include abiotic stresses like drought and biotic stresses such as root rot. A growing body of evidence suggests that plants can recruit beneficial microbes from the soil to improve their adaptability and resilience to stressful conditions. Researchers from North Dakota State University are working to identify beneficial members of the pea microbiome that become enriched following exposure to biotic and abiotic stresses and applying new innovations towards harnessing them as a tool for sustainable dry edible pea production.

ADDITIONAL ONE-TIME FUNDING



Honey samples at the National Agricultural Genotyping Center

USING HONEY SAMPLES TO MONITOR PATHOGENS AND PARASITES IN NORTH DAKOTA BEEKEEPING OPERATIONS

National Agricultural Genotyping Center
Zachary Bateson, Fargo

Project Budget: \$179,861

The National Agricultural Genotyping Center (NAGC) will develop molecular diagnostics for two parasitic protozoans and the Tropilaelaps mite to incorporate into a surveillance program using honey samples from commercial and hobby beekeepers in North Dakota.

INCREASE THE VALUE FOR NORTH DAKOTA POTATOES THROUGH EDUCATION AND ESTABLISHING A NEW BRAND

Northern Plains Potato Growers Association
Ted Kreis, East Grand Forks, MN

Project Budget: \$250,000

The Northern Plains Potato Growers Association (NPPGA) will create a branding plan to showcase North Dakota grown potatoes as best-in-class

in the market; develop marketing tools directed towards customers, chefs, and consumers to communicate the culinary, sustainability and nutritional value of North Dakota potatoes; and provide tools for educators to use in and out of classrooms to enhance the understanding and challenges of the potato from springtime planting to fall time harvest. The NPPGA represents approximately 225 potato growers throughout the Northern Plains. North Dakota is the 4th largest potato growing state, producing volume in four major potato markets: chip, fresh, seed, and frozen processing. To build a strong future and expand awareness of the potato industry in North Dakota, the NPPGA would like to create a comprehensive brand, marketing and communications plan to build a name for North Dakota grown potatoes. This campaign will be directed toward educators, potato customers, and consumers. By promoting the value and the quality of potatoes grown in North Dakota, processors, buyers, other potato growers, kids, chefs and consumers will create greater demand and increase the value for this specialty crop. NPPGA will contract with an ag-based marketing agency to develop a strategic marketing and communications plan which will

include a new, creative brand with messaging that highlights North Dakota grown potatoes. Specific deliverables will be used to reach audiences which may include video production, digital, website radio, digital advertising, outdoor advertising, events, social media, print media, and/or audio media.

ASSIST GROWER/SHIPPERS PROMOTE AND SELL NORTH DAKOTA GROWN POTATOES AT NATIONAL/INTERNATIONAL TRADE SHOWS

Northern Plains Potato Growers Association
Ted Kreis, East Grand Forks, MN

Project Budget: \$144,680

The Northern Plains Potato Growers Association will provide a venue at the Produce Marketing Association Fresh Summit trade shows in October, 2022 and October, 2023 for our fresh potato packing sheds and growers to market and sell Red River Valley Potatoes to grocery chains and foodservice providers nationwide with the end result being to increase the awareness and consumption of North Dakota grown potatoes. The PMA Fresh Summit is the largest gathering of its kind with the main purpose of connecting growers/shippers with wholesale buyers of fruits and vegetables for delivery to retail grocery stores and restaurants. The PMA Fresh Summit is generally attended by over 20,000 people, many who are important decision makers for grocery and restaurant chains. All of the Red River Valley Potato's competitors attend as well, so it is very important that we make a strong showing.

USE GPS, DIGITAL MAPPING AND SPATIAL STATISTICS TO IDENTIFY AND DESCRIBE ANY PREDICTABLE, WITHIN-FIELD DISTRIBUTION OF POTATO VIRUS Y

Regents of the University of Minnesota
Ira MacRae, Minneapolis, MN

Project Budget: \$104,807

The University of Minnesota – Northwest Research & Outreach Center will use highly accurate GPS, digital mapping and spatial statistics to identify and describe any predictable, within-field distribution of Potato Virus Y in seed potato fields of North Dakota. These distributions will be used to develop recommendations for targeted application of management tactics (e.g. scouting, rogueing and management inputs) designed to improve the economic and environmental sustainability of North Dakota seed potato production. These recommendations will be disseminated to the North Dakota producers at potato Research Reporting events, field days and other outreach events.

DETERMINING INTERACTION OF NEMATODE AND FUNGAL PATHOGENS FOR CONTROL OF ROOT ROT OF FIELD PEA

NDSU
Guiping Yan, Fargo

Project Budget: \$116,120

The Department of Plant Pathology at North Dakota State University will determine the molecular types of pin nematode species widely present in pea fields in North Dakota, develop a new real-time PCR assay for rapid detection and identification of the nematode species, evaluate the effects of co-inoculation of pin nematode and fungal species on root rot, growth and seed weight of field pea, and further compare the effects of infection from both pathogens with the infection of nematode or fungal species alone. Results of the proposed research will improve the pin nematode detection efficiency and capacity in infested fields and help understand whether the interaction between nematode and fungal pathogen causes more severe root rot and more negative impact on growth and yield of field pea and whether the pin nematode plays an

important role in the root rot disease complex. This information is important to help growers perform risk assessment and make proper management decisions for controlling the root rot disease to increase field pea yield and improve the production of field pea.

PULSE GRAIN BIOPROCESSING FOR ENHANCED NUTRITIONAL PROFILES AND FUNCTIONAL PROPERTIES

NDSU

Bincan Chen, Fargo

Project Budget: \$193,332

North Dakota State University will develop a green and tunable bioprocess by combining microbial (*Aspergillus oryzae* and *Lactobacillus plantarum*) and/or enzymatic conversion to enhance the nutritional and functional properties of pulses. The aim of this project is to tackle the nutritional, sensory, and physicochemical challenges currently faced by using pulse grains (yellow pea, lentil, and chickpea) as functional ingredients in food systems. The release of essential amino acids, soluble proteins, and bioactive compounds by *A. oryzae*-secreted hydrolases will be assessed. The degradation of anti-nutritional factors by *L. plantarum* will be evaluated. The synthesis of secondary metabolites particularly aroma and flavor compounds, and the production of “bitter-blocker” compounds by the microorganisms will be determined. Remedy strategies of applying extra commercial enzymes will be developed if the microbial bioprocessing is insufficient. This research will also evaluate the physicochemical properties (i.e. solubility, gelation, foaming, and emulsification) of flours and proteins extracted from bioprocessed pulse grains. The mathematic model will be simulated to optimize the bioprocess and the parameters will be recommended for application in real practices. Performing this research will generate

valuable information to promote the utilization of pulse grains in the food industry, as well as assisting in raising consumer’s awareness of pulse consumption. The accomplishment of this project will in return increase the profitability and competitiveness of ND pulse growers and promote a healthy local food system. The research findings will be shared with diverse audiences including pulse growers, processors, consumers, industrial professionals through web pages, workshops, publications, and conferences, etc.



Remote-controlled drip irrigation project on the NDSU campus

UTILIZING REMOTE-CONTROLLED IRRIGATION FOR HIGH TUNNEL TOMATO AND PEPPER PRODUCTIONS IN ND

NDSU

Xinhua Jia, Fargo

Project Budget: \$122,808

The North Dakota State University (NDSU) if awarded a grant will establish a contractual relationship with the State Department of

Agriculture to lead and execute the vegetable irrigation project. Under a previous specialty crop block grant, NDSU Department of Plant Sciences (PS) and Williston Research Extension Center showed that high tunnels can be used to effectively modify the environment and greatly enhance the growth of warm season high tunnel crops, such as tomatoes, peppers, and cucumbers. Another grant by NDSU Department of Agricultural and Biosystems Engineering (ABEN) showed that tomato and watermelon can be automatically managed by drip irrigation. Combining the findings from the two previous projects, this new project will manage the high tunnel vegetable production via remote-controlled drip irrigation, in contrast to the traditional time-based irrigation, 1-2 times per week depending on plant visible cues or expected hot, dry days. The emphasis is to optimize water usage for the greatest yields and fruit quality of tomato and pepper inside and outside a high tunnel. This project will enhance the competitiveness of tomato and pepper productions through greater capacity of sustainable practices resulting in increased yield, reduced inputs, increased efficiency, increased economic return, and/or conservation of resources. With the continuation of the NDSU High Tunnel Community of Practice listserv, we will be able to address grower questions and quickly disseminated results to stakeholders; and with grower meetings and field days we will be able to reach new and potential stakeholders.

DIGGING DEEPER IN POTATOES BY DEVELOPING AN ELECTRONIC POTATO PRODUCTION BOOK

NDSU

Andrew Robinson, Fargo

Project Budget: \$246,540

North Dakota State University Extension Potato Agronomy program will develop an electronic

potato production book complete with photo galleries, videos, research data and other information that will assist potato growers in making quick, critical management decisions. The electronic book will be accessible online with a computer or smart phone. We expect potato growers to be able make more accurate and quicker decisions that will enable them to improve production and profitability. The book will include information on production practices from planting to growing the crop and storage of the potato tubers. We will develop the text, organize previous taken pictures (2D), create 360-degree photos, record educational videos, provide links to previous research articles and Extension articles for specific topics in the book. This will allow potato growers to be able to dig as deep as they desire in a subject and gain the knowledge they need and not have to questionably search the internet. Once this framework is built for the electronic book, we will be able to continue to build upon it with more pictures, videos, and links to articles on specific topics.

FILLING THE PITS CAUSED BY POTATO COMMON SCAB IN NORTH DAKOTA

NDSU

Julie Pasche, Fargo

Project Budget: \$223,000

North Dakota State University plant pathologists and extension professionals will partner with a potato common scab expert from USDA-ARS to improve the management of this disease in North Dakota in both the near- and far-term. We will begin by characterizing the North Dakota pathogen population. Understanding the local pathogen population is the first critical step in the development of management strategies. While collecting diseased tubers from grower fields across the state to recover the pathogen, we will rate disease severity and collect soil. This will



Potato scab

allow us to determine if any relationship exists between the soil characteristics and disease severity. Using pathogenic *Streptomyces* isolates collected from North Dakota, we will evaluate resistance in cultivars commonly grown in North Dakota. In addition, we will evaluate 2,4-D for the management of common scab. This tool has shown some promise, but varying results have been observed across trials. Again, performing these evaluations under our local growing conditions will help us develop answers for local growers. Finally, we will report results from these evaluations to growers so that they can begin using any management strategies we find promising during this work.

PROVIDING FARMERS WITH RESOURCES TO HELP THEIR CUSTOMERS INCREASE CONSUMPTION OF SPECIALTY CROPS

North Dakota Department of Agriculture
Colby Lysne, Bismarck

Project Budget: \$365,380.40

The North Dakota Department of Agriculture (NDDA) will create a series of web episodes that show how to cook and preserve specialty crops. The NDDA will create materials targeted to consumers to increase the consumption of specialty crops. The episodes and corresponding recipes will be made available to specialty crop producers.

NEW TECHNOLOGY TO FIGHT AN OLD FOE: CHARACTERIZING RESISTANCE TO POTATO POWDERY SCAB

NDSU

Asunta Thompson, Fargo

Project Budget: \$201,619

North Dakota State University potato breeder and plant pathologist, alongside the University of Minnesota potato breeder will improve our understanding of the genetics of resistance to powdery scab of potatoes, with the ultimate goal of developing cultivars resistant to this increasingly important and management-evading pathogen. We propose here to identify powdery scab resistant lines in the North Dakota breeding program. With that, we will identify genes for pathogen resistance for which markers will be developed. These markers will increase the efficiency in selecting for resistance and ultimately speed the breeding process. To do this, we will utilize new sequencing technology proven to be successful in identifying resistance to potato late blight. Stakeholder input and feedback will be used as a valuable resource in conducting these studies.

MARKETING NDSU SELECT TREES AND TREE VALUE EDUCATION

NDSU

Todd West, Fargo

Project Budget: \$72,205

Project Partner: North Dakota State University
Several non-commercial release programs have marketing programs to educate the value of the sections for the specific climate and conditions. One such program is Chicagoland Grows; they feature plants that are suited for Chicago planting. I would like to do something similar with the NDSU program called NDSU Select or ND Select which has a dedicated website with detailed information on each release, pictures, and use. There would be labels, point of sale signs, and other materials available for download for any entity that would like to showcase that the specific plant is a NDSU Select plant. Utilizing a marketing program will be evaluated with ND retail garden center/nurseries. This would help with sales across the state and increase revenues. The other part of the proposal is to develop a database/website that has labels and brochures for non-NDSU materials stating what the tree is, the benefits it provides and the value of the tree. Starting in 2017, Minneapolis Dept of City Forestry began placing durable tree labels on newly planted trees. These labels had information on the tree species, what benefits it provides and the value of the tree. This helped with public awareness of the importance of trees and their value. This project proposes the development of an informational website and tree labels to be utilized in community plantings. Both of these marketing/educational opportunities would be positive for the NDNGLA and NDUCEFA associations and help with increasing sales and public awareness.

MANAGING SCLEROTINIA HEAD ROT IN CONFECTION SUNFLOWERS WITH BEE-VECTORED CLONOSTACHYS ROSEA AND PARTIALLY RESISTANT HYBRIDS

NDSU

Michael Wunsch, Carrington

Project Budget: \$118,483

The North Dakota State University Carrington Research Extension Center, in cooperation with the NDSU Langdon Research Extension Center, will conduct multi-location field trials and outreach to North Dakota and Minnesota sunflower producers to improve the management



A sunflower with head rot being studied at the NDSU Carrington Research Extension Center

of Sclerotinia head rot of confection sunflowers, a sporadic but serious disease for which no management tools are currently available. Field trials will be established to develop rigorous recommendations for the combined deployment of partially resistant hybrids and a novel disease management strategy that has conferred consistent, strong reductions in head rot. In field trials conducted in Carrington and Oakes, the

least susceptible confection hybrid had 30 to 89% lower incidence of Sclerotinia head rot than the most susceptible hybrids under moderate to severe head rot pressure. In field trials conducted in Langdon and Carrington in 2016-2020, the use of bees to inoculate sunflower heads with strain CR7 of the fungal biological control agent *Clonostachys rosea* conferred 13 to 60 percent reductions in Sclerotinia head rot under moderate to severe disease pressure. This proposal seeks to integrate these management strategies, to determine the spatial distribution of bee hives required to achieve satisfactory control of head rot by quantifying the distance away from bee hives that satisfactory disease control is achieved, and to generate additional data on the relative susceptibility of confection hybrids. The project will contribute to the development of rigorous head rot management recommendations for confection sunflowers. Results will be disseminated at outreach meetings, in trade publications, and with reports published online.

**SPECIALTY FRUITS AND VEGETABLES:
INCREASING KNOWLEDGE, SKILLS AND
CONSUMPTION AMONG YOUTH AND ADULTS**
NDSU

Julie Garden-Robinson, Fargo

Project Budget: \$81,464

North Dakota State University Extension specialists, faculty and staff from at least 25 counties and external partners will enhance knowledge and safe food handling of specialty fruit and vegetable crops from field to fork. This project addresses three key priorities of the North Dakota Department of Agriculture related to enhancing the competitiveness of specialty crops: 1) enhancing food safety, 2) improving the capacity of all entities in the specialty crop distribution chain to comply with FSMA, etc. and 3) increasing child and adult nutrition knowledge and consumption of specialty crops. The project

will create new educational materials related to specialty fruits and vegetables grown in North Dakota targeting both youth and adults. Through the development of materials such as online modules, fact sheets, information releases, presentations, participants will increase their knowledge of specialty crop use. As a result of partnerships with NDSU and Iowa State University faculty and specialists, farmers markets and growers, the project will offer face-to-face workshops, webinars and online module-based training for growers, small food businesses, including topics such as Good Agricultural Practices, FDA acidified food regulations and topics including agricultural water, biological soil amendments, domesticated and wild animals, and worker health and hygiene. The project will increase knowledge and consumption of North Dakota specialty crops through the offering of education for children in 4-H programs and schools, including school gardens, related to North Dakota specialty crops. Knowledge gained and behavior changes will be evaluated through the use of pre/post surveys.

**PREDICTING POTATO GROWTH IN THE RED
RIVER VALLEY**

NDSU

Andrew Robinson, Fargo

Project Budget: \$122,384

North Dakota State University will develop potato bulking models and a calculator to help potato growers determine the best time to desiccate vines in preparation for harvest. For decades, chip, fresh and seed potato growers in the Red River Valley have dug multiple 10 feet of row staring about a month or more before harvest to determine when the correct time is to desiccate potato vines. With a predictive model, potato growers could increase returns by saving time to dig and size potato tubers, increase yield by not removing so many tubers from the field

and preserve other plants by not damaging them to walk into the field. We plan to develop predictive models utilizing historical data that will be provided by many potato growers and utilize the North Dakota Agriculture Weather Network history weather data. As a result, we will develop an online model or models (depending on variety or weather conditions) that will utilize information provided by the grower to determine the most likely bulking development of tubers. The objectives of this study are to 1) develop bulking rate models for seed, chip, and fresh potato historical data, 2) create an online model or models that stakeholders can utilize to determine the most likely bulking rate for each field every year, and 3) disseminate this information and train stakeholders at field days, grower meetings, the Valley Potato Grower magazine and on the NDSU/UMN Potato Extension webpage (z.umn.edu/spud).

NEW SLOW DARKENING BEAN SPECIALTY MARKET CLASSES FOR IMPROVED SEED QUALITY AND MARKET EXPANSION

NDSU

Phil McClean, Fargo

Project Budget: \$58,828

The North Dakota State University (NDSU) dry bean breeding program successfully developed and released a slow darkening (SD) pinto variety, ND Palomino, which 1) increased the quality and reputation of North Dakota pinto beans, and 2) increased the competitiveness of ND grown beans in both national and international markets. Today, ~35% of the pinto acreage in the state is grown with SD pinto varieties. We propose to extend to introduce the SD trait into cranberry, pink, and light red kidney market classes that are also prone to darkening issues. Attempts to transfer the SD trait into these market classes were unsuccessful. Recent collaborations between the NDSU genomics (McClean) and

breeding (Osorno) programs have now defined the genes and implemented the molecular tools necessary to successfully transfer the SD trait. These molecular tools allow us to: i) accurately select appropriate parents for crosses; and ii) track the SD allele during the breeding and selection process. These breeding efforts have just begun, and early generation breeding lines have been developed. This project will allow us to continue the breeding efforts. After the 2-year duration of this project, we anticipate promising SD breeding lines within these market classes will be undergoing early generation field testing for agronomic performance and future release as improved SD varieties.

MANAGING SILVER SCURF BLEMISH FOR IMPROVED MARKETABILITY OF TABLE POTATOES

NDSU

Gary Secor, Fargo

Project Budget: \$152,437

Researchers in the Department of Plant Pathology and the Plant Sciences Department at North Dakota State University will conduct research to manage silver scurf blemish disease of red and yellow table potatoes. This will be accomplished by identifying selections from the NDSU potato breeding program with genetic resistance to silver scurf and by testing efficacy of chemical and biological compounds applied as seed treatments and in-furrow treatments at planting. Results of this research will result in improved marketability and profitability for growers due to fewer buyer rejections due to blemishes. Results will be disseminated to growers, potato packers and other stakeholders through meetings, field days and media.

DETECTION OF VIRULIFEROUS STUBBY ROOT NEMATODES IN FIELDS FOR FIELDS FOR MANAGING CORKY RINGSPOT DISEASE OF POTATO

NDSU

Guiping Yan, Fargo

Project Budget: \$169,892

The Department of Plant Pathology at North Dakota State University will develop a new real-time PCR assay to detect Tobacco rattle virus (TRV) vectored by stubby root nematodes in infested potato fields, improve the conventional PCR assay to identify TRV in single viruliferous stubby root nematodes, establish a biological system to increase viruliferous nematode populations and then eliminate TRV from the viruliferous nematodes, and apply the PCR assays to test soil samples collected from various fields in North Dakota to validate the assays and determine the viruliferous field stubby root nematode populations. This proposed research will provide useful tools for detecting the virus in stubby root nematodes, manipulating viruliferous and nonviruliferous nematode populations, and identifying fields with or without viruliferous nematodes. This information is important for conducting disease risk assessment and developing an effective field management strategy to control the virus and nematode in potato fields to reduce the losses.

GREEN FOXTAIL SCREENING FOR HERBICIDE RESISTANCE AND TANK MIX ANTAGONISM

NDSU

Brian Jenks, Minot

Project Budget: \$66,611

Green foxtail is an annual grass weed that reduces crop yields if not controlled and is known to be resistant to some herbicides. North Dakota State University will screen green foxtail



Brian Jenks explains the green foxtail screening for herbicide resistance project

populations collected from across the state for resistance to commonly used herbicides in small grains and broadleaf crops. In addition, NDSU will evaluate various grass plus broadleaf herbicide tank mixes to determine if one product is reducing the effectiveness of another product (antagonism). The project will help us understand where herbicide resistance is developing and will help determine if tank mix antagonism is another reason green foxtail is not being controlled.

UTILIZING CATERPILLAR TUNNELS TO INCREASE PRODUCTIVITY OF WARM-SEASON VEGETABLES AND SMALL FRUITS

NDSU

Harlene Hatterman-Valenti, Fargo

Project Budget: \$106,469

High tunnels effectively extend the growing season, especially in ND where late spring frosts and early fall freezes shorten the growing season. Unfortunately, most high tunnels constructed in ND consist of a single layer of

plastic, which provides poor insulation when drastic temperature changes occur and may tear under windy conditions when compared to double-poly high tunnels. Recent introduction of a smaller and more portable tunnel called a caterpillar tunnel offers similar season extension as a single-poly high tunnel, but for a fraction of the cost. The caterpillar tunnels also come in similar shapes as high tunnels (gothic-arch and half-circle), which need to be tested for ability to withstand the high winds typical for ND. North Dakota State University if awarded this grant will establish an agreement relationship with the State Department of Agriculture to lead and execute the project to utilize low-tech portable caterpillar tunnels to increase productivity of warm-season vegetables and small fruits. NDSU will evaluate the use of caterpillar tunnels for the productivity of two vegetables and two small fruits. The testing strategies will include both shapes to examine environmental differences as well as production differences for local market vegetables and small fruit genotypes. Both vegetables and small fruit that have ripening issues from the short growing season and lower average air temperatures that are typical in North Dakota have been selected for testing. Results will provide weather alteration information that should optimize growth potential of all species tested and may influence winter injury for the perennial small fruit species tested. Critical results will be disseminated through field days, meetings, media, and publications. In addition, a tunnel listserv will be developed to help disseminate results, to address problems/issues that arise, and to initiate dialogue between tunnel growers.

OPTIMIZING FUNGICIDE SPRAY DROPLET SIZE FOR IMPROVED WHITE MOLD MANAGEMENT IN DRY BEANS

NDSU
Michael Wunsch, Carrington

Project Budget: \$116,932

The NDSU Carrington Research Extension Center, in collaboration with the NDSU Robert Titus Research Farm in Oakes, will conduct field research to optimize the delivery of fungicides for improved management of white mold in dry beans and will conduct outreach to North Dakota and Minnesota dry bean producers. White mold develops in the interior of the canopy, and fungicide activity is optimized when spray droplets are large enough to have the velocity to penetrate the canopy but still small enough to confer satisfactory coverage. In field testing conducted with fungicides applied at early bloom and 10-14 days later, fine droplets optimized white mold management in pinto, black and navy beans when the canopy was open at the second fungicide application, and medium to coarse droplets were optimal when the canopy was at or near closure at the second fungicide application. In kidney beans, the optimal droplet size differed by market class: coarse droplets (light-red kidneys) and medium to coarse (dark-red kidneys). In these studies, the same droplet size was utilized in both fungicide applications. Dry bean canopy closure and density increase significantly in the 10-14 days between sequential fungicide applications targeting white mold, and this project seeks to quantify the additional gains from spray droplet size that can be realized by calibrating droplet size relative to canopy characteristics at each application. Testing will be conducted on irrigated pinto, kidney, navy, and black beans. Results will be disseminated at grower meetings, posted online, and published in trade magazines and academic journals.

BIODEGRADABLE MULCHES FOR ENVIRONMENTALLY RESPONSIBLE PEST MANAGEMENT IN FRUIT AND VEGETABLE CROPS

NDSU
Greta Gramig, Fargo

Project Budget: \$99,483

North Dakota State University will investigate how cellulose-based biodegradable soil-applied mulches, as replacements for widely used plastic or polyethylene mulches, can suppress multiple pests (weeds and insects) in horticultural specialty crop production systems using the transplanted model crops, strawberry and cabbage. The technologies developed by the proposed project are aimed at increasing weed suppression and decreasing insect pest pressure by disrupting pest biology and increasing beneficial natural enemies. These technologies have the potential to improve environmental sustainability and profitability of North Dakota fruit and vegetable production systems. NDSU will disseminate results to stakeholders via grower events (e.g., webinars) and publications (e.g., popular press and scientific articles).

FIELD PEA GENE EXPRESSION RESPONSE TO SALT-AFFECTED SOILS

NDSU
Michael Ostlie, Carrington

Project Budget: \$184,047

The North Dakota State University Carrington Research Extension Center and Plant Sciences Department will investigate field pea response to increasing salt concentrations. The resulting gene expression profile will be used in the selection of parents for future crosses to achieve greater salt tolerance in field peas.

EVALUATING MAPLE CUTTING PROPAGATION TO ELIMINATE GRAFTING ISSUES

NDSU
Todd West, Fargo

Project Budget: \$68,374

Project Partner: North Dakota State University
The North Dakota State University Woody Plant Improvement Program will evaluate cutting propagation methods for Korean maple (*Acer*



A graft on a tree

pseudosieboldianum) and hybrids, Miyabe maple (*Acer miyabei*), Norway maple (*Acer platanoides*), Purpleblow maple hybrids (*Acer platanoides* x *Acer truncatum*) and trifoliolate maples (*Acer griseum*, paperbark maple; *Acer mandshuricum*, Manchurian maple; *Acer triflorum*, threeflower maple). This project will focus on best management practices for developing propagation methods utilizing vegetative cuttings to eliminate the need for grafting. Currently, maples are grafted onto seedling rootstocks which is less desirable because of delayed decline and failure as a result of grafting incompatibility or lack of rootstock winter hardiness. Focusing on propagation of these species, will increase availability as well as ensure long-term survival with removing problematic issues relating to grafting. Developing clonal propagation methods will also increase diversity within North Dakota landscapes. Increasing

production numbers of these species will provide increased revenues for North Dakota commercial wholesale and retail nurseries/garden centers. Results will be disseminated to specialty crop beneficiaries through conference presentations, website publications and field days.

AUTOMATED IRRIGATION FOR COMMERCIAL PRODUCTION OF WATERMELON, SQUASH, AND MUSKMELON CULTIVARS IN OAKES

NDSU

Xinhua Jia, Fargo

Project Budget: \$104,301

The Department of Agricultural and Biosystems Engineering (ABEN) and Department of Plant Sciences (PS) at North Dakota State University (NDSU) will work with the Oakes Irrigation Research Site (Oakes) to use an automated irrigation system for commercial production of watermelon, squash, and muskmelon near Oakes, ND. A previous project by ABEN demonstrated that clear plastic mulch and drip irrigation produced a higher yield and sugar content for watermelon on a Red River Valley clay soil in Fargo. This new project will add a remote access to the controller so that one can access the controller anywhere and anytime. The irrigation will be managed in four ways, time-based with rain click, 10% management allowable depletion (MAD), 30% MAD, and 60% MAD. The water use efficiency will be estimated for watermelon, squash, and muskmelon in all four irrigation treatments. This research will use the advanced technology to conserve water and reduce environmental impact on weed control. It will also guide the ND farmers to commercially grow the fruits with the highest yield and quality, but with less environmental impact, which is the definition for sustainability. With many melon and squash farmers in the Oakes area and their irrigation traditions, this project will have an immediate impact to the society. Through field

days, local farmers' market, irrigation workshops, and professional conferences, our team will disseminate our project results to stakeholders.

EVALUATING THE FEASIBILITY OF GROWING AND CULTIVATING GUAR AND BLACK GRAM IN NORTH DAKOTA

NDSU

Gautam Prasad Pradhan, Williston

Project Budget: \$97,002

The North Dakota State University will conduct research on the feasibility of growing and cultivating guar (*Cyamopsis tetragonoloba* L.) and black gram (*Vigna mungo* L.) to provide growers new specialty/legume crops that promote agricultural sustainability through increased crop diversification and farm income. Thirty exotic germplasm of guar and black gram that showed adaptation under greenhouse system will be tested under dryland and irrigated field conditions. Feasibility of growing these crops under various conditions will be determined by analyzing data on growth, plant health, yield, and disease incidence. The project activities and outcomes will be disseminated to the stakeholders through presentations at field days, local and regional growers and extension agents' meetings, and national conferences, and by publishing in electronic and paper formats.

INTEGRATED IMPROVEMENT PROCESS OF COLD-HARDY GRAPES; FROM BREEDING, PRODUCTION, TO SENSORY ANALYSIS

NDSU

Harlene Hatterman-Valenti, Fargo

Project Budget: \$166,177

North Dakota State University if awarded this grant will establish an agreement relationship with the State Department of Agriculture



Valiant grapes at the NDSU Carrington Research Extension Center

to lead and execute the project to identify grapevines with superior phenolic profiles and examine antioxidant, phenolic, and colorimetric characteristics of seedlings within a breeding population. Grapevines from distinct genotypic backgrounds with unique phenolic profiles form the bulk of lines for cold-hardy wine grape germplasm enhancement. By examining phenolic constituents and colorimetric properties, this research will work towards the identification of grapevine genotypes (parents) with marketable juice and wine color, combined with preferable phenolic profiles that will lead to more stable shelf-life of end-use processed grape products. This research will be shared with grower stakeholders through field days, electronic summaries, and annual meetings; it will be made available through subsequent publications.

**EVALUATING BLACK CURRANTS,
CANTALOUPE, AND HASKAPS FOR FRUIT
COMPOSITION AND SUPERIOR HEALTH
ATTRIBUTES IN ND**

NDSU

Harlene Hatterman-Valenti, Fargo

Project Budget: \$124,857

NDSU Agriculture Experiment Main Station will establish an agreement relationship with the State Department of Agriculture to lead and execute the project to evaluate blackcurrant (*Ribes nigrum*), cantaloupe (*Cucumis melo*) and haskaps (*Lonicera caerulea*) cultivars for fruit yield and quality, fruit composition, and health attributes. Numerous local foods producers in North Dakota wonder what fruit they can grow profitably. Black currants and haskaps are extremely cold-hardy small fruits that have been publicized as super fruits due to their exceptional health benefits. Cantaloupe is an annual vine crop, which has a low concentration of polyphenols, but because of the higher volume consumed, the total amount of polyphenols contributed the average daily diet provides substantial nutrient benefit. In addition, the nutrient diversity of cantaloupe ranks it equal to raspberries and above strawberries and blueberries in the food rating system. Examination of fruit cultivar productivity, quality, and phytonutrient concentrations will help growers select a productive and phytonutrient superior cultivar for ND conditions. Such value-added blackcurrant, cantaloupe, and haskap cultivars will immensely help growers by enhancing the competitiveness of specialty crops through increased sales, increased consumption, and subsequently ensuring higher economic returns to the specialty crop growers of ND. Fruit yield, quality, and phytonutrient composition results will be disseminated to specialty stakeholders through field day presentations and public field tours, local specialty grower meetings and regional conference gatherings.

NORTH DAKOTA DEPARTMENT OF AGRICULTURE

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AGRICULTURE DIVERSIFICATION AND DEVELOPMENT FUND

GRANT REPORT 2022



Agriculture Commissioner
Doug Goehring



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ABOUT ADD

The Agriculture Diversification and Development Fund (ADD) was established through HB No. 1475 during the 67th Legislative Assembly to support new or expanding value-added-agriculture businesses that demonstrate financial feasibility, enhance profitability for farmers and ranchers, create jobs and grow North Dakota's economy. The funding opportunities include grants, interest rate buydowns and loans.

The North Dakota Department of Agriculture (NDDA) houses the ADD grant committee. The committee is tasked with the review and recommendation of the grant funding portion of the ADD program. Applications for the program can be found at the Bank of North Dakota at <https://bnd.nd.gov/ag/agriculture-diversification-and-development-fund/>.

Applicants must complete the ADD application form and submit a complete business plan, current balance sheet and income statement along with full sources and use of funds.

ELIGIBILITY

A value-added agriculture business registered with the North Dakota Secretary of State's office or a North Dakota resident that diversifies a crop or animal industry and provides collateral uses for agriculture resources. Businesses with a majority ownership comprised of North Dakota residents will have priority over majority non-North Dakota-owned applications. Companies outside North Dakota must have an established relationship with a North Dakota partner which includes an individual, company or agency to validate the credibility of the proposal and comply with the intent of the Code. The types of projects may include but are not limited to:

- Food production and processing facilities
- Feed or pet food processing facilities
- Commodity processing facilities
- Agriculture product manufacturer
- Animal production facilities

Priority consideration is given to projects most consistent with the mission of the Agriculture Diversification and Development Committee as established in North Dakota Century Code 4.1-01.1. Emphasis will be given to those proposals deemed most likely to generate economic returns and support agricultural-based prosperity of a region or sector of the state.

USE OF PROCEEDS

Proceeds may be used to:

- Purchase or lease equipment.
- To establish a value-added agriculture business.
- To expand an existing value-added agriculture business.

Proceeds may not be used to:

- Fund salaries or operating expenses normally associated with standard business practices.
- Refinance an existing loan or debt.

ADMINISTRATION

ADD COMMISSIONERS

The ADD committee consists of 11 board members. The Agriculture Commissioner appoints five members and the Governor appoints one member.

The board also includes three statutory members: the North Dakota Agriculture Commissioner, the Director of the Department of Economic Development & Finance, and the President of North Dakota State University, or their designees. The remaining two members must be representatives from Independent Community Banks of North Dakota and North Dakota Bankers Association.



RACHEL RETTERATH, CHAIR
Commissioner's Appointee



MATTHEW GLESSNER, VICE CHAIR
Commissioner's Appointee



DAN KALIL
Commissioner's Appointee



KEITH PELTIER
Commissioner's Appointee



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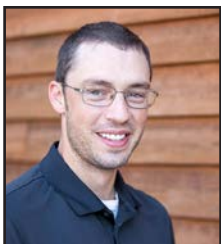
WADE BOESHANS
Governor's Appointee



DENNIS WALSH
Independent Community
Banks of North Dakota



DIANNE PIERCE
North Dakota
Bankers Association



KEVIN SONSALLA
Commerce Designee



DOUG GOEHRING
Agriculture Commissioner



DAVID COOK
NDSU President

ADD STAFF



JOHN F. SCHNEIDER
Business, Marketing
& Information Division
Director



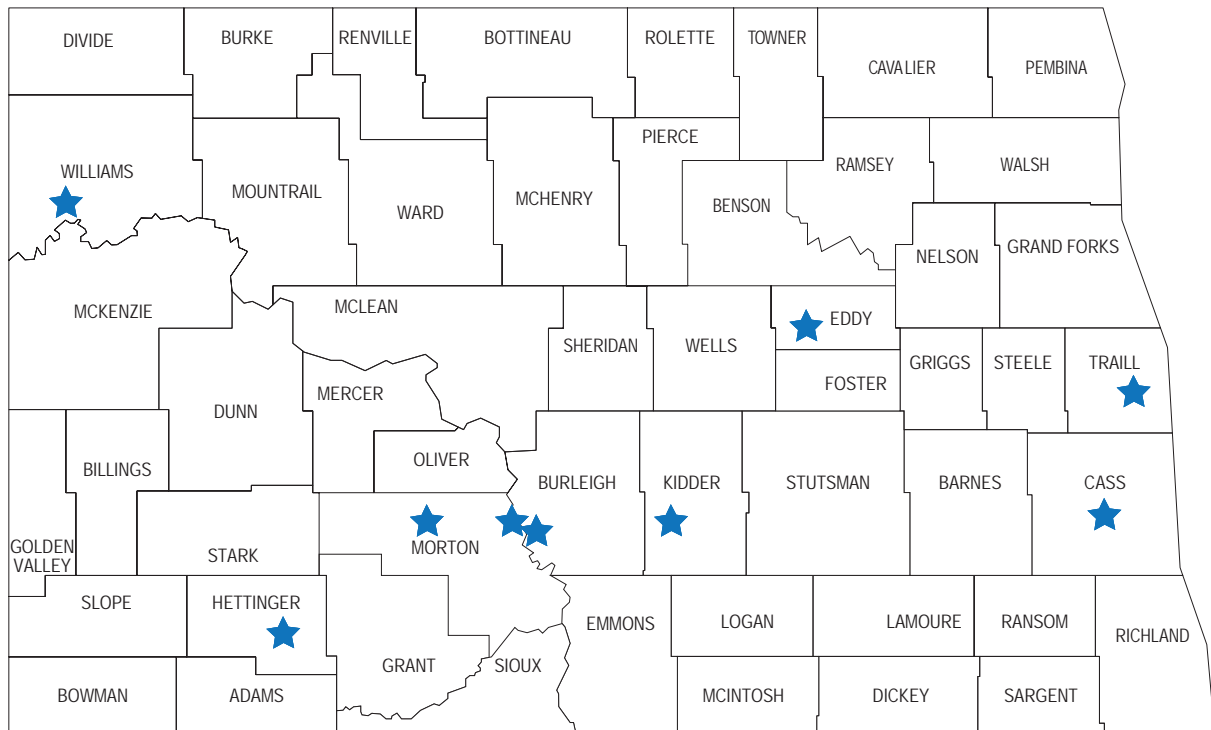
BRADLEY DEAN
Administration



BETTY SCHNEIDER
Administration

PROJECT MAP

In 2022, ADD funded 10 projects in 9 North Dakota communities, totaling over \$2.1 million in grants.



- Bismarck - Two Track Malting, LLC
- Casselton - GP Turnkey Tharaldson, LLC
- Casselton - Tharaldson Ethanol Plant I, LLC
- Hillsboro - Agassiz Sustainable LLC
- Mandan - Cloverdale Foods Company
- Mott - South 40 Beef LLC
- New Rockford - North American Bison, LLC
- New Salem - 6 in 1 Meats, LLC
- Steele - Nodak Meats, LLC
- Williston - Yellowstone River Beef Inc.



A worker trims beef at South 40 Beef in Mott, ND

YELLOWSTONE RIVER BEEF INC.

Trevor Abell, Williston

Grant Amount: \$250,000

Grant funding will be utilized to assist in the continued expansion of Yellowstone River Beef which includes a new shipping dock and expanded office space. Along with this, Yellowstone River Beef is adding new carcass cooling as well as expanding the kill floor to allow for more processing of local North Dakota beef. Yellowstone River Beef is an existing USDA beef processing facility.

GP TURNKEY THARALDSON, LLC

Ryan Carter, Casselton

Grant Amount: \$250,000

Grant funding will be utilized to obtain equipment needed to produce higher-value proteins and corn oil at the Tharaldson ethanol facility. Maximized Stillage Co-Product (MSC) High Protein will improve the company's flexibility and profitability by producing higher-value proteins (50% or greater) and corn oil in a sustainable manner. This project is expected to be 105,000

tons at capacity. Currently this high protein is not available in North Dakota. This project will produce a high purity protein product that trades in the alternative high-value protein market. The protein has shown great success in the pet food, aqua, dairy, poultry, and swine markets.

AGASSIZ SUSTAINABLE LLC

Hua Sun, Hillsboro

Grant Amount: \$250,000

Grant funding will be utilized for the pilot project of an Agassiz Sustainable wheat straw pulping facility near Hillsboro, ND. The project will convert residual wheat straw into pulp for producing food containers which uses 70% less water and 60% less chemical than competing processes, and produces a usable carbon in either liquid, syrup, or pelletized form that can be returned to the farmland to preserve soil carbon content. At full production, this facility will use 20,000 metric tons of wheat straw, providing \$1.2 million in additional annual revenue to farmers.

NODAK MEATS, LLC

Scott Sandquist, Steele

Grant Amount: \$149,000

Grant funding will be utilized for starting a custom exempt meat processing facility in Steele, North Dakota. The demand for cattle processing has increased and this will help service farmers directly and provide meat to the local food industry.

SOUTH 40 BEEF LLC

John Roswech, Mott

Grant Amount: \$200,000

Grant funding will be utilized for expansion of the cut floor at the South 40 Beef meat processing facility in Mott, North Dakota. They average about 140 head per month, however fabrication and freezer are bumping up to capacity. South 40 Beef partners with local ranchers to process their beef. Ranchers can sell their federally inspected beef direct to the consumer.

THARALDSON ETHANOL PLANT I, LLC

Ryan Carter, Casselton

Grant Amount: \$250,000

Grant funding will be utilized for installing Selective Milling Technology (SMT) System Equipment to the ethanol plant in Casselton, North Dakota. The SMT System will enable Tharaldson to operate at an annual denatured ethanol production rate of 190,000,000 U.S. gallons per year with a slurry flow up to 2,250 gallons per minute. The SMT efficiently processes a corn mash slurry to expose more starch for conversion and release additional oil for recovery. The additional starch conversion can increase the ethanol production per bushel of corn.

6 IN 1 MEATS, LLC

Travis Maddock, New Salem

Grant Amount: \$200,000

Grant funding will be utilized to increase slaughter numbers and expand value-added processing to include case-ready retail products. Value-added will be offered to other processors that don't have the capability of processing and packaging to retail specifications.

CLOVERDALE FOODS COMPANY

Scott Staudinger, Mandan

Grant Amount: \$125,000

Grant funding will be utilized to cover costs to resolve issues of inefficiency related to the current electrical distribution system within the facility.

NORTH AMERICAN BISON, LLC

Mike Jacobson, New Rockford

Grant Amount: \$250,000

Grant funding will be utilized for construction costs and to reduce the amount of company equity required to complete the expansion of their facility to meet demand. North American Bison harvests and processes bison for domestic and global markets. Approximately half the bison are sourced from North Dakota. Sales have increased to the point that the facility is being expanded.



Close up of two-row barley growing on Stober Farms near Goodrich, ND

TWO TRACK MALTING, LLC

Jared Stober, Bismarck

Grant Amount: \$250,000

Grant funding will be utilized to assist with construction costs to complete the expansion of their facility to meet increased demand and growth. Two Track Malting is a value-added agriculture business turning barley and wheat grown in North Dakota into malt, which is used by brewers across the country.

Financials as of December 31, 2022

Total Appropriation	\$2,500,000
Total Projects Funded	<u>\$2,174,000</u>
Remaining Appropriation	\$ 326,000

Loan Participation Commitments

Total Appropriation	\$7,500,000.00
Total Committed	<u>\$2,681,704.45</u>
Remaining Appropriation	\$4,818,295.55



NORTH DAKOTA DEPARTMENT OF AGRICULTURE

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AGRICULTURAL PRODUCTS UTILIZATION COMMISSION

GRANT REPORT 2021-2022



Agriculture Commissioner
Doug Goehring

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ADMINISTRATION

APUC COMMISSIONERS



DAN KALIL, CHAIRMAN
Commissioner's Appointee



RACHEL RETTERATH, VICE CHAIR
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KEITH PELTIER
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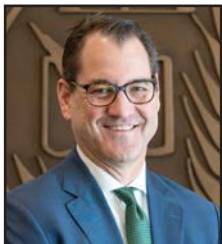
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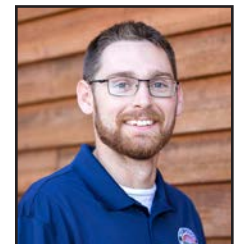
The North Dakota Agricultural Products Utilization Commission (APUC) consists of nine board members. The Agriculture Commissioner appoints five members and the Governor appoints one member.

The board also includes three statutory members: the North Dakota Agriculture Commissioner, the Director of the Department of Economic Development & Finance, and the President of North Dakota State University, or their designees.

APUC STAFF



JOHN F. SCHNEIDER
Business, Marketing
& Information Division
Director



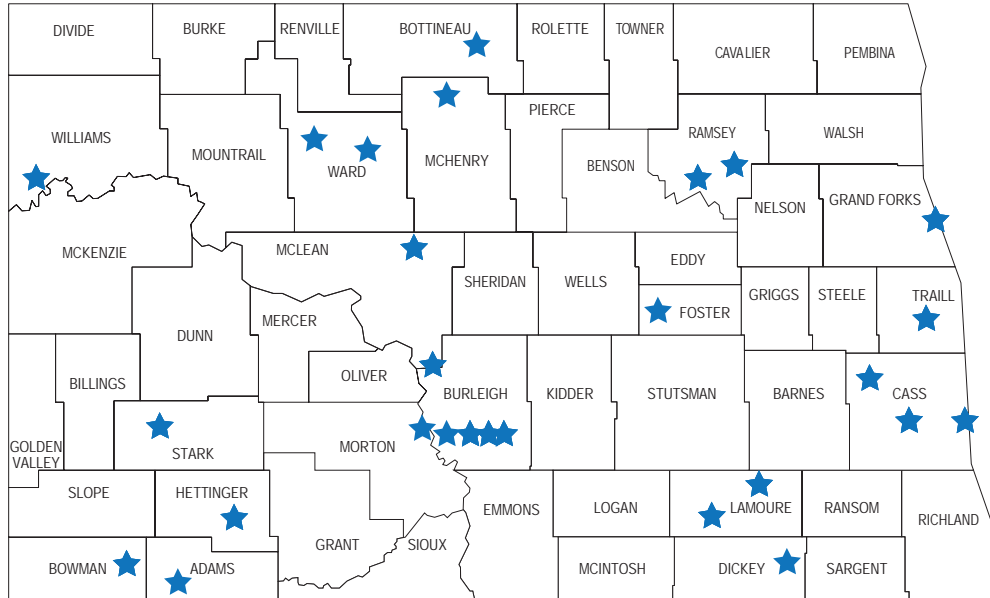
BRADLEY DEAN
Administration



BETTY SCHNEIDER
Administration

PROJECT MAP

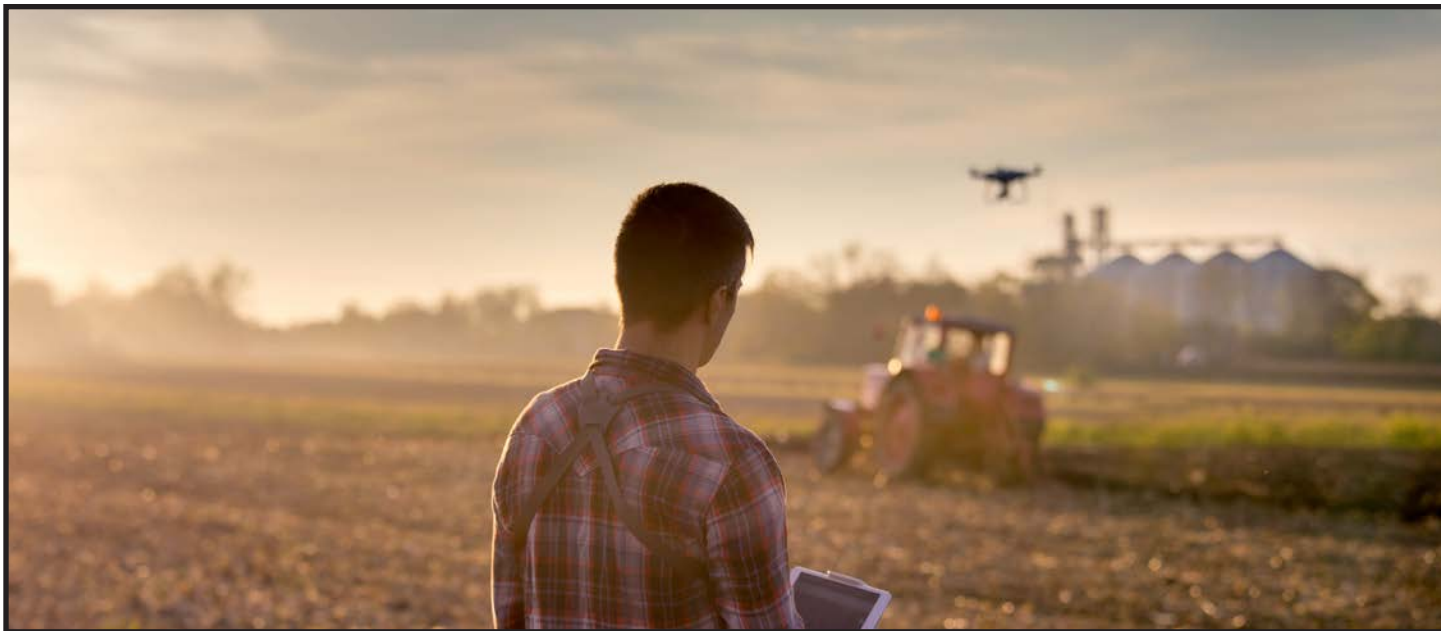
Between December 2020 and December 2022, APUC funded 55 projects in 27 North Dakota communities or statewide, totaling over \$4 million in grants and sponsorships.



APUC is a program within the North Dakota Department of Agriculture.

- Berthold - Genesis Seed Solutions
- Bismarck - Burnt Creek Events
- Bismarck - Homeland Hempcrete
- Bismarck - My Joy Bakery LLC
- Bismarck - North Dakota Dept. of Agriculture
- Bottineau - Pride Dairy Inc.
- Carrington - NDSU Carrington Research Extension Center
- Casselton - Tharaldson Ethanol Plant I LLC
- Casselton - Chapul Farms (2)
- Casselton - Great Plains Greens
- Devils Lake - Aasmundstad Farms
- Devils Lake - CoJack Snack and Pack LLC
- Dickinson - Key-Lix LLC
- Edgeley - Butchers Edge, LLC
- Fargo - 701x Inc.
- Fargo - National Agricultural Genotyping Center
- Fargo - Valley Fiber Processing
- Fargo - NDSU Dept. of Agriculture and Biosystems Engineering (2)
- Fargo - NDSU Dept. of Microbiological Sciences, Dept. 7690
- Fargo - NDSU Dept. of Coatings and Polymeric Materials, Dept. 2760 (2)
- Fargo - NDSU Dept. of Plant Sciences
- Fargo - Prototype Garage, LLC
- Grand Forks - NHS Investments, LLC
- Grand Forks - Red River BioRefinery LLC
- Grand Forks - UND Dept. of Mechanical Engineering (2)
- Grand Forks - Vertical Malt
- Grand Forks - SafetySpect Inc.
- Hettinger - Texas Bee Supply, LLC
- Hillsboro - Agassiz Sustainable LLC
- Mandan - North Dakota Rural Electric Cooperative Foundation
- Marion - Enger Grain & Livestock
- Max - Guardian Grains, LLC
- McKenzie - Black Leg Brewery, LLC
- Menoken - Glimpse of the Prairie
- Minot - Memories of Home by Becky LLC
- Mott - South 40 Farms LLC
- Mott - Merwin Quality Lamb LLC
- Oakes - Dyna-Flo Pump Co.
- Oakes - Hearthside LLC
- Page - InvisionIT LLC (2)
- Scranton - Scranton Equity Exchange
- Statewide - Cloud Agronomics Inc.
- Statewide - LandTrust, Inc.
- Statewide - BASS Genetics Inc.
- Southam - ND Flax Works LLC
- Sterling - Black Leg Ranch Meats
- Trenton - AIC Energy Corp. (2)
- Upham - 1481 Meats
- Wilton - Pearsons Green Acre Meats

BASIC & APPLIED RESEARCH



Agricultural drone

Basic & Applied Research Grants assist in research for processing agricultural products and byproducts in North Dakota. These grants cannot be aimed at business expansion or creation without regard to agricultural products, must not include research that cannot reasonably be expected to result in a marketable product, or cannot have been duplicated by other research efforts.

ND SOIL ORGANIC CARBON RESEARCH

Cloud Agronomics Inc.
James Kellner, Boulder

Grant Amount: \$93,531

Cloud Agronomics has developed a novel soil organic carbon quantification approach using the latest remote sensing and artificial intelligence technology. This project will help Cloud Agronomics localize that technology to the soils of North Dakota. Once localized, Cloud's technology will be used in a joint pilot program with ADM in North Dakota. Farmers and ranchers in North Dakota will be able to enroll their fields into the pilot, understand their baseline soil carbon, and see how that baseline changes over time. Cloud's technology vastly improves the cost and ease of participating in sustainability programs, creating a better experience for farmers and agribusinesses alike.

EVALUATION OF GROUND HYBRID RYE ON THE EFFICIENCY OF GAIN AND CARCASS TRAITS IN BACKGROUNDING AND FINISHING ND STEERS

NDSU Carrington Research Extension Center
Colin Tobin, Carrington

Grant Amount: \$27,966

Research comparing rye to other grains has been limited. Increases in rye production due to hybrid creation and changes in crop rotations has provided the ability to source rye, as grain, locally. Previous research has demonstrated dry-rolled rye is nearly equivalent to dry-rolled corn when fed up to 20% dry matter basis of the diet. Research is needed to determine the effects of hybrid rye as the sole grain source in comparison to corn in a backgrounding diet and as a partial replacement for corn in finishing diets. The proposed research could be very applicable for producers as it follows grain harvesting schedule

in the state of North Dakota.

DEMONSTRATE THE USE OF UAVS TO PLANT COVER CROP SEEDS

NDSU Department of Agriculture and Biosystems Engineering
John Nowatzki, Fargo

Grant Amount: \$53,753

The primary aim of this project is to demonstrate the feasibility of distributing multiple seed types for cover crops and erosion prevention, as well as conservation with woodland restoration, in North Dakota from unmanned aerial vehicles (UAVs). This is the first step in research to demonstrate the efficacy of this method of seed distribution, using a patented method for difficult-to-flow seeds. Follow-up research will prototype optimal methods for this distribution, by seed type, which will be used to test the germination and confirm the economics for the North Dakota farmer and land management specialist.



Soil sampling

TESTING NOVEL FOOD ANTIMICROBIALS ON TOMATOES

NDSU Department of Microbiological Sciences,
Dept. 7690
Birgit Pruess, Fargo

Grant Amount: \$47,620

To expand the foods that our novel food anti-microbial has been tested on and the ultimate goal of commercialization a patented new technology, NDSU will test the efficacy of ethyl acetoacetate against Salmonella on tomatoes. Tomatoes will be spot inoculated with bacterial suspensions of two Salmonella strains and washed with a solution of EAA in water. Bacteria will be enumerated on selective agar. The request to expand the collection of foods that we test our anti-microbial on was made by companies as part of our commercialization efforts.

A NOVEL SOYBEAN SORTING TECHNOLOGY FOR PRODUCING HIGH-QUALITY TOFU PRODUCTS

NDSU Department of Plant Sciences
Minwei Xu, Fargo

Grant Amount: \$38,299

This research project will focus on the core technology of a novel sorting machine, which could sort soybeans based on their physicochemical composition and improve the quality of final products, such as tofu in this project. Hyperspectral imaging (HSI) will be employed for profiling either whole or dehulled soybean seeds. The predictive model between HSI of soybean seeds and tofu quality, such as protein content, color, and texture, will be developed based on the multivariate and machine learning analysis. To verify, the individual soybean seeds will be sorted based on the predictive model for improving the quality of tofu.

This project will finally sort and grade soybean for different usage and result in a price range of different soybean seeds. The success of this technology would initiate a revolution in the sorting and grading system in the whole grain industry.

OPTIMIZING THE DRYING AND STORAGE CONDITIONS OF CANNABIDIOL HEMP GROWN IN ND

NDSU Department of Agriculture and Biosystems Engineering
Ewumbua Monono, Fargo

Grant Amount: \$35,462

Growing and processing hemp in North Dakota is still new and many farmers and processors lack suitable infrastructure, equipment, and processing information or data to help guide their practices and produce a consistent high-quality product. There are many different cultivars with different growing challenges. Selecting the best cultivars suitable for our ND climate is important. Studies have shown that the quality of hemp is sensitive to environmental conditions such as temperature, oxygen, and light. Since processing (harvesting and drying) of the hemp is usually done in the fall after flowering and when temperatures may fluctuate greatly, it is important to study the best drying and storage conditions over a 1-year period. The expectation is that the results will provide science-based data to farmers and processors on how to manage the drying and storage processes, especially as they scale up their process.

BIO-BASED PRESSURE-SENSITIVE ADHESIVES FOR MULTISUBSTRATE APPLICATIONS

NDSU Department of Coatings and Polymeric Materials, Dept. 2760
Andriy Voronov, Fargo



Testing tomatoes

Grant Amount: \$43,693

The goal of this project is to employ soy and corn derivatives, including soybean oil- and corn oil-based vinyl monomers (SBM and CBM, developed at NDSU) in making biodegradable PSAs which can be applied for tapes, labels, graphics etc. in food packaging and/or medical industries. The long term goal is to provide soy-based biodegradable PSAs and test them at industrial partner facilities to evaluate perspectives of this new product commercialization.

CONVENTIONAL (NON-GMO) CORN HYBRID DEVELOPMENT

BASS Genetics Inc.
Patrick Baumgartner, Olivia

Grant Amount: \$53,662

BASS Genetics is expanding its testing focus on natural characteristics in corn, such as insect and drought tolerance, to continue to create highly competitive non-GMO hybrids to compete

with more expensive GMO corn and their traits. Bass Genetics will be combining these natural characteristics with tillage and other agronomic techniques, proven in numerous plot trials, to cover most any condition a farmer may have. This will give the farmer confidence and information to be more effective and economical in producing non-GMO corn on their farm. Non-GMO hybrids will open additional markets to the farmers as non-GMO demands grow worldwide.



Corn stalks and chaff (biomass)

DESIGN OF BIOMASS-BASED MATERIALS FOR INFRASTRUCTURE-BASED APPLICATIONS

UND Department of Mechanical Engineering
Surojit Gupta, Grand Forks

Grant Amount: \$56,089

North Dakota is an important source of biomass from different farm-based products like flax, sunflower, hemp, wheat etc. Currently, the excess farm waste is burnt which creates a different environmental issue. The aim of this proposal is design different types of infrastructure-

based materials which can be used for further commercialization. Currently, infrastructure-based materials are designed from Portland cement based compositions which also cause carbon emissions. The new generation of materials designed from biomass will sequester biomass in building-based products and increase the valuation of biomass which will give the esteemed farmers an additional source of income. In addition, different students will be trained in materials and manufacturing who will further enrich the productivity of the state.

EFFICIENCY AND SAFETY EVALUATION OF ENGINEERED AGROCHEMICAL DELIVERY SYSTEMS DERIVED FROM NORTH DAKOTA

NDSU Department of Coatings and Polymeric Materials

Mohiuddin Quadir, Fargo

Grant Amount: \$60,000

NDSU will develop a two-pronged nanotechnology-powered solution to control Sclerotinia fungi that is severely affecting canola plant across the state of ND and nation. We will use biopolymers, such as cellulose or lignin, derived from ND agricultural resources, to prepare bio-based nanoparticles. These particles will be engineered with chemical modalities that can sense and destroy fungi as they start inoculating the canola plant. Successful completion of the project will enable the development of an effective and innovative strategy to control Sclerotinia attack on canola plants and can be translated for other economic crops. Therefore, we anticipate that the proposed product will support growers of economic crops, thus supporting nation's agricultural products. Commercialization efforts will be mediated via ND Department of Commerce and APUC to find out suitable industry partners.

FARM DIVERSIFICATION



Whole wheat rotini

Farm Diversification Grants give priority to projects dealing with the diversification of a family farm to non-traditional crops, livestock, or on-farm, value-added processing of agricultural commodities. Traditional crops and livestock are generally defined as those that the North Dakota Agricultural Statistics Service maintains statistics on. The project must have the potential to create additional income for the farm unit.

LAKEVIEW BOERS

Aasmundstad Farms
Taylor Aasmundstad, Devils Lake

Grant Amount: \$16,209.77

Aasmundstad farms will diversify their operation with the addition of meat goats. The land utilized for raising the goats is currently unproductive land. Goats will assist in restoring the land as well as adding additional income to the farming operation. Initially, 30 does will be utilized with plans to grow the herd to 500 and produce 1,000 market kids per year.

BEEF CATTLE FINISHING BARN

Enger Grain & Livestock
Delray Enger, Marion

Grant Amount: \$23,361

Enger Grain and Livestock is expanding their livestock on feed with the construction of a new state-of-the-art finishing facility. The new facility will increase the capacity of the operation from 1,000 head of cattle to finish to 3,000 head of cattle to finish. The additional increase in capacity will add employment opportunities as well as other economic benefits to the community.

GUARDIAN GRAINS HERITAGE PASTA AND STONE MILL

Guardian Grains, LLC
Deanna Lozensky, Max

Grant Amount: \$40,372

Guardian Grains, in conjunction with Northern Crops Institute (NCI) and Tuttle Rural Innovation Center (TRIC), will develop two whole wheat pastas using 2 heritage wheat varieties: Rouge

De Bordeaux and Einkorn. These ancient whole grains can be easier to digest than pasta made from modern wheats. The pastas will be available through www.guardiangrains.com and select retailers across the state of North Dakota. The grains used in pasta production are grown using soil care principles and people can be assured that their purchase of these pastas will benefit our planet's health and human health. Consumers can actively support our climate by buying products that are produced using regenerative farming practices. In addition to pasta, Guardian Grains will offer fresh stone milled flour to the surrounding communities.

BLACK LEG BREWERY, LLC

Black Leg Brewery, LLC
Jay Doan, McKenzie

Grant Amount: \$66,000

Black Leg Brewery is developing a regional marketing strategy and longterm partnership with North Dakota State University and Learfield. This partnership will be directed specifically towards BISON beer and NDSU's agriculture program. A portion of all packaged products will be given to an educational scholarship fund towards NDSU's agriculture department. The grant funds will be directed to Norland International for their guidance and expertise in the beverage industry. Norland International is a world class leader in offering business solutions and producing state-of-the-art equipment for the beverage industry. Norland International's subsidiary company, American Beer Equipment, will offer their consulting services along with custom engineered design work. Their technicians will also train on key equipment during the start-up process as well as on-going strategies. Our product brand development will focus on healthier, finished products using North Dakota raw materials.

COMMERCIAL KITCHEN AND EVENT SPACE

Glimpse of the Prairie
Kara Winkler, Menoken

Grant Amount: \$90,000

Glimpse of the Prairie will build a facility on the farm to provide a commercial kitchen and event space. This project will allow for more foods made with local ingredients to be available to customers. Products will be sold at BisMarket farmer's market, on their website, BisMan Food Co-op, served at their events, and for catering events off the farm.

BLACK LEG RANCH MEATS

Black Leg Ranch Meats
Jayce Doan, Sterling

Grant Amount: \$20,000

Black Leg Ranch Meats provides premium beef and bison meat to consumers and businesses. The meat includes a variety of high-quality and custom cuts sourced from animals, raised for their entire lifespan, on their ranch, Black Leg Ranch. This project will help establish the branding of Black Leg Ranch Meats by developing resources to market their product through social media, YouTube, and printed materials.

MARKETING & UTILIZATION



North Dakota companies at the Americas Food and Beverage Show in Miami

Marketing & Utilization Grants provide necessary assistance to the research and marketing needs of the state by developing new uses for agricultural products and by-products, and by seeking efficient systems for processing and marketing these products. These grants are also used to promote efforts that increase productivity, provide added value to agricultural products, stimulate and foster agricultural diversification and encourage processing innovations.

FOOD GRADE PROCESSING AND PACKAGING EXPANSION

Genesis Seed Solutions
Harry Kassian Jr, Berthold

Grant Amount: \$79,577.25

Genesis Seed Solutions is seeking certification to be SQF, HCCP, Non-GMO and Halla compliant to expand their sales market access, allowing Genesis to sell directly into food grade processing facilities.

MY JOY BAKERY TUTTLE PROJECT

My Joy Bakery LLC
Prince Owusu, Bismarck

Grant Amount: \$15,000

My Joy Bakery will hire a consulting firm to

perform business planning and the launch of the new My Joy Bakery LLC commercial bakery operations in Tuttle, ND.

SCALING THE INDUSTRIAL HEMP SUPPLY CHAIN IN ND

Homeland Hempcrete
Matt Marino, Bismarck

Grant Amount: \$13,200

Industrial hemp is already being grown in North Dakota, but there are potentially millions of dollars being left in the field that could go directly to our farmers. Homeland Hempcrete is set to change that. The company has been building with hempcrete, a building product made from the hemp stalk, since 2019. They have transitioned to a manufacturing setting and are scaling the business to make it more feasible to justify the

cost of a processing facility for raw materials from farmers. A facility is planned in ND for this year. Homeland Hempcrete's target is to be able to buy at least 50% of the facilities capacity once they have established their production process.

DOMESTIC AND INTERNATIONAL PROMOTION OF NORTH DAKOTA AGRICULTURAL PRODUCTS

North Dakota Department of Agriculture
Kara Haff, Bismarck

Grant Amount: \$56,000

The North Dakota Department of Agriculture is offering a reimbursement project for North Dakota companies, producers, processors, and producer associations attending domestic trade shows and international trade missions marketing raw and value added agricultural products produced in North Dakota.

PRIDE DAIRY NOVELTY ICE CREAM MARKETING PROJECT

Pride Dairy Inc.
Kriss Allard, Bottineau

Grant Amount: \$100,000

Pride Dairy will implement a comprehensive brand strategy to build a foundation and direction for a renewed Pride Dairy identity and development of a brand for Pride Dairy's new product...an ice cream sandwich. Pride Dairy is moving deeper into the novelty ice cream niche, with the creation of their new ice cream sandwich. The ice cream sandwich is created with a specially created stroopwafel with flowing caramel. During years one and two, R&D work and sales discussion with resellers will be critical. By year three, Pride would like to be running the ice cream sandwich production line three times per month. This will add an additional 1.5 million

to their sales and add six positions within the business structure.

DISTILLERS CORN OIL CLEANUP PROJECT

Tharaldson Ethanol Plant I LLC
Rhan Carter, Casselton

Grant Amount: \$110,000

Tharaldson Ethanol is located in Casselton, ND, and would like to purchase manufacturing machinery, equipment, and engineering services for a distillers corn oil (DCO) cleanup project. This project will allow Tharaldson to purify their corn oil production to remove phosphorus and other components to meet the specs for renewable diesel. One-hundred percent of this final product will be sold to Dickinson Oil, a North Dakota Renewable Diesel Plant. This project, once completed, is estimated to bring an additional \$5,000,000 in revenue and annual expenses of \$900,000 each year. Tharaldson has not produced renewable diesel in its past, so this project will allow them to produce ethanol, as well as renewable diesel, for renewable fuels.

INSECT AG TECHNOLOGY APPLICATIONS TO NORTH DAKOTA ECONOMY

Chapul Farms
Patrick Crowley, Casselton

Grant Amount: \$52,000

This project is to accelerate the development of insect agriculture infrastructure to enhance the agricultural economy of North Dakota. The steps taken in this project will move from an initial feasibility analysis, to site and project specific design and engineering of an industrial scale insect farm. The premise of an insect farm is to use under-valued agricultural by-products as upstream feed inputs to the farm. The result is an expedition bio-processing of these materials

PROJECT SPOTLIGHT: PRIDE DAIRY



L to R: The refreshed branding for the signature Pride Dairy brand and the Oh! premium branding

Pride Dairy has been around since the 1930s and is the last small town creamery in the state of North Dakota. They have grown from making milk and butter to manufacturing and selling numerous products, including ice cream shakes, malts, caramels, syrups, toppings and signature dishes.

Owners Kriss and Tonya Allard needed a comprehensive brand strategy to build a foundation and direction for newly-developed products including ice cream sandwiches and ultra-premium pints, as well as a refresh of the signature brand. With funding from APUC, they partnered with The Good Kids brand studio to accomplish these goals, while keeping the history of Pride Dairy. The new Oh! brand for the ice cream sandwiches and ultra-premium pints embodies a timeless malt shop vibe in which its products are sure to dish out smiles with every serving. The refreshed Pride Dairy branding makes it easier for customers to identify the Pride Dairy brand and flavor no matter how the store displays it and the new cardboard packaging is more sustainable.

The new branding has been launched on social media and has been well received and loyal retailers are excited about it. Packaging is anticipated to be ready by end of January 2023.

The Allards' goals are to become a household name, not only in North Dakota, but in the upper Midwest. They are slowly growing outside state lines and hope to eventually become a national brand.



Owners Kriss and Tonya Allard inside their business Pride Dairy of Bottineau

into two products: 1) healthy fats and proteins (insect larvae), and 2) high-value soil fertilizer amendments (insect frass manure). Markets for both of these products exist in North Dakota and are supplied by international imports. This project is a model for sustainability, circular economies, and ag tech job creation in the state.

THE YEAR OF POPCORN AND BEANS

CoJack Snack and Pack LLC
Chase Engstrom, Devils Lake

Grant Amount: \$100,000

CoJack Snack and Pack is a farm to table North Dakota dry bean packaging company. CoJack will develop brand recognition for their bean and popcorn lines by utilizing OMNI marketing. They will also work with distributors to wrap vehicles. Additionally they will increase their social media marketing by creating digital ads.

KEY-LIX NORTH DAKOTA FACILITY

Key-Lix LLC
Jed Archibald, Dickinson

Grant Amount: \$88,625

Key-Lix LLC is looking to expand its livestock supplement manufacturing operation with a new production facility in Dickinson, ND. They are in the process of purchasing land, constructing a new building, and purchasing the necessary equipment to build this facility. This funding will support some of the startup costs that will be incurred in the early phases of this project.

BUTCHER'S EDGE, LLC

Butcher's Edge, LLC
Jay Mathern, Edgeley

Grant Amount: \$61,500

For the past few decades, North Dakota and most other rural areas across the U.S. have experienced a continual decline in the number of local meat slaughter and processing facilities. In the summer of 2020, average wait time for processing was about 10.5 months within a 100-mile radius. The closest multi-species plant is in Oakes, ND - 40 miles from Edgeley - and it is operating at full capacity with a wait list of more than 12 months. The nearest USDA inspected plant is 75 miles from Edgeley (Valley City) and the nearest state inspected plant is also 75 miles from Edgeley (Enderlin). Producers are looking for more options. Butcher's Edge, LLC will be a state inspected meat processing facility that will provide custom slaughter, processing and retail to Edgeley, ND, and the surrounding communities in southeast North Dakota.

701X REGIONAL MARKETING CAMPAIGN AND INITIAL SALES LAUNCH

701x Inc.
Traci Jacobson, Fargo

Grant Amount: \$150,000

701x provides a livestock management system that comprises of a record keeping software and an electronic livestock ear-tag that tracks the location and behavior activities of the animal. The electronic ear-tag transmits the livestock's data to a cloud based database, simplifying the data entry process. The software also analyzes the data and provides alerts to authorized company users if the livestock gets outside the geo-fenced area or an unusual behavior exists that could be a potential health issue. 701x will launch a regional marketing campaign beginning October 1, 2021, to promote 701x and its products in North Dakota, South Dakota, and Minnesota. Campaign efforts will be focused towards owners of high valued cattle, such as animals registered with breed associations, bulls, and Wagyu.

THE SUCCESSFUL MARKETING OF THE NAGC

National Agricultural Genotyping Center
Missy Berry, Fargo

Grant Amount: \$25,000

The Successful Marketing of the National Agricultural Genotyping Center (NAGC) is a project geared towards developing and executing various strategies, tactics, and campaigns to promote NAGC and the available services to the local agricultural community hereby providing solutions to farming challenges. This project will focus on updating social media to increase brand awareness, become a thought leader within agriculture production and research, generate high-quality leads, increase customer value, and improve search engine optimization. This proposal focuses on creating awareness of the services offered by NAGC that benefit North Dakota's agriculture community. It will also focus on ways to expand current relationships in order to meet the changing needs of existing customers. This includes, but is not limited to, updating the current website and social media involvement, as well as the hiring of external consultants to accomplish these tasks.

REAL GOOD COOKIES-MARKETING GROWTH AND COMMERCIAL KITCHEN

NHS Investments, LLC
Sarah Horak, Grand Forks

Grant Amount: \$42,000

Real Good Cookies was created at Brick & Barley in Grand Forks, ND. We had been selling our popular, house made salted bittersweet chocolate chip cookies since 2019. They are made with flours from the North Dakota State Mill, sugars from American Crystal Sugar and other ingredients purchased almost exclusively locally. Brick and Barley closed in March 2020 due to COVID, and had to get creative for the

business to survive. When they were able to re-open for take out only, they created a super small menu and decided to put cookies on the menu, with the hope that this would be an easy upsell to customers and would increase each ticket price slightly. Customers started ordering more and more cookies. To increase sales, Real Good Cookies will hire professional graphic designers to update branding and create logos, social media graphics, shipping graphics, flyers, outreach materials, and more. They will also advertise through Instagram, YouTube, TikTok, and Facebook.

WHEAT BIOREFINING FEASIBILITY STUDY

Red River BioRefinery LLC
Keshav Rajpal, Grand Forks

Grant Amount: \$80,000

The Red River Biorefinery is assessing the feasibility of processing wheat to produce gluten and starches with a zero carbon footprint. The project will look at integration of energy and waste processing to minimize carbon in the production process and produce additional biofuels and renewable natural gas to help power the facility.

CBS - NORTH DAKOTA FIRST STRATEGIC PLAN

Texas Bee Supply, LLC
Lyndon Shook, Hettinger

Grant Amount: \$85,000

North Dakota is the largest honey producer in the United States; however, the nearest store offering products and services to the industry is over 500 miles away. Texas Bee Supply has established a retail business in Hettinger to serve the beekeeping industry. The project will assist in a direct mailing campaign to beekeepers in North Dakota. It will also assist in developing a trade

show booth and attending trade shows to drive business to North Dakota.

AGASSIZ SUSTAINABLE PULPING AND MOLDING

Agassiz Sustainable LLC
Hua Sun, Hillsboro

Grant Amount: \$100,000

Agassiz Sustainable LLC (AGS) is building a vertically integrated wheat straw pulping and molding operation that converts wheat straw into compostable containers for use in the food and beverage industry. Emerging regulations in major developed countries, including government entities at various levels (municipal to federal) in the U.S. and China, are banning single use plastic food containers. This is driving up the demand for compostable and biodegradable products for the food and beverage industry. Wood pulp, which has been the traditional source of pulp in the U.S., is less environmentally friendly than AGS's wheat straw pulp. The company is using patented agricultural biotechnology to make pulp from wheat straw. AGS's process consumes significantly less water, energy, and chemicals, than competing pulping processes. Finished molded products, including a variety of trays, bowls, lids, and containers, will primarily be sold through distributors.

FEASIBILITY OF A MULTI-SPECIES PROCESSING FACILITY IN SE NORTH DAKOTA

North Dakota Rural Electric Cooperative
Foundation
Lori Capouch, Mandan

Grant Amount: \$30,000

This project is led by a group of farmer/ranchers in southeastern North Dakota who intend to conduct a study to determine the feasibility of

constructing a meat processing facility located within Cass or Richland County. The plant intends to have the capacity to process up to 30 large animal units per week and employ up to 10 people.

Funds will be used to contract with Dakota Global Consulting, LLC, a North Dakota consulting firm that specializes in livestock and food production, to conduct the study. Dakota Global Consulting will subcontract Process Systems Co., LLC (Omaha, NE) to develop a facility plan that includes layout and equipment.



Beef waiting to be further processed at South 40 Beef

MARKETING ND BEEF

South 40 Farms LLC
John Roswech, Mott

Grant Amount: \$75,000

This project will ramp up marketing on social media to export North Dakota beef to the coasts. South 40 is mostly wholesaling and retailing but

would like to expand outside of North Dakota. In order to achieve this goal they need to ramp up their advertising efforts. The objectives of the project are to increase brand awareness, drive sales, generate leads, and create a community around South 40 Beef.

MERWIN QUALITY LAMB

Merwin Quality Lamb LLC
David Merwin, Mott

Grant Amount: \$30,000

This project will focus on the feasibility and site planning of a fully confined lambing operation. If successful the plan will be to establish a large lamb processing facility constructed in southwest North Dakota with the capacity to process 2,000 head per week.

DYNA-FLO: ESTABLISHING A DEALER NETWORK

Dyna-Flo Pump Co.
Dana Rosendahl, Oakes

Grant Amount: \$46,375

Dyna-Flo Pump Co. will be traveling through regions of the USA stopping at irrigation dealerships. The goal is to establish a solid dealer network for Dyna-Flo Pumps. A consignment program will be issued allowing dealers to display a pump for 8 weeks. Then the dealer will deliver the pump to another dealer within the state. Dyna-Flo pumps can be used for flood control, flood irrigation, water transfer, city clean-up, feedlot water control, and more.

BULK CARGO PENDULUM CAMERA MARKETING PLAN

INVISIONit LLC
Steve Johnson, Page

Grant Amount: \$80,000

Phase one has been completed and involves INVISIONit LLC developing a mechanical device to house a video camera to be used in conjunction with an electronic tarp system mounted on a bulk semi trailer. Phase two was to obtain a patent for the device and a patent has been approved and awarded to INVISIONit LLC. Phase three is complete and involves procuring a manufacturer for the device and a video-camera supplier. Both the manufacturer and the camera supplier are located in rural areas of North Dakota. Purchase orders have already been issued to the manufacturer and camera supplier for a first run of 200 of the complete apparatuses. Phase four is the purpose of this grant. A website will be built but will not be published until just prior to receiving finished products for sale. A marketing company has already been retained to help with creation of a budget and to create and implement a marketing plan. Internet search engines and social media influencers will also be utilized to increase market presence. Promotional items, apparel, business cards, flyers, and mailings will be used to create brand awareness and recognition in an effort to grow sales.

FEASIBILITY OF LOCAL CROP PROCESSING FACILITY

Scranton Equity Exchange
Josh Weakly, Scranton

Grant Amount: \$52,500

Scranton Equity's project will evaluate the feasibility of a mechanical oilseed crushing facility near Scranton, ND, to produce crude oil and meal from sunflowers, canola, and/or other feedstocks.

SUSTAINABLE AVIATION FUEL BIO-REFINERY

AIC Energy Corp.
John Melk, Trenton

Grant Amount: \$272,000

AIC Energy is developing a state-of-the art bio-refinery, which will produce 90 to 100 million gallons per year of sustainable aviation fuel. These renewable fuels are formulated to be a direct “drop-in” replacement for fuels produced from petroleum crude oil. The primary feedstock for the bio-refinery is expected to be soybean oil, although canola oil and other regionally-grown agricultural products are capable of being used as feedstock. The feedstock oil intake capacity of the facility will be 90 to 100 million gallons per year, or about 273,000 gallons per day. The bio-refinery will be located on an 87 acre site southwest of Trenton, ND. The total design build-out cost is estimated at \$318 million. AIC Energy Corp’s bio-refinery is expected to create 300 union-scale jobs, more than 100 long-term jobs, plus additional jobs for truckers, vendors, rail workers, and supplies.

1481 MEATS

1481 Meats
Kelani Welstad, Upham

Grant Amount: \$69,625.43

1481 Meats will provide north central North Dakota with a state inspected slaughter facility. The label of “state inspected” allows producers to resale the products they have raised. The plant will provide custom slaughter, state inspected slaughter, and retail of fresh and frozen products.

PURE ADVANTAGE NATIONAL MARKETING CAMPAIGN

ND Flax Works LLC
Angie Wolfe, Southam

Grant Amount: \$150,000

ND Flax Works LLC is a startup company that sells agriculture value-added products of hemp bedding and cold milled flax feed supplement locally and nationally. This project will design and produce all necessary labels, brochures, retail store signage and marketing literature. It will also assist in trade show booth set up and marketing materials for national trade shows.

VERTICAL MALT EXPANSION - PHASE 1 - DRUM MALTING

Vertical Malt
Adam Wagner, Grand Forks

Grant Amount: \$250,000

Vertical Malt is a craft malthouse that puts brewers, bakers, millers and distillers in direct contact with the people who grow and malt the grains by vertically integrating the growing and malting processes. Operating today at pilot scale, Vertical Malt is currently capacity limited. Interest in Vertical Malt has grown to the point we can no longer satisfy demand at current production levels. This has prompted plans to greatly expand capacity allowing us to serve a wider market. The first phase of this plan is the rapid deployment of new “drum” style malting vessels to ease our existing capacity bottleneck allowing us to maintain momentum and growth in the near term. Vertical Malt sells directly to millers, craft brewers and distillers enabling a traceable field-to-table supply chain for our customers while giving us leverage over pricing and flexibility in our ability to promote and market Vertical Malt. This emphasis on local production and tight supply chain highlights the “Vertical” part of Vertical Malt.

HEARTHSIDE LLC ARCHITECTURE AND PLANNING PROJECT FOR WINERY FACILITY

Hearthside LLC
Haley Moen, Oakes

Grant Amount: \$84,500

This project will help Hearthside LLC grow in the grape and wine industry in the state. They will seek to elevate the industry by creating the largest and most known winery in the state. They will do this through a carefully crafted plan for facility and site needs. By facilitating this plan, they will advocate and elevate the agri-tourism industry, the grape and wine industry, and the value added ag industry in North Dakota.

MEMORIES OF HOME BY BECKY EXPANSION

Memories of Home by Becky LLC
Becky Zahn Walcker, Minot

Grant Amount: \$42,033.75

This project will expand the Memories of Home by Becky commercial kitchen. The addition will include a bakery garage addition (30x24) where all the goods will be produced and packaged. This space will hold all the commercial baking equipment, work tables, refrigeration, convection oven, ranges and some shelving for supplies. This space allows for more commercialization of goods in a shorter amount of time. This space will allow me to take on larger orders plus take on a distributor for some of the goods. The new addition will also have a bakery storage room attached to the bakery garage (27x16) which will house all the shelving units needed to store all the supplies to make product, and all the completed canned good products. There will also be a bakery “drive in” garage (27x16) attached to the bakery storage space that will be utilized for order pickups, deliveries and miscellaneous business storage. Will possibly use shelving unit in this space to store supplies, freezers and

equipment.

INSECT AG TECHNOLOGY COMING TO NORTH DAKOTA

Chapul Farms
Patrick Crowley, Casselton

Grant Amount: \$197,500

This project is to accelerate the development of insect agriculture infrastructure to enhance the agricultural economy of North Dakota. The steps taken in this project will move from an initial feasibility analysis, to site and project specific design and engineering of an industrial scale insect farm. The premise of an insect farm is to use under-valued agricultural by-products as upstream feed inputs to the farm. The result is an expedition bio-processing of these materials into two products: 1) healthy fats and proteins (insect larvae), and 2) high-value soil fertilizer amendments (insect frass manure). Markets for both of these products exist in North Dakota and are supplied by international imports. This project is a model for sustainability, circular economies, and agtech job creation in the state.

PEARSONS GREEN ACRE MEATS LAUNCH

Pearsons Green Acre Meats
Debbie Pearson, Wilton

Grant Amount: \$75,600

This project will focus on the launch of a new state inspected meat processor in Wilton, North Dakota. Funding for the project will go toward marketing efforts for the plant. The advertising will focus mainly on TV, radio, and boosted and sponsored posts on social media.

NATURE-BASED TOURISM



The historic barn at Burnt Creek Events

Nature-Based AgriTourism Grants are for enterprises which seek to attract visitors to a working farm or ranch, or any agricultural, horticultural or agribusiness operation to enjoy, be educated or be involved in activities. Eligible projects include but are not limited to farm or ranch tours, hands-on chores, self-harvesting of produce, hunting operations, fishing operations located on applicants' land, bird watching, trail rides and corn mazes.

BURNT CREEK EVENTS

Burnt Creek Events
David Lehman, Bismarck

Grant Amount: \$88,125

Burnt Creek Events is a farmstead with a historic background. The land was procured as a Timber Culture Act patent in 1890. Most of the original buildings on this historic property are still intact. The property is currently undergoing a full restoration in the interest of preserving and educating the general public about North Dakota's rich ag history. This project covers the first stage of incorporating a cidery (with pizzeria and event space) and U-Pick orchard into this historic farmstead. By adding these attractions, it is an opportunity to provide a rural experience and ag education to those that maybe otherwise wouldn't have the opportunity.

LANDTRUST ND MARKET LAUNCH

LandTrust, Inc.
Mark Young, Bozeman

Grant Amount: \$65,000

LandTrust connects landowners with outdoor enthusiasts seeking recreational land access in an easy to use online marketplace. With over 1 million acres of private recreational lands, they are a leading recreation access network that brings people together to create income for landowners and opportunity for outdoor enthusiasts. LandTrust is now officially launching into North Dakota, partnering with ND Farm Bureau and hiring regional success managers to work with farmers and ranchers to offer exciting new agritourism activities. Outdoor enthusiasts looking to experience ND will now have new opportunities, helping to keep agricultural producers profitable, drive conservation of habitat, and contribute to the economic wellbeing of North Dakota's rural communities.

PROJECT SPOTLIGHT: BURNT CREEK EVENTS



An orchard was planted at Burnt Creek Farm with nearly 500 trees and vines

Burnt Creek Farm is a historic farmstead dating back over 140 years and was one of the few farms established under the Timber Culture act of 1878. Over 27,000 trees were planted on the property in the 1880s by a Bohemian immigrant in return for the quarter of land. Title to the land was granted in 1889, the year North Dakota was granted statehood. Constructed in 1922, Burnt Creek Farm was one of the first farms in the state with electricity and running water. The farm is said to have been designed in part by the North Dakota Agricultural College (NDAC/NDSU) and has ties to the Non-Partisan League (NPL) responsible for putting in place the state bank, mill and elevator. A noteworthy neighbor was Linda Slaughter who played a large role in the development of the region and state.

Burnt Creek Farm's owner Dave Lehman says the main goal of this project is to preserve North Dakota's ag history and educate others about agriculture in North Dakota. There are relatively few fully intact farmsteads in North Dakota from the 1920s. This was a very transformational period in time as horse power transitioned to tractor power. This is also the era North Dakota put into place the nation's only state-owned bank, mill and elevator. Burnt Creek Farm has very strong ties to all of this history and the historic buildings are still intact and relatively unchanged.

APUC funds were used for site and orchard development, consultant fees for site design and facility analysis and ADA-compliant guest restroom facilities. The grant has been a major factor in getting the grounds and facilities to the point to where they can accommodate ag history tours and small events. It has also started the clock on getting the orchard planted and established in order to eventually support a cidery and U-Pick operation.

Farm tours focused on the history of the farm and agriculture in North Dakota have been given and feedback from the tours has been overwhelmingly positive regarding the history, ambiance and work that has been done to restore the farm and prepare it to accommodate these types of activities.



A field of North Dakota hemp

APUC provides grants in two areas of agricultural innovations: Prototype Development & Technology Grants. A huge array of equipment can be useful in conducting business in rural living and agricultural economics. Prototype Grants are restricted to inventions improving the operations of food processing equipment and agricultural equipment. Technology Grants are to encourage innovation and APUC maintains a broad view of technology, such as hardware, software, devices or processes. Biotechnology will be considered as long as those advances improve agricultural product utilization such as food, feeds, fuels and fiber.

GREAT PLAINS GREENS

Great Plains Greens
Jon Wyffels, Casselton

Grant Amount: \$75,000

Great Plains Greens will purchase and operate a prototype hydroponic vertical farm that is retrofitted from a shipping container. With the flexibility and mobility of a container farm, they can grow 100% organic produce within minutes from the end consumer giving a significant advantage and providing the freshest produce. The farm is fully capable of growing 500 different varieties of plants and can support over 8,000 plants from seedling to full stage growth.

SCO2 RECLAMATION PROJECT

Prototype Garage, LLC
Jacob Knoll, Fargo

Grant Amount: \$100,000

Prototype Garage, LLC has developed and patented SC02 Extraction Technology, a novel methodology for the extraction of materials using supercritical CO2. There is active interest in utilizing SC02 technology for the extraction of DOG (Dried Distiller's Grains) oil, both pre- and post-ethanol milling. The applications can benefit animal feed, ethanol production, and corn oil production. Due to the high volume of DDG's that would be processed, a CO2 reclamation and reformation device is essential to the efficiency of the system. Positive results from these tests will be the catalyst for engaging with NDSU

and the EERC to explore and develop new applications and efficiency improvements to benefit agriculture and energy production, as well as bringing more manufacturing to North Dakota.

HEMP PRODUCT PROTOTYPES

Valley Fiber Processing
Justin Berg, Fargo

Grant Amount: \$101,000

Valley Fiber Processing will develop and prove out three industrial hemp hurd based prototypes. To house the equipment and inventory needed, Valley Fiber Processing has identified a 4,500 square foot facility in Wahpeton. This project will demonstrate the manufacturing of three different industrial hemp-based prototypes for proof-of-concept and scaling of Valley Fiber Processing's decortication business located in Wahpeton, ND.

DESIGN AND DEVELOPMENT OF BIOFOAMS FOR FUNCTIONAL APPLICATIONS

UND Dept. of Mechanical Engineering
Surojit Gupta, Grand Forks

Grant Amount: \$42,420

Biomass has emerged as an important source of raw material for designing valuable materials which can be commercialized. The United States has the potential to produce over 1 billion dry tons of biomass which can be potentially used for manufacturing valuable materials, products, and other derivatives for different high-end applications. In other words, we can create a win-win situation by significantly valorizing biomass which will increase consumption of environmentally friendly materials and will concomitantly increase the income for farmers. This project will perform applied research to formulate biofoam compositions by using agricultural feedstock. Thereafter, these biofoams

will be studied for application in membrane related applications like water filtration, oil-water separation, and construction applications like thermal insulation. In the future, they will partner with local companies to commercialize the prototypes designed during this study.

BULK CARGO PENDULUM CAMERA

INVISIONit LLC
Steve Johnson, Page

Grant Amount: \$15,000

Phase one has already begun and involves INVISIONit LLC developing a mechanical device to house a smart phone friendly video camera to be used in conjunction with an automated tarp system. This device will make it much easier and safer to monitor the loading and unloading of grain trailers, seed tenders or any bulk container equipped vehicle from the drivers seat or cab that have a motorized tarp covering/retracting system on it without having to leave the safe confines of the drivers seat or cab of the vehicle. There are two prototypes being manufactured



Hydroponic vertical farm

and “real world” trials will be performed for 30 days to prove the utility of the device while patents are being filed. Phase two will begin when the patent process has been completed and patents have been obtained. INVISIONit will begin the manufacture, marketing and commercialization of the product. A website is already being built but will not be published until a patent is approved. Internet search engines and social media influencers will also be utilized to increase market presence. A sales force will need to be hired as well for point of contact sales and customer service. INVISIONit LLC will then pursue additional grant monies for the marketing and commercialization of the patented product.

SafetySpect, Inc. proposes to employ its proprietary multimode imaging technology and edge computing to develop a multimode imaging system that can be mounted on drones for agricultural applications. The technology can be commercialized and sold to individual farmers, applicators, agricultural co-ops, or other users. The technology will be scalable to address any desired field size and agricultural product. Current farming practices use the preventative application of fungicide or insecticide to suppress common plant diseases such as rust, root rot, stem rot, or leaf blight caused by pathogens. SafetySpect proposes to use hyperspectral imaging technology mounted permanently or attached to drones to watch for and automatically identify such plant diseases. The affected crops can then be treated as needed as an alternative to the current practice which will greatly reduce farm input costs.



Drone in a wheat field

HYPERSPECTRAL IMAGING OF PLANT PATHOGENS IN NORTH DAKOTA USING FIXED-IN-PLACE CAMERAS AND DRONES

SafetySpect Inc.
Joe Vacek, Grand Forks

Grant Amount: \$149,700

FUNDING SOURCES

APUC's appropriation for the 2021-2023 biennium totaled \$5,858,810.27 and was provided from the following sources:

- \$2,7000,000 from Bank of North Dakota
- \$733,889.47 from the North Dakota Mill and Elevator
- At the beginning of the biennium, an additional \$2,424,920.80 authorized as carry-over authority from the previous biennium.
- No funding was appropriated directly from the state general fund.

Financials as of October 31, 2022

Total Operating Expenditures	\$23,502.63
Total Grant Expenditures	\$1,746,031.84
Grant Commitments	\$1,143,376.11
Remaining Appropriation	\$2,889,923.07

**Includes current plus carry-over commitments*

NORTH DAKOTA DEPARTMENT OF AGRICULTURE

Agriculture Products Utilization Commission

600 E. Boulevard Ave., Dept. 602

Bismarck, ND 58505-0020

701-328-2231

800-242-7535

FAX 701-328-4567

www.ndda.nd.gov/apuc





BIOSCIENCE INNOVATION GRANTS GRANT REPORT 2021-2023

Agriculture Commissioner
Doug Goehring

The North Dakota Legislature created a bioscience innovation grant program to support biotechnology innovation and commercialization in areas including crop genetics, biofuels, biomaterials, biosensors and biotechnology. A total of \$5.5 million in grant funding was awarded to projects to develop the bioscience industry in North Dakota for the 2021-2023 biennium.

10 grants
awarded

\$5.5 million

Genovac Antibody Discovery

\$1.45 million to purchase enabling technology that will support the development and production of antibodies and other biological and agricultural products.

SafetySpect Inc.

\$1 million to move from a minimum viable product beta unit to a commercial device for their Contamination Sanitation Inspection and Disinfection system.

Lincoln Therapeutics, LLC

\$712,000 to develop intranasal ketamine as a safer, fast acting, non-addicting analgesic to improve battlefield pain management.

Checkable Medical

\$300,000 to run a clinical study to support the first over-the-counter test for Strep A.

Krampade

\$200,000 to manufacture a high protein, high potassium powdered drink mix; a high protein, high fiber powdered drink mix and a high potassium bar.

National Agriculture Genotyping Center

\$125,000 to upgrade the current biotechnology used for variety identification and certification of spring wheat and barley.

CorVent Medical, Inc.

\$113,000 to incorporate new features into an existing ventilator product that can be built into a prototype for testing and validation. Following the prototype, CorVent Medical will build a product for FDA submission.

WoundExam Corp

\$100,000 to develop WoundAssure, a multi-mode imaging technology that will monitor changes in wounds in patients at high risk of complications from diabetic ulcers.

Bioscience Association of North Dakota

\$600,000 to bring entrepreneurs and innovators together with companies to form collaborations that will result in products that not only utilize raw materials from North Dakota but will result in commercialization of those products leading to the creation of new biotechnology industries in North Dakota.

Agathos Biologics

\$900,000 to create new materials and methods for research and biomanufacturing and use them for drug development to address unmet medical needs and increase the availability of genetic medicines to more patients.



Agriculture Commissioner
Doug Goehring

CARES ACT BIOSCIENCE INNOVATION GRANTS GRANT REPORT 2020

The CARES Act Bioscience Grant Fund was used to support biotechnology innovation and commercialization, promote the creation of bioscience jobs in the state, and promote bioscience research and development in North Dakota in the area of coronavirus research. A total of \$5 million in grant funding was awarded for these projects in 2020.

8 grants
awarded

\$5 million

SafetySpect Inc.

\$1.5 million to develop and manufacture a contamination, sanitation inspection, and disinfection system for use in the food processing and service industry.

Core Health Strategies

\$30,000 to address the ability to create a large source of bovine interleukin-10 (IL-10) which has application in the immune response in the human COVID-19 patient.

Checkable Medical

\$40,000 to generate clinical performance data to meet FDA criteria for their at-home Rapid Antibody Test through a study.

Core Health Strategies

\$50,000 to perform a 4 week naturopathic supplantation program with the intent of protecting against SARS-CoV-2 infections in the supplemented population.

Biomed Protection ND

\$45,000 to produce peptides and test animal and human serum samples for the presence of anti-interferon antibodies.

ImmunoPrecise Antibodies

\$1.5 million to formulate a therapeutic that retains efficiency, even as SARS-CoV-2 evolves.

Biomed Protection ND

\$1,422,200 to develop a platform based on electronic biology to allow rapid and accurate real-time monitoring of genetic changes to coronaviruses. Information gained is used to design proteins for production of vaccine candidates or immunotherapies.

Genovac Antibody Discovery

\$412,800 to develop SARS-CoV-2 antibodies and therapeutics for diagnostics and developed nanodisc-based vaccine candidates for active immunization, in collaboration with Harvard Medical School.

North Dakota Department of Agriculture



SB 2009
Senate Appropriations Committee
Wednesday, January 11, 2023

Doug Goehring
Agriculture Commissioner

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Purpose

“Government is instituted for the protection, security, and benefit of the people, and they have a right to alter or reform the same whenever public good may require.”

North Dakota Constitution, Article 1, Section 2

Mission

Serve, advocate, protect and promote agriculture to benefit everyone.

Vision

We support agriculture by embracing diversity, innovation, research and trade.

Core Values

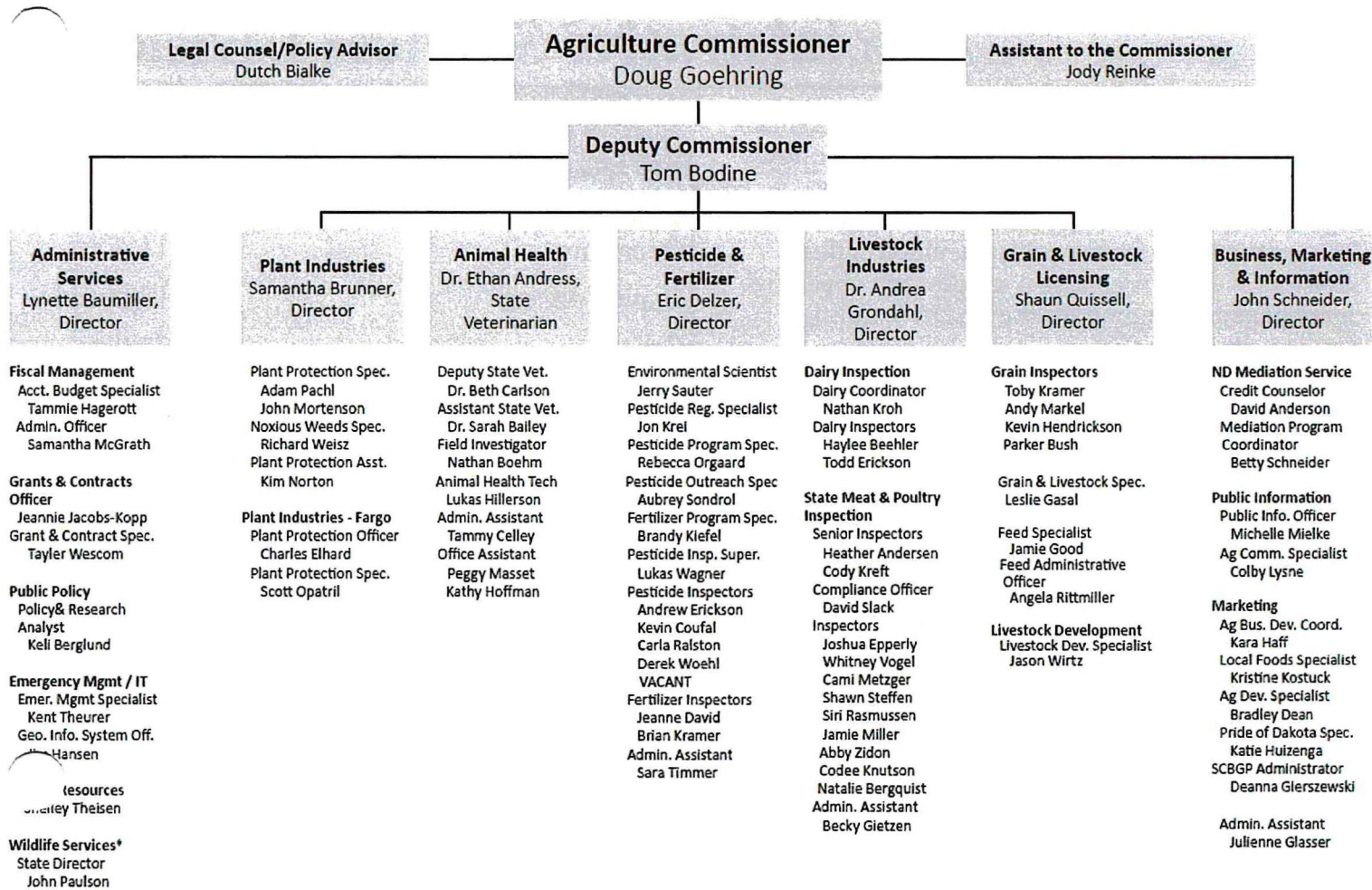
Transparency, Respect, Integrity, Consistency

Statutory Authority

North Dakota Century Code Chapters 4.1-01, 4.1-01.1, 4.1-02, 4.1-03, 4.1-04, 4.1-05, 4.1-06, 4.1-07, 4.1-08, 4.1-09, 4.1-10, 4.1-11, 4.1-12, 4.1-13, 4.1-14, 4.1-15, 4.1-16, 4.1-17, 4.1-18.1, 4.1-19, 4.1-20, 4.1-22, 4.1-23, 4.1-25, 4.1-26, 4.1-27, 4.1-28, 4.1-30, 4.1-31, 4.1-32, 4.1-33, 4.1-34, 4.1-35, 4.1-36, 4.1-37, 4.1-38, 4.1-39, 4.1-40, 4.1-41, 4.1-43, 4.1-44, 4.1-45, 4.1-47, 4.1-52, 4.1-53, 4.1-54, 4.1-55, 4.1-56, 4.1-57, 4.1-83, 4.1-88, 6-09.10, 10.06.1, 11-33-02.1, 36-01, 36-05, 36-06, 36-07, 36-14, 36-14.1, 36-15, 36-21.1, 36-21.2, 36-25, 36-26, 58-03, 60-01, 60-02, 60-02.1, 60-04, 60-05, 60-06, 60-10, 61.21, and 61-31.

Major Statutory Responsibilities

The agriculture commissioner is statutorily responsible for enforcing laws and regulations pertaining to pesticides, fertilizers, anhydrous ammonia, livestock sales, dairy production, noxious weed control, hemp, nursery stock, plant export certification, and beekeeping. The agriculture commissioner is also responsible for the registration of pesticides, fertilizers, animal feeds, and veterinary medicines; the administration of fair and timely mediation services to agriculture producers, creditors, and energy related issues; the collection and elimination of unusable pesticides; the promotion and marketing of North Dakota products; and the administration of a state meat inspection program. The responsibilities have expanded to include a leadership role in the formation of policies effecting the state's agricultural industries; the advocacy of the needs and concerns of farmers and ranchers on state and national levels; and the distribution of information concerning agricultural issues to the governor, legislature, and the general public. The agriculture commissioner works collaboratively with the Board of Animal Health to protect the health of domestic animals and nontraditional livestock of the state.



* Wildlife Services, a division of the Animal and Plant Health Inspection Service of the U.S. Department of Agriculture, operates in North Dakota under a cooperative agreement with the North Dakota Department of Agriculture, the North Dakota Game and Fish Department, and the North Dakota State Water Commission.

Updated 1/9/2023

Lynette Baumiller, Director

Administrative Services Division

Administrative Services includes fiscal management, risk management and emergency response, policy, information technology, and human resources. Pipeline and Wind Energy Restoration and Reclamation programs are also included in this division. This division also oversees the cooperative agreement and funding for the USDA Wildlife Services Program.

Fiscal Management

- Oversees the development and tracking of the department's budget.
- Processes payroll.
- Pays all bills and deposits all revenues.
- Reviews and approves contracts and grants.
- Ensures compliance with state and federal laws relating to the department's finances; including expenditure tracking and filing of required reports to federal agencies.
- Responsible for procurement of the goods and services for the department.

Human Resources

- Responsible for human resource activities, including recruitment and training.
- Responds to public information requests.

Risk Management & Emergency Response

- Plan, implement, and evaluate strategic emergency management plans.
- Develop and conduct training and education on risk management, loss control, and general safety issues.
- Coordinates with Department of Emergency Services.

Policy

- Researches and analyzes agriculture, energy, water, infrastructure, and trade policy.
- Maintains policy interaction with National Association of State Departments of Agriculture (NASDA), tri-National Agricultural Accord as well as Federal Environmental Law Impact Review Committee (FERLIC).

SB 2009 Base Level	
Salaries	\$3,318,008
Operating	1,111,607
Capital Assets	15,000
Grants	300,000
Pipeline Oversight Program	200,000
Wildlife Services	1,457,400
Total	\$6,402,015
General	\$4,055,209
Federal	297,103
Special	2,049,703
Total	\$6,402,015
FTEs	13

Information Technology

- Coordinate desktop support contract with NDIT.
- Maintains department websites, email and intranet.
- Conducts GIS mapping and works with local government agencies to provide GIS mapping technology and expertise.

Pipeline and Wind Energy Restoration and Reclamation Programs

- Connects landowners and tenants experiencing pipeline and wind energy reclamation issues with an ombudsman to help reach resolutions.
- Provides technical education, support, and outreach on pipeline and wind energy issues.
- Facilitates and promotes fairness when resolving reclamation and restoration issues, concerns, and disputes.

Wildlife Services

- Reduces wildlife depredation and damage to property (conducted by USDA Wildlife Services in cooperation with NDDA, State Water Commission and ND Game and Fish Dept.).

Samantha Brunner, Director
Plant Industries Division

Plant Industries includes the noxious weeds, apiary, plant protection, and hemp programs.

Noxious Weeds

- Distributes state and federal funds for noxious weed control to weed boards.
- Manages federal funds for noxious and invasive weeds.
- Coordinates statewide biological weed control and obtains and distributes biological weed agents.
- Assists county and city weed boards in field days and weed management.
- Assists the general public with weed identification and control.
- Trains and assists weed boards with GPS/GIS mapping technology.
- Administers the weed seed free forage program.

Apiary

- Licenses beekeepers.
- Registers and maps apiary locations.
- Inspects bees and issues health certificates for migratory movement.
- Investigates and responds to bee complaints.
- Visits apiaries and ensures compliance with the bee law.
- Administers the Honey Fund.
- Oversees the pollinator plan to enhance communication and emphasize best management practices for stakeholders.
- Conducts health inspections and assays with the National Agriculture Genotyping Center.
- Inspects bee shipments to California.

SB 2009 Base Level	
Salaries	\$1,287,814
Operating	902,762
Grants	1,500,274
Total	\$3,690,850
General	\$824,821
Federal	689,668
Special	2,176,361
Total	\$3,690,850
FTEs	7.4

Plant Protection

- Surveys for exotic pests such as moths, nematodes, emerald ash borer, and other wood borers that threaten North Dakota agriculture, forestry, and horticulture.
- Surveys for pests, various diseases, insects, and nematodes including Japanese beetle, Karnal bunt, dwarf bunt, cereal leaf beetle, soybean cyst nematode, and potato cyst nematodes to enable export of agricultural products.
- Licenses and inspects nursery dealers and growers.
- Provides export certification/phytosanitary services for export of agricultural products.
- Reviews biotechnology permits.
- Conducts plant pest outreach.

Hemp Program

- Licenses and inspects all hemp growers and processors.
- Inspects and samples hemp fields to ensure compliance with state and federal law.

Dr. Andrea Grondahl, Director

Livestock Industries Division

Livestock Industries includes dairy/poultry, state meat, and poultry inspection.

Dairy/Poultry

- Inspects dairy farms for equipment, facilities, sanitation, water purity, and proper drug usage and storage.
- Inspects dairy processing plants and milk transfer stations for equipment, facilities, and sanitation.
- Samples dairy products.
- Monitors financial conditions of milk buyers.
- Conducts Grade A surveywork.
- Inspects manufacturing grade plants and transfer stations under agreement with USDA.
- Inspects distribution facilities, milk bulk trucks, and samplers/haulers.
- Inspects licensed commercial egg producers.
- Licenses and sets bonds for hatcheries.

State Meat & Poultry Inspection

- Trains, certifies, and inspects meat processing facilities.
- Inspects custom-exempt processing plants.
- Inspects retail outlets for country-of-origin labeling.
- Enforces meat and poultry processing regulations.
- Grades livestock carcasses at official state and/or federal establishments.
- Provides consultation and education to the meat and poultry industry.
- Ensures proper label use by the industry.

SB 2009 Base Level	
Salaries	\$2,993,752
Operating	1,386,194
Total	\$4,379,946
General	\$2,258,296
Federal	2,111,650
Special	10,000
Total	\$4,379,946
FTEs	17

Shaun Quissell, Director

Grain & Livestock Licensing Division

Grain and Livestock Licensing includes the grain licensing, livestock licensing, livestock pollution prevention, feed and soil health programs.

Grain Licensing

- Oversees licensing and bonding of all grain warehouses, grain processors, roving grain buyers, and grain brokers.
- Administers the Credit-Sale Contract Indemnity Fund.
- Monitors financial condition of all warehouses and grain buyers.

Livestock Licensing

- Licenses and establishes bonds for livestock dealers and auction markets.
- Monitors financial conditions of dealers and auction markets.
- Contracts market reporters at auction markets to collect market data for the USDA.

Livestock Pollution Prevention

- Cost-share funding assistance for livestock producers to install manure containment systems.
- Advises producers on nutrient management, project planning, regulations, and manure containment.
- Conducts age and source verification.
- Reviews livestock zoning ordinances.

SB 2009 Base Level	
Salaries	\$1,628,828
Operating	335,722
Grants	1,050,000
Total	\$3,014,550
General	\$1,401,797
Federal	1,254,139
Special	358,614
Total	\$3,014,550
FTEs	9

Feed

- Registers all pet food sold in the state.
- Maintains a label file of commercial feeds sold in the state.
- Licenses commercial feed manufactures and retailers.
- Samples feed products to ensure that nutritional content matches the label claims.
- Inspects medicated feed plants.
- Verifies manufacturer and producer compliance with federal requirements to prevent bovine spongiform encephalopathy (BSE).
- Provides producer outreach for the Veterinarian Feed Directive.

Soil Health Program

- Provide cost share assistance to producers to plant cover crops or applicable grass to address saline or alkaline soils.

Dr. Ethan Andress, State Veterinarian

Animal Health Division

The Animal Health Division protects the health of domestic animals and non-traditional livestock, and administers all rules and orders of the State Board of Animal Health.

Animal Disease Traceability

- Traces animal movements as part of disease investigations.
- Monitors and regulates animal imports and exports.
- Maintains the state's animal health and disease related traceability database (USAHERDS).
- Monitors and reports diseases on state and national levels.
- Issues and maintains records of official USDA tags and official state certificates of veterinary inspection.

Emergency Preparedness and Response

- Trains and coordinates a Reserve Veterinary Corps to assist in emergency situations and assist with disease investigations.
- Participates in animal emergency preparedness and response on state, regional and national levels.
- Provides oversight on proper carcass disposal following disease outbreaks and disasters.
- Coordinates pet sheltering and livestock relocation during disasters.

Education and Outreach

- Provides inspection services at the ND State Fair.
- Communicates with other state and federal animal health officials regionally and nationally to guide animal health policy.
- Provides education and outreach for practicing veterinarians and the livestock industry.

SB 2009 Base Level	
Salaries	\$1,734,401
BOAH	865,718
Total	\$2,600,119
General	\$1,609,615
Federal	700,130
Special	290,374
Total	\$2,600,119
FTEs	7.6

State and Federal Disease Control and Eradication

- Conducts case investigations on suspected cases of transboundary/foreign animal diseases emerging diseases, and other zoonotic diseases.
- Administers the National Brucellosis Eradication Program and Bovine Tuberculosis Eradication Program.
- Administers the voluntary Chronic Wasting Disease (CWD) Herd Certification program.
- Issues and maintains records of official USDA tags and official state certificates of veterinary inspection.
- Administers Johne's disease control program.
- Acts as the Official State Agency (OSA) for the National Poultry Improvement Plan.
- Conducts avian influenza testing through USDA Avian Health Co-op Agreement.
- Acts as the OSA for US Swine Health Improvement Plan.
- Monitors for novel swine enteric coronavirus diseases, such as porcine epidemic diarrhea virus and emerging diseases.

Animal Health Division

State and Federal Disease Control and Eradication

(Continued)

- Administers the National Scrapie Eradication program.
- Oversees the Brucella ovis Free-Flock status program.

Regulatory Oversight

- Enforces non-traditional livestock and farmed elk regulations, evaluates importation risk assessments, and conducts facility inspections.
- Issues permits to possess, propagate or domesticate live protected birds or animal species for North Dakota Game and Fish Department.
- Supports investigations of inhumane treatment complaints.
- Coordinates feral swine investigations with partner agencies.
- Collaborates with ND Department of Health and Human Services on zoonotic and anthrozoonotic disease issues.
- Inspects auction markets and approves veterinarians to provide auction market services.
- Registers veterinary medicines for sale in the state and approves the use of autogenous vaccines.
- Licenses dealers of modified live animal vaccines sold in state and inspects facilities.
- Registers and inspects restricted feedlots.
- Licenses and inspects rendering facilities.

Eric Delzer, Director

Pesticide & Fertilizer Division

The Pesticide and Fertilizer Division oversees and regulates pesticides, fertilizers, and anhydrous ammonia to protect human health and the environment.

Pesticides

- Conducts inspections of pesticide dealers, users and repackaging facilities to ensure compliance with state and federal laws.
- Provides outreach to inform the public of state and federal pesticide requirements.
- Prepares and submits emergency and special local needs exemption requests to ensure ND producers have access to necessary pest management tools including Section 18 and 24 (c) requests.
- Registers all pesticides including herbicides, fungicides, rodenticides, insecticides, avicides and disinfectants that are sold in ND and approves product labeling.
- Coordinate Project Safe Send; an annual, statewide collection of unusable pesticides.
- Works with EPA on national pesticide regulatory and policy issues.
- Conducts risk assessments, receives public input, and offers data and recommendations to EPA to mitigate risk of pesticides to threatened and endangered species as part of the ND Endangered Species Protection Plan.
- Investigates and responds to pesticide contamination of groundwater and surface water resources.
- Investigates complaints of pesticide misuse and other violations.
- Administers and enforces the federal Worker Protection Standard to protect workers who handle and use pesticides.

SB 2009 Base Level	
Salaries	\$2,712,761
Operating	1,636,095
Crop Harmonization Board	75,000
Total	\$4,423,856
General	\$0
Federal	907,020
Special	3,516,836
Total	\$4,423,856
FTEs	15

Fertilizer and Anhydrous Ammonia

- Samples fertilizer products to ensure claims match labels.
- Licenses fertilizer distributors.
- Registers fertilizer products and approves product labeling.
- Samples fertilizer products to ensure claims match labels.
- Licenses anhydrous ammonia storage facilities.
- Conducts inspections of anhydrous ammonia storage facilities and nurse tanks to ensure compliance with federal regulations.
- Administers the Risk Management Program for agricultural anhydrous ammonia facilities and inspects facilities to ensure compliance with federal regulations.
- Provides outreach and compliance assistance to the fertilizer industry and anhydrous ammonia users.
- Audits fertilizer distributors to ensure compliance with fertilizer tonnage reporting.
- Administers the state waterbank program.

Business, Marketing & Information Division

The Business, Marketing, and Information Division monitors and develops policy and provides education, promotion, and market enhancement to increase sales of North Dakota agricultural commodities and value-added agricultural products in international, domestic, and local markets.

Pride of Dakota

- Administers Pride of Dakota (POD), including holiday showcases, annual meetings, and other events.
- Provides trade show assistance to ND companies.
- Maintains membership of over 500 POD Companies.

Specialty Crop Block & Organic Grants

- Administers specialty crop grants.
- Administers organic certification and transition reimbursement grants.

Agricultural Products Utilization Commission (APUC)

- Administers the Agricultural Products Utilization Grant Fund.
- APUC grant funds create new wealth and employment opportunities through the development of new and expanded uses of agricultural products.

North Dakota Mediation Service

- Offers mediation services to resolve differences among creditors, farmers, and others.
- Provides financial counseling.
- Offers assistance for beginning farmer loan applications and farm program paperwork.
- Offers mediation to address energy related issues.
- Offers conflict resolution services to resolve deer depredation disputes.
- Recent Farm Bill authorizes work on lease issues, family farm transitions, farmer/neighbor conflicts, organic certification issues, and other issues.

SB 2009 Base Level	
Salaries	\$2,041,562
Operating	1,475,672
Grants	6,181,500
APUC	1,760,417
Trade Office	1,600,000
Total	\$13,059,151
General	\$3,359,974
Federal	6,676,204
Special	3,022,973
Total	\$13,059,151
FTEs	10

Agriculture in the Classroom

- Helps K-12 teachers integrate agriculture information into science, math, social studies, and language curricula.
- Provides hands-on lessons to help students better understand the relationships between the world's environment, agriculture, and people.
- Publishes the Ag Mag three times a year for third, fourth, and fifth-graders.
- Underwrites ND FFA Foundation, ND Farm Bureau, ND Genotyping Center mini-grants for agriculture-related projects, units, and lessons used by school-age children.

Public Information

- Writes and edits department publications, including news releases, brochures, and annual/biannual reports.
- Monitors and updates the Department website and social media account.

Business, Marketing & Information Division

Bioscience Innovation Program (BIG)

- Administers the Bioscience Innovation Grant Fund.
- The Bioscience Innovation Grant Program supports biotechnology innovation and commercialization in areas including crop genetics, biofuels, biomaterials, biosensors, and biotechnology in relation to food, nutrition, animals, human, equipment, medical, and health products and services, medical diagnostics, medical therapeutics, and farm-based pharmaceuticals.

Grasslands Grazing Cost Share Program

- Provides grants to organizations representing cooperative grazing organizations in the state.
- Grant funds are used for water development, fencing, conservation initiatives, compliance with federal permitting requirements, enhance wildlife habitat, capture carbon, and increase overall health of the grassland.

Export / International Trade Program

- Conducts and participates in international trade events.
- Supports and coordinates with Food Export Midwest Association and North Dakota Trade Office.
- Issues Certificate of Free Sale Agreements.
- Conducts market research for ND companies to help them expand their businesses domestically and internationally.

Intermodal Facility Grant Program

- Construction projects to expand rail capacity to support economic and workforce developments and growth to enhance the value of agriculture and commercial products exported through an intermodal facility in North Dakota.

Livestock Development

- Assists producers and processors in expanding and promoting the state's livestock industry.
- Identifies and assists livestock friendly counties in developing animal agriculture.

North Dakota Trade Office

- Administers contract with North Dakota Trade Office to expand North Dakota businesses with expertise and resources to grow their businesses through national and international trade.

Budget Summary

Budget by Fund

General Funds	\$ 13,459,712	35.8%
Federal Funds	\$ 12,635,914	33.6%
Special Funds	<u>\$ 11,474,861</u>	30.5%
	\$ 37,570,487	

FTEs 79

Budget by Line Item

Salary & Wages	\$	15,717,126
Operating Expenses	\$	6,848,052
Capital Assets	\$	15,000
Grants	\$	9,031,774
Agricultural Products Utilization Commission	\$	1,760,417
North Dakota Trade Office	\$	1,600,000
Board of Animal Health	\$	865,718
Wildlife Services	\$	1,457,400
Pipeline Restoration & Reclamation Oversight Program	\$	200,000
Crop Harmonization Board	\$	<u>75,000</u>
	\$	37,570,487

Budget Enhancements/Optional Requests

Systems Coordinator FTE

This request is for one FTE. This position would coordinate information and system development and maintenance, including work orders for IT Vendors. This position would also coordinate server deployments and User Acceptance Testing for vendor or department-initiated changes. Act as primary contact for NDIT divisions; including End User Compute and Collaborate with other divisions related to NDDA equipment and electronic systems requests or incidents. Also attend NDIT trainings or other events to learn about new deployments or other features, support.

Total Base Level Request: \$ 180,326 (General Funds)
Governor's Recommendation: \$ 180,326 (General Funds)

Marketing Specialist FTE

This request is for one FTE. This position would assist the department in setting up domestic trade shows, recruiting companies for international trade missions, increase department interaction with commodity groups as well as assist with marketing of the department and its many programs.

Total Base Level Request: \$ 316,230 (General Funds)
Governor's Recommendation: \$ 316,230 (General Funds)

North Dakota Trade Office

This request is for an additional \$500,000 for the North Dakota Trade Office in regards to their trade missions for the state of North Dakota. Part of this request for the additional amount is to add one additional employee who would assist in operations on the Western side of the state. In addition, the North Dakota Trade Office is moving to a new location where it has a partnership with NCI to share a building receptionist. The additional funding request would bring the total for the North Dakota Trade Office to \$2.1 million.

Additional Base Level Request: \$ 500,000 (General Funds)
Governor's Recommendation: \$ 500,000 (General Funds)

Budget Enhancements/Optional Requests

Bioscience Innovation Grants (BIG)

The request is for an appropriation of \$12,000,000 for the Bioscience Innovation Grant fund. For the 2021-2023 biennium the department was appropriated \$5,500,000 (One-Time Funding). Ten grants were awarded to various companies and the ND Bioscience Association. Two more companies have relocated to the state and one that is considering opening operations. Eastern North Dakota has become known nationwide as a leader in the bioscience industry. Companies located within the State already are showing tremendous growth. Since the inception of the funding, 136 jobs have been added to the state with an average salary of \$75,531 a year. The department continues to receive high interest in the program and feels the funding is critical to capturing the emerging opportunities and diversifying our economy.

Total Base Level Request:	\$ 12,000,000 (General Funds)
Governor's Recommendation:	\$ 5,500,000 (SIIF)

Wildlife Services

This request is to offset increased aerial costs (aerial contract aircraft per hour). USDA-Wildlife Services uses highly effective and target specific aerial operations to protect livestock from depredation in vast, open, and remote locations. USDA-WS provides capable, mission ready aircraft with professionally trained crews in the aircraft as well as on the ground. There is a downward trend in overall aerial hours flown in ND, primarily due to the cost of aerial contract aircraft per hour.

Additional Base Level Request:	\$ 200,000 (General Funds)
Governor's Recommendation:	\$ 200,000 (General Funds)

Agriculture Products Utilization Program (APUC)

This request would be for additional special fund authority to expand the APUC program with a transfer from BND profits.

Total Base Level Request:	\$ 1,760,417 (General Funds)
Governor's Recommendation:	*\$ 5,110,417 (General Funds) *\$ 3,000,000 from BND

Budget Enhancements/Optional Requests

Additional Authority Request

Special Fund:	\$	318,695
Federal Fund:	\$	1,205,500
Total \$		1,524,195

Senate Bill No. 2009 Agriculture Commissioner

	23-25 Base Level	Governor's Recommendation	Commissioner's Budget Request
Salaries and Wages	\$ 15,717,126	\$ 17,216,350	\$ 17,216,350
Cost to Continue		\$ 115,069	\$ 115,069
SB 2009 Salary and Wages	\$ 15,717,126	\$ 17,331,419	\$ 17,331,419
Operating Expenses	\$ 6,848,052	\$ 6,571,904	\$ 6,571,904
*Funding for OMB Rent Model		\$ 198,136	
Increased NDIT Rates		\$ 30,133	\$ 30,133
SB 2009 Operating Expenses	\$ 6,848,052	\$ 6,800,173	\$ 6,602,037
SB 2009 Capital Assets	\$ 15,000	\$ 7,000	\$ 7,000
Grants	\$ 14,731,774	\$ 10,005,969	\$ 10,005,969
Grasslands Grazing Grants	\$ (5,000,000)		\$ 6,500,000
Soil Health Program	\$ (700,000)		
SB 2009 Grants	\$ 9,031,774	\$ 10,005,969	\$ 16,505,969
COVID-19 Specialty Grants	\$ 5,000,000	\$ 3,500,000	\$ 3,500,000
COVID-19 Specialty Grants	\$ (5,000,000)		
COVID-19 Specialty Grants	\$ -	\$ 3,500,000	\$ 3,500,000
Bioscience Innovation Grant Program	\$ 5,500,000	\$ 5,500,000	\$ 12,000,000
Bioscience Innovation	\$ (5,500,000)		
Bioscience Innovation Grant Program	\$ -	\$ 5,500,000	\$ 12,000,000
Ag Products Utilization Commission	\$ 4,460,417	\$ 2,110,417	\$ 2,110,417
Ag Products Utilization (BND)	\$ (2,700,000)	\$ 3,000,000	\$ 3,000,000
Ag Products Utilization Commission	\$ 1,760,417	\$ 5,110,417	\$ 5,110,417
Trade Office	\$ 1,600,000	\$ 2,100,000	\$ 2,100,000
Board of Animal Health**	\$ 865,718	\$ 865,718	\$ 695,218
		\$ (170,500)	
Board of Animal Health	\$ 865,718	\$ 695,218	\$ 695,218
Wildlife Services	\$ 1,457,400	\$ 1,657,400	\$ 1,657,400
Pipeline Reclamation	\$ 200,000	\$ 200,000	\$ 200,000
Crop Harmonization	\$ 75,000	\$ 75,000	\$ 75,000
SB 2009 Total	\$ 37,570,487	\$ 52,982,596	\$ 65,784,460
Department Full Time Employees	79	79	79
		2	2
Department Full Time Employees	79	81	81

*OMB Rent Model - The Agriculture Commissioner doesn't support this model.

** Board of Animal Health - Federal Fund decrease per agency request due to how the Federal Government is handling Avian Influenza.

SB2009 Committee Considerations

- Wildlife Services - Specify in our budget bill that “the Agriculture Commissioner shall not pay indirect costs as part of the USDA APHIS Wildlife Services Program.” Any funds appropriated to USDA APHIS Wildlife Services will not be subject to the indirect cost/pooled job costs.
- Grasslands Grazing Grants - Carry Over Authority – The amount appropriated for Grasslands Grazing Grant Program in Section 9 of HB1009 of the 2021 Session is not subject to section 54-44.1-11 and any unexpended appropriations may be continued into the biennium beginning July 1, 2023, and ending June 30, 2025.
- Environmental Mitigation – Since the program was enacted four years ago, there has been a lot of interest. However, no contributions have been received to work with agriculture landowners on energy development and environmental mitigation efforts.
- Agriculture Products Utilization Commission (APUC) funding support from the Bank of North Dakota: \$3,000,000.

Other Budgetary Bills

- HB1148 - The Agriculture Infrastructure Fund - \$15 million general fund appropriation.

Other Related Information

- The Agriculture Commissioner would like the opportunity to utilize space available in the capitol or explore other options to get our entire Department together in one location.

Summary

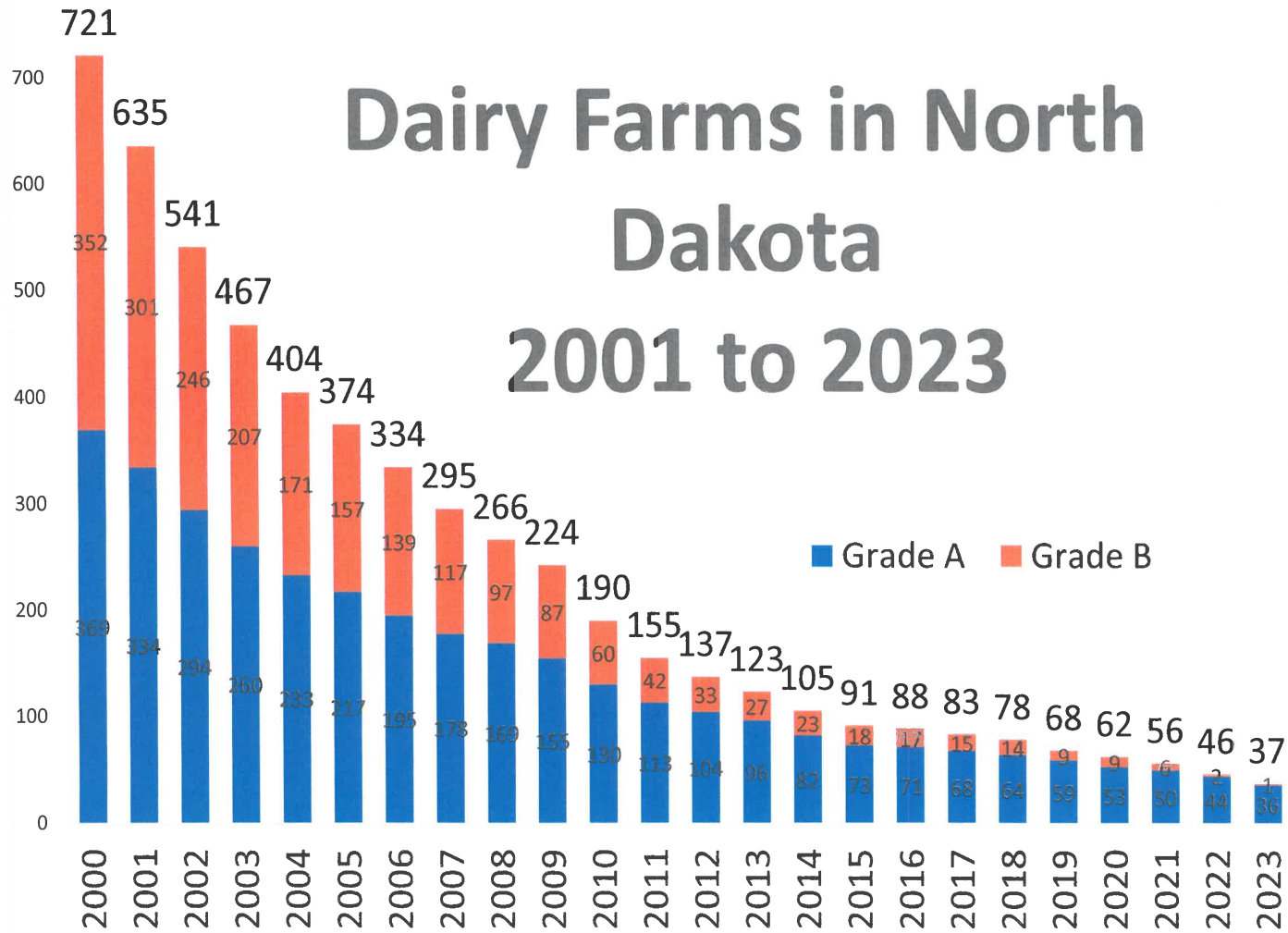
The work of the North Dakota Department of Agriculture is vital to our state's most important industry. This budget presentation was designed to provide transparency and to assist the Legislative Assembly to determine spending priorities for the 2023-2025 biennium.



Doug Goehring
Agriculture Commissioner



Dairy Farms in North Dakota 2001 to 2023



North Dakota Export Rankings	in million dollars				2021 National Ranking*	2021 Production Value**	2021 Production Ranking
	2019	2020	2021	2021 National Ranking*			
Total Exports	\$ 4,287.31	\$ 4,379.19	\$ 4,950.18	11			
All Animal Products	\$ 202.61	\$ 203.85	\$ 278.19	34			
Beef	\$ 120.12	\$ 108.59	\$ 165.91	15			
Pork	\$ 16.32	\$ 18.86	\$ 19.87	25			
Dairy	\$ 9.13	\$ 10.27	\$ 11.61	35			
All Plant Products	\$ 4,084.70	\$ 4,175.34	\$ 4,671.99	8			
Wheat	\$ 1,150.28	\$ 1,035.48	\$ 1,077.69	2	\$ 1,793.51	#1 in spring and durum wheat, #2 in all wheat	
Soybean	\$ 949.26	\$ 1,158.45	\$ 1,183.21	9	\$ 2,323.97	#10 in soybean	
Soymeal	\$ 221.40	\$ 214.42	\$ 242.42	9			
Corn	\$ 202.50	\$ 211.09	\$ 339.76	13	\$ 2,020.10	#11 in corn grain	
Vegetable Oil	\$ 201.27	\$ 192.41	\$ 230.71	6			
Other Oilseeds (Canola, Sunflower, Flax, etc. not. inc. soy)	\$ 601.90	\$ 581.30	\$ 714.56	1	\$ 1,052.45	#1 in canola, #1 in flaxseed, #2 in all sunflower	
Processed Veg. (Pulses)	\$ 149.97	\$ 176.76	\$ 220.93	6	\$ 355.10	#1 in all dry edible beans, #2 in lentils, #4 in chickpeas, #1 in dry edible peas	
Fresh Veg. (Potato)	\$ 78.27	\$ 91.32	\$ 109.53	6	\$ 258.75	#5 in all potato	

* Export dollars and ranking sourced from USDA, Economic Research Service

** Production value and ranking sourced from USDA, National Ag Statistics Service 2021 Survey

2021 Total Crop production valued at roughly \$8.53 billion.

Bulk Commodities that leave on truck or rail and then unloaded in a pit which is commingled with other grain does not reflect the state of production in export data.

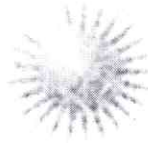


GREATER NORTH DAKOTA CHAMBER
SB 2009
Senate Appropriations Committee
Government Ops Division
Chairman Terry Wanzek
January 22, 2023

Mr. Chairman and members of the Committee, my name is Andrea Pfennig with the Greater North Dakota Chamber. GNDC is North Dakota's largest statewide business advocacy organization, with membership represented by small and large businesses, local chambers, and trade and industry associations across the state. We stand in **support** of Senate Bill 2009 as it relates to the Biosciences Innovation Grant program.

Our members support the advancement of innovation and entrepreneurship through targeted incentives and economic development policies that position North Dakota to be globally competitive.

The Biosciences Innovation Grant has proven to be a successful tool in establishing a burgeoning industry in North Dakota and we hope you will be supportive in funding the program.



BioND

Bioscience Association of North Dakota
4200 James Ray Drive, Suite 500, #503
Grand Forks ND

Richard Glynn, Exec. Director

Ph: 701-738-2431

richard@ndbio.com

JANUARY 11, 2023

Dear Chairman, Wanzek and Members of the Senate Appropriations Government Operations Committee

The following is **testimony** to this Committee in support of **SB 2009, "A BILL for an Act to provide an appropriation for defraying the expenses of the agriculture commissioner; and to provide for a transfer"**.

North Dakota is being recognized as an upcoming leader in the Biotech Industry for agriculture, biofuels, biomaterials and healthcare. -The ND Bioscience Association wishes to expand the Biotech industry in this State. The Agriculture Budget contains an increased request for \$12,000,000 (Gov. budget is \$5.5 million) for the **Bioscience Innovation Grant fund** for the biennium beginning July 1, 2023 and ending June 30, 2025.

In partnership with the Department of Agriculture, the Bioscience Association expanded the Bioscience Industry in North Dakota through the Bio Innovation Grant program by making grants to companies either recruited from outside the State or by helping companies located in the State develop their technology and commercialize their products. To date, these companies have created or are projected to create 214 new jobs. The average salary for an employee in companies such as these is \$73,531 a year. Therefore, the State of North Dakota is slated to receive, or has received, at least \$15,735,634 a year in new salary benefits.

As Stated in an article published by the Greater Fargo Moorhead Economic Development Corp., December 19, 2022, By Meghan Feir Walker; "Bioscience holds tremendous promise for the greater Fargo-Moorhead region as the world continues to look to innovators to create complex lifesaving technologies and investors continue to inject record levels of venture capital into this space," said Chief Business Development Officer Ryan Aasheim of the GFMEDC.

The Gross Regional Product (GRP) contributed by the bioscience industry in the Fargo-Moorhead MSA (alone) has grown from less than \$50 million in 2011 to over \$208 million in 2021. The growth of bioscience occupations in the FM metro has grown 40.9 percent in that same period, eclipsing the national growth rate of 23.4 percent."

But there is more to this story than the economic benefits that have resulted from supporting these companies. It is "WHAT" they are doing in this state that is having a nationwide, even a worldwide impact, and putting North Dakota on the Biotech map. I have selected 3 Companies as examples. The first example is **Lincoln Therapeutics**.

Lincoln Therapeutics came from Chicago, Illinois, and is developing and fielding "Intranasal Ketamine as a Non-Narcotic Far Forward Battlefield Analgesia/Anesthesia Solution". Lincoln Therapeutics is collaborating with the DOD and Thrifty White Pharmacy, a company that employs over 200 people in the Fargo Moorhead area, to

develop an Intranasal Ketamine as a non-Narcotic analgesic for forward military use and civilian use. This creates an important countermeasure to the worldwide opioid epidemic. This collaboration will create the only GMP pharma production facility in ND. Thrifty White's current employee base will increase by the addition of 40 more jobs. A training program for Advanced Technology Pharmaceutical Training is being developed in Fargo as part of this project. This project will collaborate with national emergency planners to stock intranasal non-narcotic analgesics and other vital medications from the Fargo factory into the Strategic National Stockpile (SNS). But more importantly it could reduce addiction rates and suicide rates among Veterans who have been wounded in combat and then given opioids. In many cases this leads to a lifetime of addiction and, in a lot of cases, suicide.

The second example is CorVent Medical, Inc. a privately held medical device startup, which is committed to developing and manufacturing versatile, lifesaving ventilators for critical care. Richard Walsh, President and CEO of CorVent, uprooted and transplanted his entire company from California to the NDSU Research Park in Fargo in January 2022. Corvent is currently working with ComDel, Inc., to develop and manufacture their product here in North Dakota, and currently employ 17 people in North Dakota. In 3 years Corvent hopes to have their own dedicated manufacturing facility, which Walsh says, ". . . will bring 100 jobs to the region". Currently, Corvent has furnished Humanitarian aid to the Ukraine. The company has donated over 1,100 life-saving resuscitation bags via the Ukrainian-American Crisis Response Committee and have sold 32 of their RESPOND ventilators with a 1-month reserve of disposable supplies via Nova Ukraine.

The third example is SafetySpect, Inc., a California-based bio-tech company, who moved their headquarters to Grand Forks, N.D. They currently employ 16 people. They are working with Dr. Kouhyar Tavakolian of UND's College of Engineering and Mines and School of Medicine & Health Sciences where they employ 7 graduate students. Their product is a CSI-D+ device which stands for "Contamination and Sanitization Inspection and Disinfection Plus". It is a device which detects, disinfects, and documents contaminants, as well as saliva and respiratory droplets without the use of chemicals. They are engaged in multiple projects.

They are engaged in a project with the US Army, NASA, USDA-ARS and UND called the "SpaceAG" project. They are developing 1). A holistic food system technology platform for habitat and long duration space flight; 2). an autonomous growth chamber technology platform; and 3). Developing a handheld imaging and spectroscopy device platform using machine learning and Fusion AI for long duration ration assessment and food safety and quality analysis. In the Ag area, they are also developing a multimode imaging system that can be mounted on drones or permanently field-deployed to watch for and automatically identify plant diseases such as rust, root and stem rot, or leaf blight. They are also involved in the 1). Food Safety Area, i.e., Fast Food and Meat Production; 2). Transportation, i.e., united Airlines; 3). Health Care, Long Term Care facilities as Hospital Clean Rooms. They are engaged right now with Edgewood Management Groups in Grand Forks, in their long term care facility.

These are just three of the companies we have either recruited to the state or expanded their commercialization helped through the program. Below are additional companies which have also participated in the program.

1). Genovac Antibody Discovery, LLC –to support the commercial development and production of multiple therapeutic, diagnostic and research antibody products. Came here from Frieberg, Germany.

2). Agathos Biologics creating new materials and methods for research and biomanufacturing and use them for drug development to address unmet medical needs and increase the availability of genetic medicines to more patients. Locally created company, former Aldevron employees.

3). Checkable Medical - creating the first over-the-counter test for Strep A and Covid home test kits. – was recruited from Eden Prairie, MN to focus on delivering innovative at-home diagnostic testing to employers and individuals.

4). Krampade - manufactures a high protein, high potassium powdered drink mixes and a high protein, high fiber powdered drink mixes and a high potassium bar. Has a manufacturing facility in Grand Forks and came here from Lincoln, Nebraska.

- 5). National Agriculture Genotyping Center upgrading the current biotechnology used for variety identification and certification of spring wheat and barley. Came here from New Mexico.
- 6). Wound Exam Corp - developing WoundAssure, a multi-mode imaging technology that will monitor changes in wounds in patients at high risk of complications from diabetic ulcers. Local company.
- 7). Cotys, Inc. - developed a "trucking app" that streamlined the process of pickup and delivery for small trucking companies. Came here from California.
- 8). New Age Farming and Distributing, LLC - distributes a product containing mycorrhizal fungi technology, to enhance root growth and soil health and maximize crop growth and increases yields.
- 9). ImmunoPrecise Antibodies, Ltd - from Canada to develop a therapeutic antibody with US headquarters in Fargo.
- 10). Access Point Technologies - is a medical device company locating in Horace, ND focused on the production of Catheters. Moved from Rogers, Minnesota.
- 11). BiomedProtection, LLC -of Fargo designs and manufactures vaccines utilizing Biomed's' unique and proprietary electronic Biology Platform. Moved from Galveston, Tx. Utilizes Aldevron to manufacture their product.
- 12). Core Health Strategies - of Mandan are developing a Naturopathic Immunological Wellness and Therapy Program for the prevention and treatment of COVID19.

But we are still recruiting and there are a number of companies we are working with, one of which is Imricor, Inc, from Burnsville, Minnesota. Imricor has quickly grown to be the first and only company in the world to bring commercially viable and safe iCMR products to the catheter ablation market. Basically, what they have done is developed a catheter which they run up your arm and over to your heart and perform a procedure to treat atrial fibrillation. This is called "Ablation". It uses small burns or freezes to cause some scarring on the inside of the heart to help break up the electrical signals that cause irregular heartbeats. This can help the heart maintain a normal heart rhythm. The difference between this treatment and standard ablation treatment is that there use an MRI machine instead of an X-ray machine to watch the catheter as it progresses through the body and into the heart. It also allows more proficient positioning of the catheter in order to perform its burning or freezing. The success rate now is about 40% using the standard old method. The success rate utilizing this system is 90%. Imricor will move its R&D and manufacturing from Burnsville to North Dakota. This will create 40 to 50 new jobs,

This is one of many companies that BioND is recruiting to the State. The Bio Innovation fund presents an incentive to these companies to move and also encourages local companies to expand their operations within this State. \$5.5 million appropriated last session was utilized in the first year. We believe \$12 million will be utilized in less than 18 months.

It is the Associations hope that this Committee passes the Agricultural Budget with the \$12 million request to refund the Bio Innovation Fund program so that we can continue to expand and grow biotech companies.

Thank you for your time and attention.

Richard Glynn
Executive Director
Bioscience Association of North Dakota



North Dakota Appropriations Sub-Committee

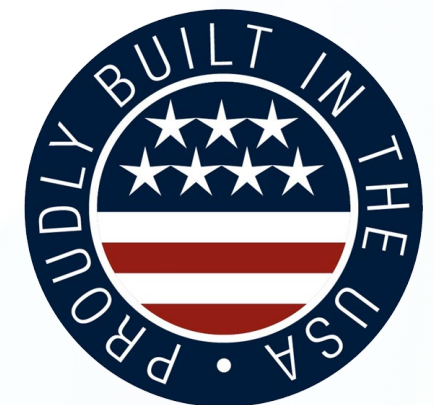
JANUARY 24, 2023

To provide simple, sophisticated respiratory solutions for post-ICU and home environments, eliminating unnecessary cost and complexity.



Who is CorVent Medical?

- Medical device company headquartered in Fargo North Dakota
- Experienced Executive Team
 - *CEO, Richard S, Walsh 30+ Years StartUp Medical Device experience*
 - *CFO, Travis Murphy, CPA 20+ Years Medical Device experience*
 - *CTO, John O'Mahony 30+ Years Medical Device experience*
 - *CMO, Maureen Shaffer 30+ Years Medical Device experience*
- Award Winning design- Multiple Med Device Innovation Awards
- Proven track record
 - Designed an ICU grade Ventilator for the Covid Pandemic
 - Received global regulatory footprint with FDA EUA and CE Mark
 - Commercialized in USA and Europe
 - Multiple patent applications and continued IP generation

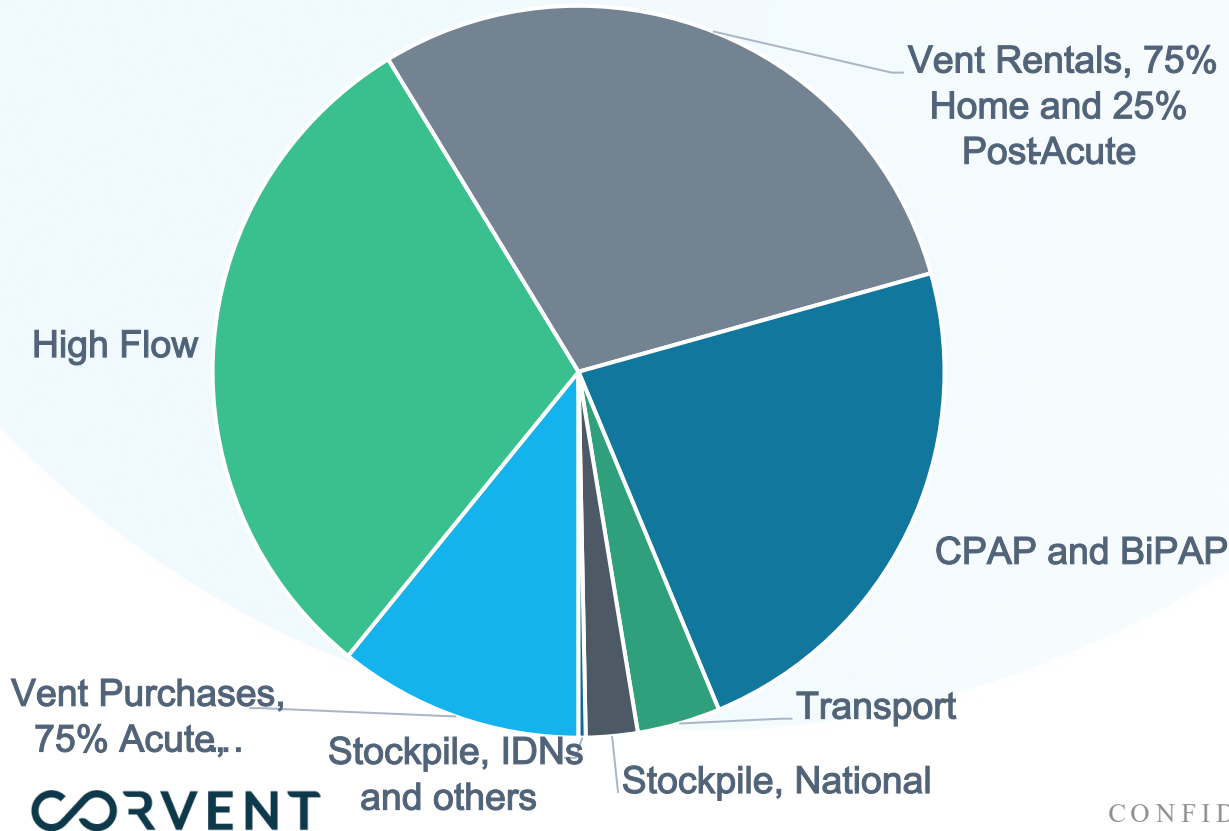


TOTAL AVAILABLE MARKET EXCEEDS \$12B, TO BE \$200M+ BY END 2027

Approaching 2% market share in 2027 with CAGR of 8.4%

The post-ICU market is 74% of the overall market, or more than \$9.0B globally in 2022. In other words, the post-ICU market is triple the size of the acute ICU market.

TAM 2022
(Revenue) (USD), \$12.2 Billion



Cumulative Estimated Revenues vs. Investment by Product on December 31, 2027



Ventilator Comparisons

RESPOND (EUA)

- Released Dec 2020 for both immediate ICU deployment and stockpile options
- Follows NIH recommendations for emergency preparedness



RESPOND (510K)

- To be FDA cleared in early 2023
- Utilized BioNDFunds to help develop novel technology
- Designed and to be manufactured in North Dakota
- One of the very few US designed and manufactured Medical Ventilators



Partnering with North Dakota

- Hired 7 NDSU Interns 2022, 1 hired, 1 committed and 2 expecting to join after graduation. (1 Phd and 1 Undergrad)
- Partnering with the engineering department at UND for both Undergraduate and Post Doc students
- Moving the executive team to Fargo in 2022-2023
- Moved 1 engineer from TX, relocating 2 from California
- Hiring a senior engineer as a COO and moving to Fargo
- Moved key company infrastructure to Fargo in 2023 (Accounting, Insurance, IT)
- Incorporated sister company in Fargo Jan 2023- (Tailwind Med-Tech)
- Helping to build a life-science eco-system in North Dakota



Product Roadmap

- *Hospital to Home*
- *Transport Ventilation*
- *Sleep Medicine*



Warehousing and manufacturing move to ND 2023

- Interviewing COO candidates to relocate to and set up warehousing and manufacturing in Fargo
- Exploring Fargo opportunities for location
- Working with local commercial realtors and developers
- Expect to complete the California to Fargo transition by 4Q 2023
- 100+ high paying jobs for North Dakota in 36 months!

Med-Device Opportunity for North Dakota

- Minnesota has 8 Billion in Med Device Transactions annually
- 3 Hours south of Fargo
- The talent pool of engineers leave ND every year and they head south on highway 94
- The trend is evident that Americans are seeking core values in states that offer safety and quality of life
- The Bio Science Association of North Dakota helped us transition to North Dakota and feel welcomed!



TOGETHER, MAKING CORVENT MEDICAL
LEGENDARY

North Dakota Department of Agriculture



SB 2009
Senate Appropriations Subcommittee
Tuesday, January 24, 2023

Doug Goehring
Agriculture Commissioner

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Purpose

“Government is instituted for the protection, security, and benefit of the people, and they have a right to alter or reform the same whenever public good may require.”

North Dakota Constitution, Article 1, Section 2

Mission

Serve, advocate, protect and promote agriculture to benefit everyone.

Vision

We support agriculture by embracing diversity, innovation, research and trade.

Core Values

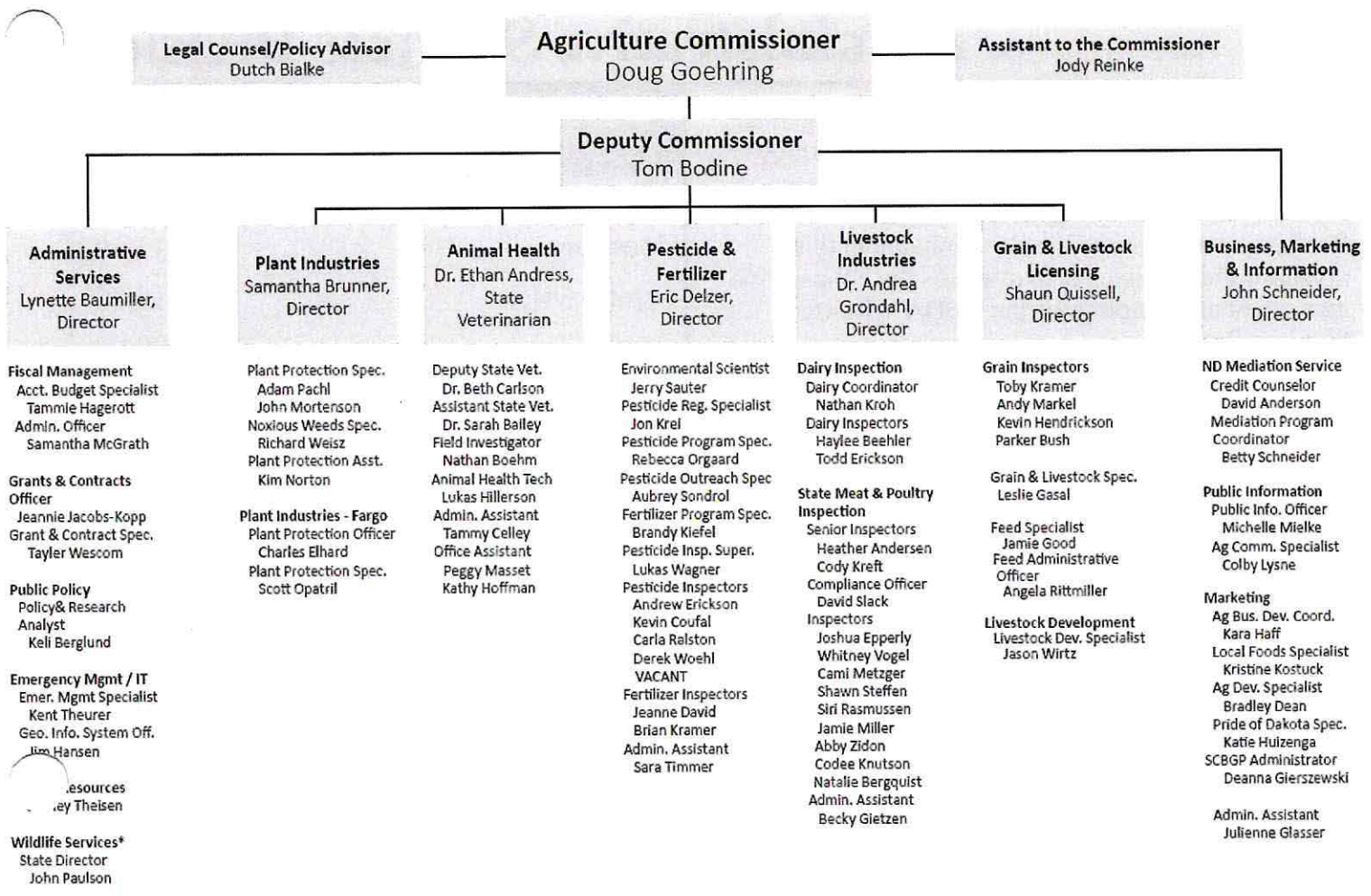
Transparency, Respect, Integrity, Consistency

Statutory Authority

North Dakota Century Code Chapters 4.1-01, 4.1-01.1, 4.1-02, 4.1-03, 4.1-04, 4.1-05, 4.1-06, 4.1-07, 4.1-08, 4.1-09, 4.1-10, 4.1-11, 4.1-12, 4.1-13, 4.1-14, 4.1-15, 4.1-16, 4.1-17, 4.1-18.1, 4.1-19, 4.1-20, 4.1-22, 4.1-23, 4.1-25, 4.1-26, 4.1-27, 4.1-28, 4.1-30, 4.1-31, 4.1-32, 4.1-33, 4.1-34, 4.1-35, 4.1-36, 4.1-37, 4.1-38, 4.1-39, 4.1-40, 4.1-41, 4.1-43, 4.1-44, 4.1-45, 4.1-47, 4.1-52, 4.1-53, 4.1-54, 4.1-55, 4.1-56, 4.1-57, 4.1-83, 4.1-88, 6-09.10, 10.06.1, 11-33-02.1, 36-01, 36-05, 36-06, 36-07, 36-14, 36-14.1, 36-15, 36-21.1, 36-21.2, 36-25, 36-26, 58-03, 60-01, 60-02, 60-02.1, 60-04, 60-05, 60-06, 60-10, 61.21, and 61-31.

Major Statutory Responsibilities

The agriculture commissioner is statutorily responsible for enforcing laws and regulations pertaining to pesticides, fertilizers, anhydrous ammonia, livestock sales, dairy production, noxious weed control, hemp, nursery stock, plant export certification, and beekeeping. The agriculture commissioner is also responsible for the registration of pesticides, fertilizers, animal feeds, and veterinary medicines; the administration of fair and timely mediation services to agriculture producers, creditors, and energy related issues; the collection and elimination of unusable pesticides; the promotion and marketing of North Dakota products; and the administration of a state meat inspection program. The responsibilities have expanded to include a leadership role in the formation of policies effecting the state's agricultural industries; the advocacy of the needs and concerns of farmers and ranchers on state and national levels; and the distribution of information concerning agricultural issues to the governor, legislature, and the general public. The agriculture commissioner works collaboratively with the Board of Animal Health to protect the health of domestic animals and nontraditional livestock of the state.



* Wildlife Services, a division of the Animal and Plant Health Inspection Service of the U.S. Department of Agriculture, operates in North Dakota under a cooperative agreement with the North Dakota Department of Agriculture, the North Dakota Game and Fish Department, and the North Dakota State Water Commission.

Updated 1/9/2023

Lynette Baumiller, Director

Administrative Services Division

Administrative Services includes fiscal management, risk management and emergency response, policy, information technology, and human resources. Pipeline and Wind Energy Restoration and Reclamation programs are also included in this division. This division also oversees the cooperative agreement and funding for the USDA Wildlife Services Program.

Fiscal Management

- Oversees the development and tracking of the Department's budget.
- Processes payroll.
- Pays all bills and deposits all revenues.
- Reviews and approves contracts and grants.
- Ensures compliance with state and federal laws relating to the department's finances; including expenditure tracking and filing of required reports to federal agencies.
- Responsible for procurement of the goods and services for the department.

Human Resources

- Responsible for human resource activities, including recruitment and training.
- Responds to public information requests.

Risk Management & Emergency Response

- Plan, implement, and evaluate strategic emergency management plans.
- Develop and conduct training and education on risk management, loss control, and general safety issues.
- Coordinates with Department of Emergency Services.

Policy

- Researches and analyzes agriculture, energy, water, infrastructure, and trade policy.
- Maintains policy interaction with National Association of State Departments of Agriculture (NASDA), tri-National Agricultural Accord as well as Federal Environmental Law Impact Review Committee (FERLIC).

SB 2009 Base Level	
Salaries	\$3,318,008
Operating	1,111,607
Capital Assets	15,000
Grants	300,000
Pipeline Oversight Program	200,000
Wildlife Services	1,457,400
Total	\$6,402,015
General	\$4,055,209
Federal	297,103
Special	2,049,703
Total	\$6,402,015
FTEs	13

Information Technology

- Coordinate desktop support contract with NDIT.
- Maintains Department websites, email and intranet.
- Conducts GIS mapping and works with local government agencies to provide GIS mapping technology and expertise.

Pipeline and Wind Energy Restoration and Reclamation Programs

- Connects landowners and tenants experiencing pipeline and wind energy reclamation issues with an ombudsman to help reach resolutions.
- Provides technical education, support, and outreach on pipeline and wind energy issues.
- Facilitates and promotes fairness when resolving reclamation and restoration issues, concerns, and disputes.

Wildlife Services

- Reduces wildlife depredation and damage to property (conducted by USDA Wildlife Services in cooperation with NDDA, State Water Commission and ND Game and Fish Dept.).

Plant Industries Division

Plant Industries includes the noxious weeds, apiary, plant protection, and hemp programs.

Noxious Weeds

- Distributes state and federal funds for noxious weed control to weed boards.
- Manages federal funds for noxious and invasive weeds.
- Coordinates statewide biological weed control and obtains and distributes biological weed agents.
- Assists county and city weed boards in field days and weed management.
- Assists the general public with weed identification and control.
- Trains and assists weed boards with GPS/GIS mapping technology.
- Administers the weed seed free forage program.

Apiary

- Licenses beekeepers.
- Registers and maps apiary locations.
- Inspects bees and issues health certificates for migratory movement.
- Investigates and responds to bee complaints.
- Visits apiaries and ensures compliance with the bee law.
- Administers the Honey Fund.
- Oversees the pollinator plan to enhance communication and emphasize best management practices for stakeholders.
- Conducts health inspections and assays with the National Agriculture Genotyping Center.
- Inspects bee shipments to California.

SB 2009 Base Level	
Salaries	\$1,287,814
Operating	902,762
Grants	1,500,274
Total	\$3,690,850
General	\$824,821
Federal	689,668
Special	2,176,361
Total	\$3,690,850
FTEs	7.4

Plant Protection

- Surveys for exotic pests such as moths, nematodes, emerald ash borer, and other wood borers that threaten North Dakota agriculture, forestry, and horticulture.
- Surveys for pests, various diseases, insects, and nematodes including Japanese beetle, Karnal bunt, dwarf bunt, cereal leaf beetle, soybean cyst nematode, and potato cyst nematodes to enable export of agricultural products.
- Licenses and inspects nursery dealers and growers.
- Provides export certification/phytosanitary services for export of agricultural products.
- Reviews biotechnology permits.
- Conducts plant pest outreach.

Hemp Program

- Licenses and inspects all hemp growers and processors.
- Inspects and samples hemp fields to ensure compliance with state and federal law.

Dr. Andrea Grondahl, Director

Livestock Industries Division

Livestock Industries includes dairy/poultry, state meat, and poultry inspection.

Dairy/Poultry

- Inspects dairy farms for equipment, facilities, sanitation, water purity, and proper drug usage and storage.
- Inspects dairy processing plants and milk transfer stations for equipment, facilities, and sanitation.
- Samples dairy products.
- Monitors financial conditions of milk buyers.
- Conducts Grade A survey work.
- Inspects manufacturing grade plants and transfer stations under agreement with USDA.
- Inspects distribution facilities, milk bulk trucks, and samplers/haulers.
- Inspects licensed commercial egg producers.
- Licenses and sets bonds for hatcheries.

State Meat & Poultry Inspection

- Trains, certifies, and inspects meat processing facilities.
- Inspects custom-exempt processing plants.
- Inspects retail outlets for country-of-origin labeling.
- Enforces meat and poultry processing regulations.
- Grades livestock carcasses at official state and/or federal establishments.
- Provides consultation and education to the meat and poultry industry.
- Ensures proper label use by the industry.

SB 2009 Base Level	
Salaries	\$2,993,752
Operating	1,386,194
Total	\$4,379,946
General	\$2,258,296
Federal	2,111,650
Special	10,000
Total	\$4,379,946
FTEs	17

Shaun Quissell, Director

Grain & Livestock Licensing Division

Grain and Livestock Licensing includes the grain licensing, livestock licensing, livestock pollution prevention, feed and soil health programs.

Grain Licensing

- Oversees licensing and bonding of all grain warehouses, grain processors, roving grain buyers, and grain brokers.
- Administers the Credit-Sale Contract Indemnity Fund.
- Monitors financial condition of all warehouses and grain buyers.

Livestock Licensing

- Licenses and establishes bonds for livestock dealers and auction markets.
- Monitors financial conditions of dealers and auction markets.
- Contracts market reporters at auction markets to collect market data for the USDA.

Livestock Pollution Prevention

- Cost-share funding assistance for livestock producers to install manure containment systems.
- Advises producers on nutrient management, project planning, regulations, and manure containment.
- Conducts age and source verification.
- Reviews livestock zoning ordinances.

SB 2009 Base Level	
Salaries	\$1,628,828
Operating	335,722
Grants	1,050,000
Total	\$3,014,550
General	\$1,401,797
Federal	1,254,139
Special	358,614
Total	\$3,014,550
FTEs	9

Feed

- Registers all pet food sold in the state.
- Maintains a label file of commercial feeds sold in the state.
- Licenses commercial feed manufactures and retailers.
- Samples feed products to ensure that nutritional content matches the label claims.
- Inspects medicated feed plants.
- Verifies manufacturer and producer compliance with federal requirements to prevent bovine spongiform encephalopathy (BSE).
- Provides producer outreach for the Veterinarian Feed Directive.

Soil Health Program

- Provide cost share assistance to producers to plant cover crops or applicable grass to address saline or alkaline soils.

Dr. Ethan Andress, State Veterinarian

Animal Health Division

The Animal Health Division protects the health of domestic animals and non-traditional livestock, and administers all rules and orders of the State Board of Animal Health.

Animal Disease Traceability

- Traces animal movements as part of disease investigations.
- Monitors and regulates animal imports and exports.
- Maintains the state's animal health and disease related traceability database (USAHERDS).
- Monitors and reports diseases on state and national levels.
- Issues and maintains records of official USDA tags and official state certificates of veterinary inspection.

Emergency Preparedness and Response

- Trains and coordinates a Reserve Veterinary Corps to assist in emergency situations and assist with disease investigations.
- Participates in animal emergency preparedness and response on state, regional and national levels.
- Provides oversight on proper carcass disposal following disease outbreaks and disasters.
- Coordinates pet sheltering and livestock relocation during disasters.

Education and Outreach

- Provides inspection services at the ND State Fair.
- Communicates with other state and federal animal health officials regionally and nationally to guide animal health policy.
- Provides education and outreach for practicing veterinarians and the livestock industry.

SB 2009 Base Level	
Salaries	\$1,734,401
BOAH	865,718
Total	\$2,600,119
General	\$1,609,615
Federal	700,130
Special	290,374
Total	\$2,600,119
FTEs	7.6

State and Federal Disease Control and Eradication

- Conducts case investigations on suspected cases of transboundary/foreign animal diseases emerging diseases, and other zoonotic diseases.
- Administers the National Brucellosis Eradication Program and Bovine Tuberculosis Eradication Program.
- Administers the voluntary Chronic Wasting Disease (CWD) Herd Certification program.
- Issues and maintains records of official USDA tags and official state certificates of veterinary inspection.
- Administers Johne's disease control program.
- Acts as the Official State Agency (OSA) for the National Poultry Improvement Plan.
- Conducts avian influenza testing through USDA Avian Health Co-op Agreement.
- Acts as the OSA for US Swine Health Improvement Plan.
- Monitors for novel swine enteric coronavirus diseases, such as porcine epidemic diarrhea virus and emerging diseases.

Animal Health Division

State and Federal Disease Control and Eradication

(Continued)

- Administers the National Scrapie Eradication program.
- Oversees the Brucella ovis Free-Flock status program.

Regulatory Oversight

- Enforces non-traditional livestock and farmed elk regulations, evaluates importation risk assessments, and conducts facility inspections.
- Issues permits to possess, propagate or domesticate live protected birds or animal species for North Dakota Game and Fish Department.
- Supports investigations of inhumane treatment complaints.
- Coordinates feral swine investigations with partner agencies.
- Collaborates with ND Department of Health and Human Services on zoonotic and anthroozoonotic disease issues.
- Inspects auction markets and approves veterinarians to provide auction market services.
- Registers veterinary medicines for sale in the state and approves the use of autogenous vaccines.
- Licenses dealers of modified live animal vaccines sold in state and inspects facilities.
- Registers and inspects restricted feedlots.
- Licenses and inspects rendering facilities.

Eric Delzer, Director

Pesticide & Fertilizer Division

The Pesticide and Fertilizer Division oversees and regulates pesticides, fertilizers, and anhydrous ammonia to protect human health and the environment.

Pesticides

- Conducts inspections of pesticide dealers, users and repackaging facilities to ensure compliance with state and federal laws.
- Provides outreach to inform the public of state and federal pesticide requirements.
- Prepares and submits emergency and special local needs exemption requests to ensure ND producers have access to necessary pest management tools including Section 18 and 24 (c) requests.
- Registers all pesticides including herbicides, fungicides, rodenticides, insecticides, avicides and disinfectants that are sold in ND and approves product labeling.
- Coordinate Project Safe Send; an annual, statewide collection of unusable pesticides.
- Works with EPA on national pesticide regulatory and policy issues.
- Conducts risk assessments, receives public input, and offers data and recommendations to EPA to mitigate risk of pesticides to threatened and endangered species as part of the ND Endangered Species Protection Plan.
- Investigates and responds to pesticide contamination of groundwater and surface water resources.
- Investigates complaints of pesticide misuse and other violations.
- Administers and enforces the federal Worker Protection Standard to protect workers who handle and use pesticides.

SB 2009 Base Level	
Salaries	\$2,712,761
Operating	1,636,095
Crop Harmonization Board	75,000
Total	\$4,423,856
General	\$0
Federal	907,020
Special	3,516,836
Total	\$4,423,856
FTEs	15

Fertilizer and Anhydrous Ammonia

- Samples fertilizer products to ensure claims match labels.
- Licenses fertilizer distributors.
- Registers fertilizer products and approves product labeling.
- Samples fertilizer products to ensure claims match labels.
- Licenses anhydrous ammonia storage facilities.
- Conducts inspections of anhydrous ammonia storage facilities and nurse tanks to ensure compliance with federal regulations.
- Administers the Risk Management Program for agricultural anhydrous ammonia facilities and inspects facilities to ensure compliance with federal regulations.
- Provides outreach and compliance assistance to the fertilizer industry and anhydrous ammonia users.
- Audits fertilizer distributors to ensure compliance with fertilizer tonnage reporting.
- Administers the state waterbank program.

Business, Marketing & Information Division

The Business, Marketing, and Information Division monitors and develops policy and provides education, promotion, and market enhancement to increase sales of North Dakota agricultural commodities and value-added agricultural products in international, domestic, and local markets.

Pride of Dakota

- Administers Pride of Dakota (POD), including holiday showcases, annual meetings, and other events.
- Provides trade show assistance to ND companies.
- Maintains membership of over 500 POD Companies.

Specialty Crop Block & Organic Grants

- Administers specialty crop grants.
- Administers organic certification and transition reimbursement grants.

Agricultural Products Utilization

Commission (APUC)

- Administers the Agricultural Products Utilization Grant Fund.
- APUC grant funds create new wealth and employment opportunities through the development of new and expanded uses of agricultural products.

North Dakota Mediation Service

- Offers mediation services to resolve differences among creditors, farmers, and others.
- Provides financial counseling.
- Offers assistance for beginning farmer loan applications and farm program paperwork.
- Offers mediation to address energy related issues.
- Offers conflict resolution services to resolve deer depredation disputes.
- Recent Farm Bill authorizes work on lease issues, family farm transitions, farmer/neighbor conflicts, organic certification issues, and other issues.

SB 2009 Base Level	
Salaries	\$2,041,562
Operating	1,475,672
Grants	6,181,500
APUC	1,760,417
Trade Office	1,600,000
Total	\$13,059,151
General	\$3,359,974
Federal	6,676,204
Special	3,022,973
Total	\$13,059,151
FTEs	10

Agriculture in the Classroom

- Helps K-12 teachers integrate agriculture information into science, math, social studies, and language curricula.
- Provides hands-on lessons to help students better understand the relationships between the world's environment, agriculture, and people.
- Publishes the Ag Mag three times a year for third, fourth, and fifth-graders.
- Underwrites ND FFA Foundation, ND Farm Bureau, ND Genotyping Center mini-grants for agriculture-related projects, units, and lessons used by school-age children.

Public Information

- Writes and edits Department publications, including news releases, brochures, and annual/biannual reports.
- Monitors and updates the Department website and social media account.

Business, Marketing & Information Division

Bioscience Innovation Program (BIG)

- Administers the Bioscience Innovation Grant Fund.
- The Bioscience Innovation Grant Program supports biotechnology innovation and commercialization in areas including crop genetics, biofuels, biomaterials, biosensors, and biotechnology in relation to food, nutrition, animals, human, equipment, medical, and health products and services, medical diagnostics, medical therapeutics, and farm-based pharmaceuticals.

Grasslands Grazing Cost Share Program

- Provides grants to organizations representing cooperative grazing organizations in the state.
- Grant funds are used for water development, fencing, conservation initiatives, compliance with federal permitting requirements, enhance wildlife habitat, capture carbon, and increase overall health of the grassland.

Export / International Trade Program

- Conducts and participates in international trade events.
- Supports and coordinates with Food Export Midwest Association and North Dakota Trade Office.
- Issues Certificate of Free Sale Agreements.
- Conducts market research for ND companies to help them expand their businesses domestically and internationally.

Intermodal Facility Grant Program

- Construction projects to expand rail capacity to support economic and workforce developments and growth to enhance the value of agriculture and commercial products exported through an intermodal facility in North Dakota.

Livestock Development

- Assists producers and processors in expanding and promoting the state's livestock industry.
- Identifies and assists livestock friendly counties in developing animal agriculture.

North Dakota Trade Office

- Administers contract with North Dakota Trade Office to expand North Dakota businesses with expertise and resources to grow their businesses through national and international trade.

Budget Summary

Budget by Fund

General Funds	\$ 13,459,712	35.8%
Federal Funds	\$ 12,635,914	33.6%
Special Funds	<u>\$ 11,474,861</u>	30.5%
	\$ 37,570,487	

FTEs 79

Budget by Line Item

Salary & Wages	\$	15,717,126
Operating Expenses	\$	6,848,052
Capital Assets	\$	15,000
Grants	\$	9,031,774
Agricultural Products Utilization Commission	\$	1,760,417
North Dakota Trade Office	\$	1,600,000
Board of Animal Health	\$	865,718
Wildlife Services	\$	1,457,400
Pipeline Restoration & Reclamation Oversight Program	\$	200,000
Crop Harmonization Board	\$	<u>75,000</u>
	\$	37,570,487

Highlights & Accomplishments

Administrative Services

- Processed 347 emergency feed transportation payments totaling \$1,693,557 (March 2022).
- Processed more than 500 contracts.
- Pipeline Restoration and Reclamation Oversight Program; 85 total cases, 12 active, 10 monitoring, 59 closed, and 4 outside the program scope.
- Maintain and enhance database systems as needs are identified to ensure that data is collected, processed and stored efficiently.
- Converted Department website from a custom 3rd party vendor-built site, that vendor could no longer maintain, to a modified version of the State Website Platform.
- Deployed enterprise web form solution with all website forms, to improve workflows, and better communicate with customers who complete an online form.
- Meat inspection passed federal audit for federal fiscal years 2019-2021.
- No audit findings on 2019-2021 Department audit.

Livestock Industries

- Five new state slaughter establishments: Berthold, Carrington, Bowman, Wilton, and Edgeley.
- Three processing plants: Grand Forks, Dickinson, and Fargo transitioned to CIS (Cooperative Interstate Shipment Program).
- Two new custom exempt establishments: Killdeer and Kief.
- Two new mobile meat processing units for Central Regional Area Career and Technical Center (CRACTC) to go to various high schools for teaching purposes.
- Currently assisting two new establishments planning to be state slaughter establishments (Belfield and Devils Lake).
- Transitioned to electronic reporting for Federal State Audit Branch, FSIS/USDA.
- Inspectors certified by FDA/USDA for a Sanitation Rating Officer (SRO) for dairy plant inspections.
- Inspector approved by USDA for the survey requirements of the Agriculture Marketing Services (AMS) inspection of a butter plant.
- Two dairy plants expanded production capacity and increased product portfolio for frozen desserts and cheese. Cows and Co Creamery (Carrington) and Silver Lining Ice Cream (Fargo).

Grain and Livestock Licensing Division

- Licensed and inspected 345 warehouse locations.
- Licensed and inspected 113 roving grain buyers.
- Created new licenses with legislative assembly for grain broker and grain processor.
- Coordinated two Livestock Pollution Prevention full containment systems.
- Licensed 12 auction markets, 7 video auctions, and 109 livestock dealers.
- Reviewed 3,897 commercial feed labels and 14,019 pet food labels (approved ingredients).
- Granted \$110,750 to 38 applicants under Soil Health program.

Highlights & Accomplishments (2)

Plant Industries

- Issued over 5,500 phytosanitary certificates to 71 different countries to facilitate export of ND commodities.
- Licensed and inspected approximately 250 nurseries and garden centers to monitor for plant pests and various consumer protection requirements.
- Conducted 10 plant pest surveys to maintain free status of certain regulatory pests and the ability to export ND commodities and to monitor for plant pest in limited or no distribution.
- Provided \$1.5 million in grants to state and county weed boards to assist with weed control efforts.
- Licensed 333 beekeepers maintaining 809,321 colonies. Inspected apiaries for honeybee health and compliance with state law.
- Certified 87,495 honeybee colonies for shipment to California as part of the Pre-Inspection Program that replaces the required inspection at the border stations in California.
- Issued 23 hemp processor licenses and 33 growing licenses for about 620 acres of hemp statewide.
- Collected biological control agents to assist in noxious weed control.
- Weed Seed Free Forage program certified over 10,000 acres of forage and straw.

Animal Health

- Implemented USAHERDS, an animal health database. It provides free access to a digital platform for veterinarians to create electronic certificates of veterinary inspection (CVI).
- Reviewed 26,704 export CVIs and 16,215 import CVIs.
- In 2022, the Department responded to Highly Pathogenic Avian Influenza (HPAI) outbreak by investigating disease outbreaks in 48 flocks and identified 24 HPAI-positive flocks. Depopulated and disposed of 235,000 birds.
- Utilized ultra-high frequency tags to streamline bison movement processes and allowed local producers to import Canada animals efficiently and safely with reduced animal handling and stress.
- The Canada brand requirement was removed from both cattle and bison importation requirements to address the competitive needs of producers. Brucellosis regulations were modified to recognized progress in controlling the disease.
- Distribution of 512,800 official identification tags, licensed, and certified 58 different poultry tests for pathogens.
- Maintained the Reserve Corps Veterinarians which are utilized in emergency responses.
- Administered trainings and seminars for veterinarians, county emergency managers, and the public.
- Created an animal identification subcommittee for marketing and regulatory responsibilities of animal disease traceability.
- Collaborate with federal and state agencies to investigate rabies, infections of domestic and wild animals, and worked to remove feral swine.

Highlights & Accomplishments (3)

Pesticide and Fertilizer

- Participated in over 60 outreach events reaching over 3,000 people.
- Collected / properly disposed of approximately 445,000 pounds of old unusable pesticides through Project Safe Send.
- Continue to address federal overreach and work with the industry to identify other threats.
- Worked extensively with others to enhance fertilizer production.
- Participated in the Hydrogen Economy Collaborative, with industry and government stakeholders, across the region to help build the roadmap for hydrogen energy generation using anhydrous ammonia as an energy carrier.

Business, Marketing & Information

- Administered the Grape and Wine Program.
- Administered the Grassland Grazing Cost Share Program for 228 projects.
- Administered four projects in Agriculture in the Classroom Program. Attended KMOT Agriculture Expo, KFYP Agri International Ag Expo, Fargo Living Agriculture Classroom, Morton County Agriculture Day.
- Administered the Bioscience Innovation Program (BIG) for \$5,500,000.
- Administered the Agricultural Products Utilization Commission Program (APUC) 45 projects for \$3,300,000.
- Administered the Agriculture Development and Diversification Fund 10 projects for \$2.17 million.
- Pride of Dakota Tradeshow Assistance Program awarded (18 companies).
- The Farm and Ranch Stress Assistance Network (\$500,000).
- Mediation cases received 85 requests, two farm service agency cases, one grain dispute, and 21 credit counseling cases.
- Specialty Crop Block Program received the following allocations:
 - \$3,272,190.59 in FY21, funding 23 projects.
 - \$3,309,650.39 in FY22, funding 21 projects.
 - \$4,333,597.74 in FY21 in the HR133 Bill, funding 28 projects.
- Administered Farm to School program, which includes farm to school activities, local food purchasing, hands-on, garden-based learning, farm field trips, cooking demonstrations, and integration of food-related information into classroom curriculum.
- Administered the Local Foods Purchase program procuring local foods for ND food pantries.
- Issued Centennial Farm certificates.
- Issued 74 certificates of free sale and health certificates.
- Participated in trade shows activities.
- Pride of Dakota hosted showcases in 2021 (37,856) and 2022 (40,731).

Objectives

Administrative Services

- Continue to support the divisions in the Department as internal service providers related to fiscal, human resources and IT concerns.
- Work with landowners/operators to resolve pipeline restoration and reclamation cases.
- Maintain contract with USDA Wildlife Services for predatory and nuisance species.
- Federal Environmental Law Impact Review Committee (FELRIC) reviews federal policy and proposed rules that support the need for litigation (ES Studies / WOTUS).

Plant Industries

- Continue outreach on Department programs, educating the public and industries about the responsibilities of the program and ways to manage all aspects such as beekeeping, noxious weeds, nursery stock, hemp and plant pests.
- Continue with compliance assistance model.
- Updating their mapping technology for county weed boards.
- Exploring new biological control agents.
- Maintain/update outreach material for regulated species such as Emerald Ash Borer.
- Update Online Licensing and Chat website that is used for hemp, apiary and nursery licensing and registration.

Livestock Industries

- Maintain inspections of state and custom exempt meat and poultry processing facilities.
- Provide assistance to new start new meat processing facilities.
- Maintain cooperative agreement with AMS-USDA and train a meat/dairy inspector to provide meat grading services.
- Continue to inspect dairy farms, processing plants, milk transfer stations, milk bulk trunks, samplers, haulers and distribution facilities.
- License and maintain inspections of commercial egg producers.
- License and set bonds for hatcheries.

Grain and Livestock Licensing

- License roving grain buyers and grain brokers.
- Start new outreach program to licensees on inspection and license program.
- Provide technical and financial assistance for the Livestock Pollution Prevention Program. Anticipate for new containment systems in 2023 and 2024.
- Maintain oversight on feed and pet food labels.

Objectives (2)

Animal Health

- Respond to needs of industry to balance disease control, while evaluating the current importation and disease surveillance requirements with industry stakeholders for diseases like brucellosis and tuberculosis.
- Provide value to the auction market system in the state. Providing access to technology, trainings, and support to auction market veterinarians.
- Improving disease traceability through cooperative strategies to improve efficiencies.
- Expand outreach and education to producers, industry groups, veterinarians, youth in agriculture, and communities to gain a better understanding of policy and regulations.
- Respond to animal health emergencies.
- Build on the USAHERDS database by strategically addressing the workflow and quality of data.
- Implement the US Swine Health Improvement Plan (US SHIP) by leveraging existing stakeholders to prepare for African Swine Fever.

Pesticide and Fertilizer

- Continue to work with industry to bring more fertilizer production to ND.
- Replace the legacy database system with a new platform for greater e-commerce capabilities.
- Continue to monitor and push back against unnecessary and burdensome federal regulations.

Business, Marketing & Information

- Expand ND presence in domestic and international markets.
- Expand outreach to commodity groups to engage in additional marketing and promotional activities.
- Identify potential projects and promote economic development to the agriculture industry.
- Promote and expand resources available to producers who are facing farm and ranch stress.
- Engage producers in farm to school activities and encourage schools to incorporate agriculture in their classrooms and cafeterias.
- Continue to promote livestock development.

2021-2023 One-Time Funding Reports

Agricultural Products Utilization Commission (APUC)

Financials as of December 31, 2022:

Revenue

APUC Fund Balance: July 2021	\$ 2,424,920.80
Bank of North Dakota	\$ 2,700,000.00
ND Mill & Elevator	\$ 733,889.47
APUC Fund Interest	\$ 4,798.51
Motor Fuel Tax	\$ 555.26
Total Revenue	\$ 5,864,164.04

Expenditures

Expenditures	\$ 2,123,912.99
Commitments / Obligations	\$ 1,384,617.86
Remaining Fund Balance	\$ 3,508,530.85

In total APUC funded 45 projects at \$3,329,126.20 through December 31, 2022.

Grant Types

Basic & Applied Research	9
Farm Diversification	3
Marketing & Utilization	25
Nature Based Agri Tourism	2
Prototype & Technology	6
Technical Assistance	0
Total	45

Soil Health Program (SHP) - \$300,000

Funded 38 projects at \$110,750 through December 2022.

Grasslands Grazing Cost Share Program - \$5,000,000

Funded 228 projects at \$4,700,000 through December 2022.

Budget Enhancements/Optional Requests

Systems Coordinator FTE

This request is for one FTE. This position would coordinate information and system development and maintenance, including work orders for IT Vendors. This position would also coordinate server deployments and User Acceptance Testing for vendor or Department-initiated changes. Act as primary contact for NDIT divisions; including End User Compute and Collaborate with other divisions related to NDDA equipment and electronic systems requests or incidents. Also attend NDIT trainings or other events to learn about new deployments or other features, support.

Total Base Level Request: \$ 180,326 (General Funds)
Governor's Recommendation: \$ 180,326 (General Funds)

Marketing Specialist FTE

This request is for one FTE. This position would assist the Department in setting up domestic trade shows, recruiting companies for international trade missions, increase Department interaction with commodity groups as well as assist with marketing of the Department and its many programs.

Total Base Level Request: \$ 316,230 (General Funds)
Governor's Recommendation: \$ 316,230 (General Funds)

North Dakota Trade Office

This request is for an additional \$500,000 for the North Dakota Trade Office in regards to their trade missions for the state of North Dakota. Part of this request for the additional amount is to add one additional employee who would assist in operations on the Western side of the state. In addition, the North Dakota Trade Office is moving to a new location where it has a partnership with NCI to share a building receptionist. The additional funding request would bring the total for the North Dakota Trade Office to \$2.1 million.

Additional Base Level Request: \$ 500,000 (General Funds)
Governor's Recommendation: \$ 500,000 (General Funds)

Budget Enhancements/Optional Requests

Bioscience Innovation Grants (BIG)

The request is for an appropriation of \$12,000,000 for the Bioscience Innovation Grant fund. For the 2021-2023 biennium the Department was appropriated \$5,500,000 (One-Time Funding). 10 grants were awarded to various companies and the ND Bioscience Association. Two more companies have relocated to the state and one that is considering opening operations. Eastern North Dakota has become known nationwide as a leader in the bioscience industry. Companies located within the State already are showing tremendous growth. Since the inception of the funding, 136 jobs have been added to the state with an average salary of \$75,531 a year. The Department continues to receive high interest in the program and feels the funding is critical to capturing the emerging opportunities and diversifying the economy.

Total Base Level Request:	\$ 12,000,000 (General Funds)
Governor's Recommendation:	\$ 5,500,000 (SIIF)

Wildlife Services

This request is to offset increased aerial costs (aerial contract aircraft per hour). USDA-Wildlife Services uses highly effective and target specific aerial operations to protect livestock from depredation in vast, open, and remote locations. USDA-WS provides capable, mission ready aircraft with professionally trained crews in the aircraft as well as on the ground. There is a downward trend in overall aerial hours flown in ND, primarily due to the cost of aerial contract aircraft per hour.

Additional Base Level Request:	\$ 200,000 (General Funds)
Governor's Recommendation:	\$ 200,000 (General Funds)

Agriculture Products Utilization Program (APUC)

This request would be for additional special fund authority to expand the APUC program with a transfer from BND profits.

Total Base Level Request:	\$ 1,760,417 (General Funds)
Governor's Recommendation:	*\$ 5,110,417 (General Funds) *\$ 3,000,000 from BND

Additional Authority Requests

Additional Authority Request

Special Fund:	\$	668,695
Federal Fund:	\$	2,139,500
Total	\$	2,808,195

General Fund Collections

GENERAL FUND COLLECTIONS
602 DEPARTMENT OF AGRICULTURE

Source of Collections	Statutory Authority	2021-2023 Estimated Collections	2023-2025 Estimated Collections	2023-2025 Increase/ (Decrease)	Division
AUCTION MARKET	NDCC Chapter 4.1-27-03	\$ 6,400	\$ 6,400	\$ -	Grain License
COMM. FEED REG. & TONNAGE	NDCC Chapter 4.1-41	\$ 1,400,000	\$ 1,400,000	\$ -	Grain License
GRAIN STOREHOUSE LIC.	NDCC Chapter 60-02	\$ 600,000	\$ 850,000	\$ 250,000	Grain License
LIVESTOCK DEALERS	NDCC Chapter 4.1-83-04	\$ 12,000	\$ 11,750	\$ (250)	Grain License
WOOL DEALERS	NDCC Chapter 4.1-88-04	\$ -	\$ -	\$ -	Grain License
CREAMERY-CREAMERY STATE LIC.	NDCC Chapter 4.1-25-02	\$ 11,000	\$ 11,500	\$ 500	Livestock
MILK - CREAM TESTERS LIC.	NDCC Chapter 4.1-25-22	\$ 1,550	\$ 1,550	\$ -	Livestock
POULTRY FEES	NDCC Chapter 4.1-19-04	\$ 600	\$ 630	\$ 30	Livestock
FINES-FORFEITURES-ESCHEAT	NDCC Chapter 4.1-19-05	\$ 250	\$ -	\$ (250)	Livestock
INSPECTION FEES-NOT CLASS	NDCC Chapter 4.1-23-12	\$ -	\$ -	\$ -	Livestock
NURSERY LICENSE	NDCC Chapter 4.1-22-06	\$ 22,500	\$ 23,000	\$ 500	Plant
FINES-FORFEITURES-ESCHEAT	NDCC Chapter 4.1-22-11	\$ 1,000	\$ 2,000	\$ 1,000	Plant
INSPECTION FEES-NOT CLASS	NDCC Chapter 4.1-23-12	\$ 130,000	\$ 150,000	\$ 20,000	Plant
LIVESTOCK MEDICINES	NDCC Chapter 4.1-43-02	\$ 63,280	\$ 67,560	\$ 4,280	Animal Health
NON-TRADITIONAL LIVESTOCK LIC.	NDCC Chapter 36-01-08.1	\$ 2,995	\$ 2,995	\$ -	Animal Health
RENDERING PLANTS	NDCC Chapter 4.1-32-03	\$ -	\$ -	\$ -	Animal Health
FINES-FORFEITURES-ESCHEAT	NDCC Chapter 36-01-28	\$ 1,000	\$ -	\$ (1,000)	Animal Health
ANHYDROUS AMMONIA LICENSE	NDCC Chapter 4.1-37-04	\$ 1,260	\$ 1,260	\$ -	Pest/Fert
FINES-FORFEITURES-ESCHEAT	NDCC Chapter 4.1-37-16	\$ 5,000	\$ 5,000	\$ -	Pest/Fert
TOTAL		\$ 2,258,835	\$ 2,533,645	\$ 274,810	

Special Fund Collections

SPECIAL FUND COLLECTIONS

602 DEPARTMENT OF AGRICULTURE

Source of Collections	Statutory Authority	Fund	2021-2023 Estimated Collections	2023-2025 Estimated Collections	2023-2025 Increase/ (Decrease)	Division
APIARY LICENSE	NDCC Chapter 4.1-16-06, 07	308	\$ 218,610	\$ 217,702	\$ (908)	Plant
COMM. FEED REG. & TONNAGE	NDCC Chapter 4.1-41-02	376	\$ 727,500	\$ 727,500	\$ -	Grain License
FERTILIZER REG. & TONNAGE	NDCC Chapter 4.1-40-02,03,07	376	\$ 1,400,000	\$ 1,400,000	\$ -	Pesticide
HEALTH CERT/BRUC TAGS	NDCC Chapter 36-01-08	308	\$ 15,000	\$ 15,000	\$ -	Animal Health
HEMP LICENSE	NDCC Chapter 4.1-18.1-02, 03	308	\$ 43,240	\$ 29,750	\$ (13,490)	Plant
MEDIATION USER FEES	NDCC Chapter 6-09.10-03	308	\$ 9,000	\$ 9,000	\$ -	Marketing
PESTICIDE REGISTRATION	NDCC Chapter 4.1-34-03	376	\$ 5,175,000	\$ 5,495,000	\$ 320,000	Pesticide
PRIDE OF DAKOTA MEMBERSHIP	NDCC Chapter 4.1-01-08	308	\$ 103,000	\$ 103,000	\$ -	Marketing
PRIDE OF DAKOTA SUPPLIES	NDCC Chapter 4.1-01-08	308	\$ 6,000	\$ 6,000	\$ -	Marketing
WEED SEED FREE FORAGE FEES	NDCC Chapter 4.1-14-04	376	\$ 30,000	\$ 35,000	\$ 5,000	Plant
CONFERENCE REGISTRATION FEES	NDCC Chapter 4.1-01-10	308	\$ 355,000	\$ 355,000	\$ -	Marketing
TOTAL			\$ 8,082,350	\$ 8,392,952	\$ 310,602	

SB 2009 Version Comparison

Senate Bill No. 2009 Agriculture Commissioner

	23-25 Base Level	Governor's Recommendation	Commissioner's Budget Request
Salaries and Wages	\$ 15,717,126	\$ 17,216,350	\$ 17,424,327
Cost to Continue		\$ 115,069	\$ 115,069
SB 2009 Salary and Wages	\$ 15,717,126	\$ 17,331,419	\$ 17,539,396
Operating Expenses	\$ 6,848,052	\$ 6,571,904	\$ 6,571,904
*Funding for OMB Rent Model		\$ 198,136	
Increased NDIT Rates		\$ 30,133	\$ 30,133
<i>Pesticide Database / Project Safe Send</i>			\$ 200,000
<i>Local Food Purchase Assistance Program</i>			\$ 110,000
<i>Plant / Potato Cyst Nematode</i>			\$ 26,000
SB 2009 Operating Expenses	\$ 6,848,052	\$ 6,800,173	\$ 6,938,037
SB 2009 Capital Assets	\$ 15,000	\$ 7,000	\$ 7,000
Grants	\$ 14,731,774	\$ 10,005,969	\$ 10,005,969
Grasslands Grazing	\$ (5,000,000)		\$ 6,500,000
Soil Health Program	\$ (700,000)		
<i>Noxious Weed Cost Share Program</i>			\$ 198,695
<i>Specialty Crop Grant Program</i>			\$ 1,055,500
<i>Local Food Purchase Assistance Program</i>			\$ 868,000
2009 Grants	\$ 9,031,774	\$ 10,005,969	\$ 18,628,164
COVID-19 Specialty Grants	\$ 5,000,000	\$ 3,500,000	\$ 3,500,000
COVID-19 Specialty Grants	\$ (5,000,000)		
COVID-19 Specialty Grants	\$ -	\$ 3,500,000	\$ 3,500,000
Bioscience Innovation Grant Program	\$ 5,500,000	\$ 5,500,000	\$ 12,000,000
Bioscience Innovation	\$ (5,500,000)		
Bioscience Innovation Grant Program	\$ -	\$ 5,500,000	\$ 12,000,000
Ag Products Utilization Commission	\$ 4,460,417	\$ 2,110,417	\$ 2,110,417
Ag Products Utilization (BND)	\$ (2,700,000)	\$ 3,000,000	\$ 3,000,000
Ag Products Utilization Commission	\$ 1,760,417	\$ 5,110,417	\$ 5,110,417
Trade Office	\$ 1,600,000	\$ 2,100,000	\$ 2,100,000
Board of Animal Health	\$ 865,718	\$ 865,718	\$ 865,718
Wildlife Services	\$ 1,457,400	\$ 1,657,400	\$ 1,657,400
Pipeline Reclamation	\$ 200,000	\$ 200,000	\$ 200,000
Crop Harmonization	\$ 75,000	\$ 75,000	\$ 75,000
SB 2009 Total	\$ 37,570,487	\$ 53,153,096	\$ 68,621,132
Department Full Time Employees	79	79	79
		2	2
Department Full Time Employees	79	81	81

**OMB Rent Model - The Agriculture Commissioner doesn't support this model.
 Bold/Italicized items indicate additional Federal and Special Fund Authority Requests*

Other Budgetary Bills

- HB1276 - Agriculture Diversity and Development Fund - \$50 million (Bank of North Dakota)
- HB1148/HB1379 - The Agriculture Infrastructure Fund - \$15 million
- HB1519 - Unmanned Aircraft Systems Grant - \$1 million (Federal Fund Authority)
- SB2025 - Emergency Feed Transportation Program Loan Repayment- \$1.7 million
- SB2194 - Ombudsman Royalty Oversight - \$500,000
- SB2290 - Grasslands Grazing Grants - \$6.1 million (SIIF) plus carry over authority

Federal State Recovery Funding

Intermodal Facility Grant Program

Financials as of December 31, 2022

During the 2021 special session, HB1505 funded the Intermodal Facility Grant Program with \$2,000,000. The program has funded one project for a total of \$2,000,000. The project was dedicated to the expansion of rail capacity at an existing intermodal facility connected to a class 1 railroad. To date, \$1,500,000 has been spent. All funds have been obligated. Once final report is received and approved, final payment will be issued.

Federal Funding Available for 2023-2025

2023-2025 Federal Funding

Federal spending is per the allowable and approved work plans; which pay for salaries, operating, and grants.

- Total federal grants: 32

Purpose of Funding

- Purpose of funding is for various programs; pest detection, mediation services, dairy plant inspections, meat facility inspections, country of origin labeling, specialty crop grants, food safety, farm and ranch stress assistance, medicated feeds, farm to school, local food purchase assistance, market news, pesticide enforcement, livestock pollution prevention, organic cost certification, animal disease traceability, cooperative weed management, animal health surveillance and response.
- Agencies – 13
 - USDA - Animal and Plant Health Inspection Service
 - USDA - Farm Service Agency - Mediation Program
 - USDA - Food and Drug Administration
 - USDA - Agricultural Marketing Service
 - FDA - Dept. of Health and Human Services
 - USDA - Food Safety and Inspection Service
 - The Department of Treasury (COVID 2.0)
 - USDA - National Institute of Food and Agriculture (NIFA)
 - USDA - Food and Nutrition Service
 - EPA - Environmental Protection Agency
 - USDA - Natural Resources Conservation Service
 - USDA - Forest Service

Deadlines for Spending

- Deadlines for spending varies depending on the grant; monthly, semiannual, calendar year, fiscal year, federal fiscal year per grant year funding.

SB2009 Committee Considerations

- Wildlife Services - Specify in our budget bill that “the Agriculture Commissioner shall not pay indirect costs as part of the USDA APHIS Wildlife Services Program.” Any funds appropriated to USDA APHIS Wildlife Services will not be subject to the indirect cost/pooled job costs.
- Grasslands Grazing Grants - Carry Over Authority – The amount appropriated for Grasslands Grazing Grant Program in Section 9 of HB1009 of the 2021 Session is not subject to section 54-44.1-11 and any unexpended appropriations may be continued into the biennium beginning July 1, 2023, and ending June 30, 2025.
- Environmental Mitigation – Since the program was enacted four years ago, there has been a lot of interest. However, no contributions have been received to work with agriculture landowners on energy development and environmental mitigation efforts.
- ERP Funding – Section 5 of SB2009. The Department is requesting the Environment and Rangeland Protection Fund be increased to cover additional funding requests.
- ND Game and Fish Funding – Section 6 of SB2009. The Department is requesting \$648,228 from the ND Game and Fish Department. This funding is to support salaries (\$148,228) for non-traditional livestock duties as well as Wildlife Services (\$500,000).

Other Related Information

- The Agriculture Commissioner would like the opportunity to utilize space available in the capitol or explore other options to get our entire Department together in one location.


Summary

The work of the North Dakota Department of Agriculture is vital to our state's most important industry. This budget presentation was designed to provide transparency and to assist the Legislative Assembly to determine spending priorities for the 2023-2025 biennium.



Doug Goehring
Agriculture Commissioner





THE “BIOTECH” EXPLOSION

BIOSCIENCE ASSOCIATION OF NORTH DAKOTA (NDBIO)

- NDBIO is a state affiliate of the Biotechnology Innovation Organization (BIO), the largest trade association representing biotechnology companies in the U.S. and in more than 30 countries.
- BIO Innovations initiatives are to help fuel, feed & heal the world through the use of biotechnology.
- NDBIO is engaged in helping to achieve these goals through innovation, collaboration and advocating for local companies.
- One of the goals of the Bioscience Assn of North Dakota is to not only help local biotech industries expand but to bring the advancing biotechnology industry to our State.

“EXPLOSION OF THE BIOTECH INDUSTRY”

THE BIOTECH INDUSTRY WAS BORN AND EXPLODED HERE IN THE UNITED STATES IN THE YEAR 1977.

FROM THAT TIME, THE INDUSTRY HAS GROWN AND CURRENTLY IN 2022, THE MARKET SIZE, MEASURED BY REVENUE, IS \$140.8 BILLION DOLLARS.

CURRENTLY THERE 1.87 MILLION PEOPLE ACROSS MORE THAN 101,000 BUSINESSES EMPLOYED IN THE INDUSTRY IN JOBS PAYING TWICE THE AVERAGE WAGE WITH THE MEDIAN AVERAGE WAGE BEING \$107,000.

CURRENTLY, ACCORDING TO A 2018 SURVEY BY THE BIO INNOVATION ORGANIZATION IN NORTH DAKOTA THERE ARE 4,159 EMPLOYEES IN 529 “COMPETITIVE” ESTABLISHMENTS MAKING AN AVERAGE WAGE OF \$64,269.00 PER YEAR.

METHODS NDBIO EMPLOYS

ADVOCACY –NDBIO dedicates itself to informing legislative and executive branch decision makers of the value and potential of the industry, the positions of BioND on various issues affecting bioscience, and the creation of new incentive programs to create, expand, and attract new industries to North Dakota..

INNOVATION NDBIO promotes the creation of an entrepreneurial culture in the bioscience and biotechnology research and business development in the agriculture, life and energy science fields while nurturing growth and economic opportunities within the state..

COLLABORATION – NDBIO promotes collaboration between academicians, entrepreneurial companies and companies already engaged in the Biotech industry in North Dakota.

INCENTIVE PROGRAMS

The North Dakota Legislature and the Departments of Agriculture and Commerce have been supportive of our efforts. They have helped us to establish incentive programs that are attractive and helpful in our recruitment efforts.

The two major programs used by NDBIO is the Bio Innovation Grant Fund administered by the North Dakota Department of Agriculture and the Innovation Technology Loan Fund administered by the Commerce Department.

We have other tax incentive programs and loan programs through the Bank of North Dakota but these are the two we use the most.

NUMBER OF COMPANIES FUNDED

- In partnership with the Department of Agriculture, the Bioscience Association expanded the Bioscience Industry in North Dakota through the \$5.5 million dollars Bio Innovation Grant program by making grants to companies either recruited from outside the State or by helping companies located in the State develop their technology and commercialize their products. To date, these companies have created or are projected to create 214 new jobs. The average salary for an employee in companies such as these is \$73,531 a year. Therefore, the State of North Dakota is slated to receive, or has received, at least \$15,735,634 a year in new salary benefits.

INTRODUCTION OF COMPANIES

- SafetySpect, Inc, ., a California-based bio-tech company, who moved their headquarters and operations to Grand Forks, N.D., and are based out of the Center of Innovation in Grand Forks, ND.
- CorVent Medical, Inc. a privately held medical device startup, which is committed to developing and manufacturing versatile, lifesaving ventilators for critical care. This company came from California to the NDSU Research Park in Fargo in January 2022.
- Lincoln Therapeutics from Chicago, Illinois, who is developing and fielding “Intranasal Ketamine as a Non-Narcotic Far Forward Battlefield Analgesia/Anesthesia Solution”. Lincoln Therapeutics is collaborating with the DOD and Thrifty White Pharmacy, a company that employs over 200 people in the Fargo Moorhead area, to develop an Intranasal Ketamine as a non-Narcotic analgesic for forward military use and civilian use.

THE FUTURE IS BRIGHT!

- It is the Association's view that the future is bright for the Bioscience Industry in North Dakota.
- We, at the Bioscience Assn of North Dakota are
- *“Building the Bioscience Industry in North Dakota One Company at a time!”*
- Thank you for your time and attention!

Senate Bill No. 2009 Agriculture Commissioner

	23-25 Base Level	Commissioner's Budget Request
Salaries and Wages	\$ 15,717,126	\$ 17,539,396
Cost to Continue		\$ 115,069
SB 2009 Salary and Wages *	\$ 15,717,126	\$ 17,654,465
Operating Expenses	\$ 6,848,052	\$ 6,460,604
Funding for OMB Rent Model		\$ 30,133
Increased NDIT Rates		\$ 111,300
Operating for 2 FTE's		\$ 110,000
<i>Local Food Purchase Assistance Program</i>		\$ 26,000
<i>Plant/Potato Cyst Nematode</i>		\$ 26,000
SB 2009 Operating Expenses	\$ 6,848,052	\$ 6,738,037
SB 2009 Capital Assets	\$ 15,000	\$ 7,000
Grants	\$ 14,731,774	\$ 10,005,969
Grasslands Grazing	\$ (5,000,000)	
Soil Health Program	\$ (700,000)	
<i>Noxious Weed Cost Share Program</i>		\$ 80,000
<i>Local Food Purchase Assistance Program</i>		\$ 868,000
SB 2009 Grants	\$ 9,031,774	\$ 10,953,969
COVID-19 Specialty Grants	\$ 5,000,000	\$ 3,500,000
COVID-19 Specialty Grants	\$ (5,000,000)	
COVID-19 Specialty Grants	\$ -	\$ 3,500,000
Bioscience Innovation Grant Program	\$ 5,500,000	\$ 12,000,000
Bioscience Innovation	\$ (5,500,000)	
Bioscience Innovation Grant Program	\$ -	\$ 12,000,000
Federal Environmental Law Impact Review Committee (FELIRC)	\$ 5,000,000	
FELIRC	\$ (5,000,000)	
FELIRC	\$ -	\$ -
Ag Products Utilization Commission	\$ 4,460,417	\$ 2,110,417
Ag Products Utilization (BND)	\$ (2,700,000)	\$ 3,000,000
Ag Products Utilization Commission	\$ 1,760,417	\$ 5,110,417
Trade Office	\$ 1,600,000	\$ 2,100,000
Board of Animal Health	\$ 865,718	\$ 865,718
Wildlife Services	\$ 1,457,400	\$ 1,657,400
Pipeline Reclamation	\$ 200,000	\$ 200,000
Crop Harmonization	\$ 75,000	\$ 75,000
SB 2009 Total	\$ 37,570,487	\$ 60,862,006
Department Full Time Employees	79	79
Department Full Time Employees		2
Department Full Time Employees	79	81

* The Commissioner is requesting to start salaries at the base level funding of \$15,717,126. Any additional compensation costs approved by the Legislative Assembly would then be added to this amount. This would restore \$323,047 of base payroll changes. Only \$47,344 of this amount is general funds, the rest is other funds.

Agriculture Commissioner - Budget No. 602
Senate Bill No. 2009
Base Level Funding Changes

Prepared for: 2/14/2023

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE	General	Other	Total	FTE	General	Other	Total	FTE	General	Other	Total
	Positions	Fund	Funds		Positions	Fund	Funds		Positions	Fund	Funds	
2023-25 Biennium Base Level	79.00	\$13,459,712	\$24,110,775	\$37,570,487	79.00	\$13,459,712	\$24,110,775	\$37,570,487	0.00	\$0	\$0	\$0
2023-25 Ongoing Funding Changes												
Base payroll changes		(\$47,344)	(\$275,703)	(\$323,047)				\$0		\$47,344	\$275,703	\$323,047
Adds funding for the cost to continue salary increases		65,314	49,755	115,069				0		(65,314)	(49,755)	(115,069)
Salary increase		606,203	412,980	1,019,183				0		(606,203)	(412,980)	(1,019,183)
Health insurance increase		233,922	183,910	417,832				0		(233,922)	(183,910)	(417,832)
Adds funding for an FTE project manager and systems coordinator position	1.00	180,326		180,326				0	(1.00)	(180,326)		(180,326)
Adds funding for an FTE marketing specialist position	1.00	316,230		316,230				0	(1.00)	(316,230)		(316,230)
Adds funding for IT rate increases		17,565	12,568	30,133				0		(17,565)	(12,568)	(30,133)
Adds funding for IT data processing, communications, and services		10,078	215,059	225,137				0		(10,078)	(215,059)	(225,137)
Adjusts funding for travel, operating fees and services, and other operating expenses		47,266	(659,851)	(612,585)				0		(47,266)	659,851	612,585
Adjusts funding for capital assets		(10,000)	2,000	(8,000)				0		10,000	(2,000)	8,000
Adds funding for noxious weeds grants			118,695	118,695				0			(118,695)	(118,695)
Reduces funding for the waterbank program			(200,000)	(200,000)				0			200,000	200,000
Adds federal funding for speciality crop block grants			4,555,500	4,555,500				0			(4,555,500)	(4,555,500)
Adds funding for APUC			350,000	350,000				0			(350,000)	(350,000)
Reduces federal funding for the Board of Animal Health			(170,500)	(170,500)				0			170,500	170,500
Adds funding for aerial contract services for the Wildlife Services program		200,000		200,000				0		(200,000)		(200,000)
Adds funding for a new Capitol space rent model		198,136		198,136				0		(198,136)		(198,136)
Adds funding for the local food purchase assistance program				0				0				0
Adds funding for the plant and potato cyst nematode program				0				0				0
Total ongoing funding changes	2.00	\$1,817,696	\$4,594,413	\$6,412,109	0.00	\$0	\$0	\$0	(2.00)	(\$1,817,696)	(\$4,594,413)	(\$6,412,109)
One-Time Funding Items												
Adds funding for bioscience innovation grants			\$5,500,000	\$5,500,000				\$0			(\$5,500,000)	(\$5,500,000)
Adds one-time funding for APUC			3,000,000	3,000,000				0			(3,000,000)	(3,000,000)
Adds one-time funding for the North Dakota Trade Office		\$500,000		500,000				0		(\$500,000)		(500,000)
Total one-time funding changes	0.00	\$500,000	\$8,500,000	\$9,000,000	0.00	\$0	\$0	\$0	0.00	(\$500,000)	(\$8,500,000)	(\$9,000,000)
Total Changes to Base Level Funding	2.00	\$2,317,696	\$13,094,413	\$15,412,109	0.00	\$0	\$0	\$0	(2.00)	(\$2,317,696)	(\$13,094,413)	(\$15,412,109)
2023-25 Total Funding	81.00	\$15,777,408	\$37,205,188	\$52,982,596	79.00	\$13,459,712	\$24,110,775	\$37,570,487	(2.00)	(\$2,317,696)	(\$13,094,413)	(\$15,412,109)
<i>Federal funds included in other funds</i>			\$16,900,416				\$12,635,914				(\$4,264,502)	
<i>Total ongoing changes as a percentage of base level</i>	2.5%	13.5%	19.1%	17.1%	0.0%	0.0%	0.0%	0.0%				
<i>Total changes as a percentage of base level</i>	2.5%	17.2%	54.3%	41.0%	0.0%	0.0%	0.0%	0.0%				

Other Sections in Agriculture Commissioner - Budget No. 602

	Executive Budget Recommendation	Senate Version
Transfer - Environment and rangeland protection fund	Section 3 would require the Agriculture Commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund.	
Environment and rangeland protection fund	Section 4 would identify \$7,104,225 in the estimated income line item in Section 1 is from the environment and rangeland protection fund for various Department of Agriculture programs.	
Game and Fish Department operating fund	Section 5 would identify \$661,270 in the estimated income line item in Section 1 is from the Game and Fish Department operating fund for various Department of Agriculture programs.	

Other Sections in Agriculture Commissioner - Budget No. 602

Transfer - Department of Water Resources

Executive Budget Recommendation

Section 6 would identify \$125,000 in the estimated income line item in Section 1 is from the Department of Water Resources, which the department shall transfer to the Agriculture Commissioner for the Wildlife Services program.

Senate Version

Waterbank program

Section 7 would identify of the amount appropriated in the salary and wages line item in Section 1, the Agriculture Commissioner may use up to \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.

Pipeline restoration and reclamation program

Section 8 would identify \$200,000 in the estimated income line item in Section 1 is from the abandoned oil and gas well plugging and site reclamation fund for the pipeline restoration and reclamation program.

Agriculture Commissioner salary

Section 9 would provide the statutory changes necessary to increase the Agriculture Commissioner's salary. The Agriculture Commissioner's annual salary would increase from the current level of \$123,984 to \$131,423 effective July 1, 2023, and to \$136,679 effective July 1, 2024, to reflect the 6 percent and 4 percent annual recommended salary increases.

North Dakota Trade Office - Matching fund requirement

Section 10 would identify \$2.1 million of the funding appropriated in Section 1 is from the general fund for the North Dakota Trade Office. The Agriculture Commissioner may spend 60 percent of this amount without requiring any matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for every \$1 provided by the Agriculture Commissioner. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, to provide training, and to buy computer equipment as part of the North Dakota Trade Office's export assistance program.

Transfer - Strategic investment and improvements fund to bioscience innovation grant fund - One-time funding

Section 11 would identify \$5.5 million in the estimated income line item in Section 1 is one-time funding transferred from the strategic investment and improvements fund to the bioscience innovation grant fund for the bioscience innovation grant program.

Transfer - Bank of North Dakota profits to the APUC fund

Section 12 would identify \$3 million in the estimated income line item in Section 1 is one-time funding transferred from Bank of North Dakota profits to the Agriculture Commissioner for deposit in the APUC fund for the APUC program.

Wildlife Services program - Indirect costs

23.0263.01003
Title.

Prepared by the Legislative Council staff for
the Senate Appropriations - Government
Operations Division Committee
February 16, 2023

Fiscal No. 1

PROPOSED AMENDMENTS TO SENATE BILL NO. 2009

Page 1, line 2, replace "and" with "to create and enact a new section to chapter 4.1-01 of the North Dakota Century Code, relating to the establishment of a post-production royalty oversight program; to amend and reenact sections 4.1-01-02, 4.1-01-21.1, 49-22-09, and 49-22-09.2 of the North Dakota Century Code, relating to the salary of the agriculture commissioner, the environmental impact mitigation fund, factors to be considered in evaluating applications and designations of sites, corridors, and routes, and mitigating direct and indirect environmental impacts;"

Page 1, line 2, after "transfer" insert "; and to provide an exemption"

Page 1, remove lines 10 through 24

Page 2, replace lines 1 through 5 with:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$15,717,126	\$1,693,446	\$17,410,572
Operating expenses	6,848,052	588,121	7,436,173
Capital assets	15,000	(8,000)	7,000
Grants	9,031,774	1,922,195	10,953,969
Agricultural products utilization commission	1,760,417	3,350,000	5,110,417
North Dakota trade office	1,600,000	500,000	2,100,000
Board of animal health	865,718	0	865,718
Wildlife services	1,457,400	200,000	1,657,400
Pipeline restoration and reclamation oversight program	200,000	0	200,000
Crop harmonization board	<u>75,000</u>	<u>0</u>	<u>75,000</u>
Total all funds	\$37,570,487	\$8,245,762	\$45,816,249
Less estimated income	<u>24,110,775</u>	<u>6,025,073</u>	<u>30,135,848</u>
Total general fund	\$13,459,712	\$2,220,689	\$15,680,401
Full-time equivalent positions	79.00	2.00	81.00"

Page 2, line 6, after "FUNDING" insert "- EFFECT ON BASE BUDGET - REPORT TO SIXTY-NINTH LEGISLATIVE ASSEMBLY"

Page 2, line 7, after "biennium" insert "and the one-time funding items included in the appropriation in section 1 of this Act"

Page 2, replace line 9 with:

"Agricultural products utilization commission	\$2,700,000	\$3,000,000"
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Page 2, replace lines 14 through 17 with:

"Intermodal facility construction grant program	2,000,000	0
North Dakota trade office	<u>0</u>	<u>500,000</u>
Total all funds	\$20,900,000	\$3,500,000

Less estimated income	<u>10,400,000</u>	<u>3,000,000</u>
Total general fund	\$10,500,000	\$500,000

The 2023-25 biennium one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The agriculture commissioner shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 3. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO BIOSCIENCE INNOVATION FUND - BIOSCIENCE INNOVATION GRANT PROGRAM. The office of management and budget shall transfer \$5,500,000 from the strategic investment and improvements fund to the bioscience innovation grant fund for the purpose of the bioscience innovation grant program under section 4.1-01-20.1 for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 4. TRANSFER - LEGACY EARNINGS FUND TO BIOSCIENCE INNOVATION FUND - BIOSCIENCE INNOVATION GRANT PROGRAM. Pursuant to the designation of funding for other legislative purposes under subdivision c of subsection 4 of section 21-10-13, the office of management and budget shall transfer \$6,500,000 from the legacy earnings fund to the bioscience innovation grant fund for the purpose of the bioscience innovation grant program under section 4.1-01-20.1 for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 5. TRANSFER - ENVIRONMENT AND RANGELAND PROTECTION FUND TO ENVIRONMENTAL IMPACT MITIGATION FUND - MITIGATION OF AGRICULTURAL LAND. The office of management and budget shall transfer \$250,000 from the environment and rangeland protection fund to the environmental impact mitigation fund for the purpose of mitigation of agricultural land under section 4.1-01-21.1 for the biennium beginning July 1, 2023, and ending June 30, 2025."

Page 2, line 18, replace "**STATE WATER COMMISSION**" with "**DEPARTMENT OF WATER RESOURCES**"

Page 2, line 19, remove "state"

Page 2, line 20, replace "water commission" with "department of water resources"

Page 2, line 27, replace "\$6,899,395" with "\$7,344,029"

Page 2, line 31, replace "\$619,329" with "\$648,228"

Page 3, after line 2, insert:

"SECTION 10. ESTIMATED INCOME - TRANSFER - BANK OF NORTH DAKOTA PROFITS - AGRICULTURAL PRODUCTS UTILIZATION COMMISSION. The estimated income line item in section 1 of this Act includes the sum of \$3,000,000 which the Bank of North Dakota shall transfer from the Bank's current earnings and undivided profits to the agriculture commissioner for deposit in the agricultural products utilization fund for the purpose of defraying the expenses of the agricultural products utilization commission for the biennium beginning July 1, 2023, and ending June 30, 2025."

Page 3, line 3, replace "**PIPELINE RESTORATION AND RECLAMATION**" with "**ABANDONED OIL AND GAS WELL PLUGGING AND SITE RECLAMATION FUND**"

Page 3, line 4, replace "\$200,000" with "\$700,000"

Page 3, line 5, after "fund" insert ", of which \$200,000 is"

Page 3, line 6, after "program" insert "and \$500,000 is for the purpose of defraying the expenses of the post-production royalty oversight program"

Page 3, line 9, replace "\$1,600,000" with "\$2,100,000"

Page 3, after line 19, insert:

"SECTION 14. AMENDMENT. Section 4.1-01-02 of the North Dakota Century Code is amended and reenacted as follows:

4.1-01-02. Salary of agriculture commissioner.

The annual salary of the agriculture commissioner is one hundred ~~twenty-one~~thirty thousand five hundred fifty ~~three~~ dollars through June 30, ~~2022~~2024, and one hundred ~~twenty-three~~thirty-five thousand ~~ninetwo~~ hundred eighty-four dollars after that date.

SECTION 15. A new section to chapter 4.1-01 of the North Dakota Century Code is created and enacted as follows:

Post-production royalty oversight program.

The commissioner shall establish a post-production royalty oversight program providing technical assistance and support to mineral owners, lease owners, and mineral companies relating to royalty payment issues. The commissioner may contract for ombudsmen for assistance on royalty payment issues. The commissioner is not subject to the provisions of chapter 54-44.4 when contracting for the services of ombudsmen. The names of mineral owners, lease owners, and mineral companies that receive assistance under the program are not subject to section 44-04-18 and section 6 of article XI of the Constitution of North Dakota.

SECTION 16. AMENDMENT. Section 4.1-01-21.1 of the North Dakota Century Code is amended and reenacted as follows:

4.1-01-21.1. Environmental impact mitigation fund - Report to legislative management - Continuing appropriation.

1. There is created in the state treasury the environmental impact mitigation fund. The fund consists of all moneys deposited in the fund under section 49-22-09.2. All moneys in the fund are appropriated to the commissioner on a continuing basis for ~~distribution~~disbursement by the agriculture commissioner ~~to landowners for the mitigation of agricultural land impacted by development as set forth under subsection 2~~in accordance with this section.
2. ~~Funding~~Moneys in the fund may be used only for:
 - a. Contracting for consultation with environmental scientists or engineers for relevant services to implement mitigation required from the impact of development; and
 - b. Reclamation or mitigation of adverse impacts from development.

3. The commissioner is not subject to chapter 54-44.4 when contracting for services under this chapter.
4. The federal environmental law impact review committee shall establish criteria for disbursement of moneys in the environmental impact fundsmitigation fund.
5. The commissioner shall make disbursements of moneys in the environmental impact mitigation fund based upon the determinations made by the federal environmental law impact review committee.
6. For purposes of this section, the federal environmental law impact review committee shall hold meetings as the chairman determines necessary at a time and place set by the chairman. Upon written request of any four members, the presiding officer shall call a special meeting of the committee.
7. The federal environmental law impact review committee shall make determinations for the disbursement of environmental impact mitigation fund grants in accordance with subsection 2 and provide those determinations to the commissioner.
8. The federal environmental law impact review committee shall provide a biennial report of environmental impact mitigation fund disbursements to the legislative management.
9. For purposes of this section, the environmental impact mitigation fund is not subject to subsection 2 of section 4.1-01-18.

SECTION 17. AMENDMENT. Section 49-22-09 of the North Dakota Century Code is amended and reenacted as follows:

49-22-09. Factors to be considered in evaluating applications and designation of sites, corridors, and routes.

1. The commission shall be guided by, but is not limited to, the following considerations, where applicable, to aid the evaluation and designation of sites, corridors, and routes:
 - a. Available research and investigations relating to the effects of the location, construction, and operation of the proposed facility on public health and welfare, natural resources, and the environment.
 - b. The effects of new electric energy conversion and electric transmission technologies and systems designed to minimize adverse environmental effects.
 - c. The potential for beneficial uses of waste energy from a proposed electric energy conversion facility.
 - d. Adverse direct and indirect environmental effects that cannot be avoided should the proposed site or route be designated.
 - e. Alternatives to the proposed site, corridor, or route which are developed during the hearing process and which minimize adverse effects.

- f. Irreversible and irretrievable commitments of natural resources should the proposed site, corridor, or route be designated.
 - g. The direct and indirect economic impacts of the proposed facility.
 - h. Existing plans of the state, local government, and private entities for other developments at or in the vicinity of the proposed site, corridor, or route.
 - i. The effect of the proposed site or route on existing scenic areas, historic sites and structures, and paleontological or archaeological sites.
 - j. The effect of the proposed site or route on areas unique because of biological wealth or because the areas are habitats for rare and endangered species.
 - k. Problems raised by federal agencies, other state agencies, and local entities.
 - l. Written comments from the agriculture commissioner.
2. The commission may not condition the issuance of a certificate or permit on the applicant providing a mitigation payment assessed or requested by another state agency or entity to offset a negative impact on wildlife habitat.

SECTION 18. AMENDMENT. Section 49-22-09.2 of the North Dakota Century Code is amended and reenacted as follows:

49-22-09.2. Mitigating direct or indirect environmental impacts.

- 1. An applicant ~~may elect to~~shall provide payment to mitigate any assessed adverse direct or indirect environmental impacts of a proposed site, corridor, route, or facility. The applicant ~~may elect to~~shall provide a minimum of fifty percent of the payment to the agriculture commissioner.
- 2. The agriculture commissioner shall deposit any moneys paid to mitigate the adverse environmental impacts of a proposed site, corridor, route, or facility ~~as follows:~~
 - a. ~~Fifty percent into the environmental impact mitigation fund; and~~
 - b. ~~Fifty percent into the federal environmental law impact review fund.~~

SECTION 19. WILDLIFE SERVICES PROGRAM - INDIRECT COSTS. The wildlife services line item in section 1 of this Act includes the sum of \$1,657,400 for the purpose of defraying the expenses of the wildlife services program during the biennium beginning July 1, 2023, and ending June 30, 2025. The agriculture commissioner may not use funding appropriated for the program to pay indirect costs as part of the United States department of agriculture animal and plant health inspection service wildlife services program.

SECTION 20. EXEMPTION - COVID-19 SPECIALTY CROP BLOCK GRANT PROGRAM. The amount of \$5,000,000 appropriated from federal funds derived from COVID-19 funds for the specialty crop block grant program during the 2019-21 biennium in section 1 of chapter 27 and continued into the 2021-23 biennium in

section 2 of chapter 27 of the 2021 Session Laws is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2023, and ending June 30, 2025."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2009 - Department of Agriculture - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$15,717,126	\$1,693,446	\$17,410,572
Operating expenses	6,848,052	588,121	7,436,173
Capital assets	15,000	(8,000)	7,000
Grants	9,031,774	1,922,195	10,953,969
State Board of Animal Health	865,718		865,718
Wildlife services	1,457,400	200,000	1,657,400
Crop Harmonization Board	75,000		75,000
Pipeline restoration and reclamation	200,000		200,000
Ag. Products Utilization Commission	1,760,417	3,350,000	5,110,417
North Dakota trade office	1,600,000	500,000	2,100,000
Total all funds	\$37,570,487	\$8,245,762	\$45,816,249
Less estimated income	24,110,775	6,025,073	30,135,848
General fund	\$13,459,712	\$2,220,689	\$15,680,401
FTE	79.00	2.00	81.00

Department 602 - Department of Agriculture - Detail of Senate Changes

	Adds Funding for the Cost to Continue Salaries ¹	Adds Funding for Salary and Benefit Increases ²	Adds Salary Equity Funding for Elected Officials ³	Adds Funding for FTE Positions ⁴	Adjusts Base Level Funding ⁵	Adds Funding for the Capitol Rent Model ⁶
Salaries and wages	\$115,069	\$1,190,586	\$2,535	\$385,256		
Operating expenses				111,300	(\$221,315)	\$198,136
Capital assets					(8,000)	
Grants					866,695	
State Board of Animal Health						
Wildlife services					200,000	
Crop Harmonization Board						
Pipeline restoration and reclamation						
Ag. Products Utilization Commission						
North Dakota trade office						
Total all funds	\$115,069	\$1,190,586	\$2,535	\$496,556	\$837,380	\$198,136
Less estimated income	49,755	497,347	0	0	572,471	0
General fund	\$65,314	\$693,239	\$2,535	\$496,556	\$264,909	\$198,136
FTE	0.00	0.00	0.00	2.00	0.00	0.00

	Adds Funding for a Royalty Oversight Program ⁷	Adds Funding for Specialty Crop Block Grants ⁸	Adds funding for APUC ⁹	Adds One-Time Funding for APUC ¹⁰	Adds One-Time Funding for the Trade Office ¹¹	Total Senate Changes
Salaries and wages						\$1,693,446
Operating expenses	\$500,000					588,121
Capital assets						(8,000)
Grants		\$1,055,500				1,922,195
State Board of Animal Health						200,000
Wildlife services						
Crop Harmonization Board						
Pipeline restoration and reclamation						
Ag. Products Utilization Commission			\$350,000	\$3,000,000		3,350,000
North Dakota trade office					\$500,000	500,000
Total all funds	\$500,000	\$1,055,500	\$350,000	\$3,000,000	\$500,000	\$8,245,762
Less estimated income	500,000	1,055,500	350,000	3,000,000	0	6,025,073
General fund	\$0	\$0	\$0	\$0	\$500,000	\$2,220,689
FTE	0.00	0.00	0.00	0.00	0.00	2.00

¹ Funding is added for the cost to continue salary increases.

² The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from \$1,429 to \$1,648 per month:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$453,936	\$309,206	\$763,142
Health insurance increase	239,303	188,141	427,444
Total	\$693,239	\$497,347	\$1,190,586

³ Funding is added for providing a salary equity increase for the Agriculture Commissioner. The Agriculture Commissioner's annual salary is increased from the current level of \$123,984 to \$130,000 (4.9 percent) effective July 1, 2023. This funding is in addition to the funding added for the general 4 percent annual salary increases for state employees.

⁴ Funding of \$496,566 is added from the general fund for 2 FTE positions. Of the funding provided, \$180,326 is for an FTE project manager and systems coordinator position, including \$170,326 for salaries and wages and \$10,000 for operating expenses, and \$316,230 is for an FTE marketing specialist position, including \$214,930 for salaries and wages and \$101,300 for operating expenses.

⁵ Base level funding is adjusted as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Adds funding for information technology rate increases	\$17,565	\$12,568	\$30,133
Adds funding for information technology data processing, communications, and services	10,078	215,059	225,137
Adjusts funding for travel, operating fees and services, and other operating expenses	47,266	(659,851)	(612,585)
Adds federal funding for the plant and potato cyst nematode program	0	26,000	26,000
Adds federal funding for the local food purchase assistance program for local underserved producers, including \$110,000 for operating expenses and \$868,000 for grants	0	978,000	978,000
Adjusts funding for capital assets to provide a total of \$7,000 for capital assets from the environment and rangeland protection fund	(10,000)	2,000	(8,000)
Adds funding for noxious weeds grants, of which \$80,000 is from federal funds and \$118,695 is from the environment and rangeland protection fund to provide a total of \$1,623,969, of which \$170,000 is from federal funds and \$1,453,969 is from the environment and rangeland protection fund	0	198,695	198,695

Reduces funding for the waterbank program to provide a total of \$100,000 from the North Dakota outdoor heritage fund	0	(200,000)	(200,000)
Adds funding for aerial contract services for the Wildlife Services program to provide a total of \$1,657,400 for the Wildlife Services program	<u>200,000</u>	<u>0</u>	<u>200,000</u>
Total	\$264,909	\$572,471	\$837,380

⁶ Funding of \$198,136 is added from the general fund for a new Capitol space rent model.

⁷ Funding of \$500,000 is added from the abandoned oil and gas well plugging and site reclamation fund for a post-production royalty oversight program, allowing the Agriculture Commissioner to contract for ombudsmen to assist individuals and companies in royalty payment issues.

⁸ Federal funding of \$1,055,500 is added for the specialty crop block grant program to provide a total of \$7,094,805 from federal funds. This amount does not include funding for the program from COVID-19 federal funds. A section is added to the bill to provide the Agriculture Commissioner an exemption to continue COVID-19 funding appropriated for the program for the 2019-21 biennium and continued into the 2021-23 biennium during the 2021 legislative session into the 2023-25 biennium.

⁹ Funding of \$350,000 is added from the Agricultural Products Utilization Commission (APUC) fund for the APUC program to provide total ongoing funding of \$2,110,417 from the APUC fund.

¹⁰ One-time funding of \$3,000,000 is added from Bank of North Dakota profits for the APUC program to provide total funding of \$5,110,417 for the program.

¹¹ One-time funding of \$500,000 is added from the general fund for the North Dakota Trade Office to provide a total of \$2.1 million from the general fund.

This amendment also:

- Adds a section providing for a \$5.5 million transfer from the strategic investment and improvements fund to the bioscience innovation grant fund for the bioscience innovation grant program. The Agriculture Commissioner has continuing appropriation authority for the bioscience innovation grant fund.
- Adds a section providing for a \$6.5 million transfer from the legacy earnings fund to the bioscience innovation grant fund for the bioscience innovation grant program to provide a total of \$12 million for the bioscience program in Senate Bill No. 2009 for the 2023-25 biennium.
- Adds a section providing for a \$250,000 transfer from the environment and rangeland protection fund to the environmental impact mitigation fund for the environmental impact mitigation program. The Agriculture Commissioner has continuing appropriation authority for the environmental impact mitigation fund.
- Amends a section identifying the amount of funding (\$7,344,029) appropriated from the environment and rangeland protection fund.
- Amends a section identifying the amount of funding (\$648,228) appropriated from the Game and Fish Department operating fund.
- Adds a section to transfer \$3 million from Bank of North Dakota profits to the APUC fund.
- Amends a section to identify the amount of funding (\$700,000) appropriated from the abandoned oil and gas well plugging and site reclamation fund.
- Amends a section identifying the amount of funding (\$2,100,000) appropriated from the general fund for the North Dakota Trade Office. The Agriculture Commissioner may spend 60 percent of this amount without requiring any matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for every \$1 provided by the Agriculture Commissioner. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, to provide training, and to buy computer equipment as part of the North Dakota Trade Office's export assistance program.
- Adds a section to provide the statutory changes necessary to increase the Agriculture Commissioner's salary to \$130,000 (4.9 percent) effective July 1, 2023, and to \$135,200 (4 percent) effective July 1, 2024.
- Adds a new section to North Dakota Century Code Chapter 4.1-01 to establish a post-production royalty oversight program, allowing the Agriculture Commissioner to contract for ombudsmen to assist individuals and companies in royalty payment issues.
- Adds three sections to amend Sections 4.1-01-21.1, 49-22-09, and 49-22-09.2 relating to the environmental impact fund, factors to be considered in evaluating applications and designation of sites, corridors, and routes, and mitigating direct and indirect environmental impacts.
- Adds a section to provide the funding appropriated in the wildlife services line item may not be used to pay indirect costs as part of the United States Department of Agriculture Animal and Plant Health Inspection Service Wildlife Services program.
- Adds a section to provide an exemption to authorize the Agriculture Commissioner to continue the \$5 million appropriated by the 2021 Legislative Assembly for the COVID-19 specialty crop block grant program for the

2019-21 biennium, which was continued into the 2021-23 biennium into the 2023-25 biennium. The Agriculture Commissioner anticipates approximately \$3.5 million will be continued into the 2023-25 biennium.

23.0263.01003
Title.

Prepared by the Legislative Council staff for
the Senate Appropriations - Government
Operations Division Committee
February 16, 2023

Fiscal No. 1

PROPOSED AMENDMENTS TO SENATE BILL NO. 2009

Page 1, line 2, replace "and" with "to create and enact a new section to chapter 4.1-01 of the North Dakota Century Code, relating to the establishment of a post-production royalty oversight program; to amend and reenact sections 4.1-01-02, 4.1-01-21.1, 49-22-09, and 49-22-09.2 of the North Dakota Century Code, relating to the salary of the agriculture commissioner, the environmental impact mitigation fund, factors to be considered in evaluating applications and designations of sites, corridors, and routes, and mitigating direct and indirect environmental impacts;"

Page 1, line 2, after "transfer" insert "; and to provide an exemption"

Page 1, remove lines 10 through 24

Page 2, replace lines 1 through 5 with:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$15,717,126	\$1,693,446	\$17,410,572
Operating expenses	6,848,052	588,121	7,436,173
Capital assets	15,000	(8,000)	7,000
Grants	9,031,774	1,922,195	10,953,969
Agricultural products utilization commission	1,760,417	3,350,000	5,110,417
North Dakota trade office	1,600,000	500,000	2,100,000
Board of animal health	865,718	0	865,718
Wildlife services	1,457,400	200,000	1,657,400
Pipeline restoration and reclamation oversight program	200,000	0	200,000
Crop harmonization board	<u>75,000</u>	<u>0</u>	<u>75,000</u>
Total all funds	\$37,570,487	\$8,245,762	\$45,816,249
Less estimated income	<u>24,110,775</u>	<u>6,025,073</u>	<u>30,135,848</u>
Total general fund	\$13,459,712	\$2,220,689	\$15,680,401
Full-time equivalent positions	79.00	2.00	81.00"

Page 2, line 6, after "FUNDING" insert "- EFFECT ON BASE BUDGET - REPORT TO SIXTY-NINTH LEGISLATIVE ASSEMBLY"

Page 2, line 7, after "biennium" insert "and the one-time funding items included in the appropriation in section 1 of this Act"

Page 2, replace line 9 with:

"Agricultural products utilization commission	\$2,700,000	\$3,000,000"
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Page 2, replace lines 14 through 17 with:

"Intermodal facility construction grant program	2,000,000	0
North Dakota trade office	<u>0</u>	<u>500,000</u>
Total all funds	\$20,900,000	\$3,500,000

Less estimated income	<u>10,400,000</u>	<u>3,000,000</u>
Total general fund	\$10,500,000	\$500,000

The 2023-25 biennium one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The agriculture commissioner shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 3. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO BIOSCIENCE INNOVATION FUND - BIOSCIENCE INNOVATION GRANT PROGRAM. The office of management and budget shall transfer \$5,500,000 from the strategic investment and improvements fund to the bioscience innovation grant fund for the purpose of the bioscience innovation grant program under section 4.1-01-20.1 for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 4. TRANSFER - LEGACY EARNINGS FUND TO BIOSCIENCE INNOVATION FUND - BIOSCIENCE INNOVATION GRANT PROGRAM. Pursuant to the designation of funding for other legislative purposes under subdivision c of subsection 4 of section 21-10-13, the office of management and budget shall transfer \$6,500,000 from the legacy earnings fund to the bioscience innovation grant fund for the purpose of the bioscience innovation grant program under section 4.1-01-20.1 for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 5. TRANSFER - ENVIRONMENT AND RANGELAND PROTECTION FUND TO ENVIRONMENTAL IMPACT MITIGATION FUND - MITIGATION OF AGRICULTURAL LAND. The office of management and budget shall transfer \$250,000 from the environment and rangeland protection fund to the environmental impact mitigation fund for the purpose of mitigation of agricultural land under section 4.1-01-21.1 for the biennium beginning July 1, 2023, and ending June 30, 2025."

Page 2, line 18, replace "**STATE WATER COMMISSION**" with "**DEPARTMENT OF WATER RESOURCES**"

Page 2, line 19, remove "state"

Page 2, line 20, replace "water commission" with "department of water resources"

Page 2, line 27, replace "\$6,899,395" with "\$7,344,029"

Page 2, line 31, replace "\$619,329" with "\$648,228"

Page 3, after line 2, insert:

"SECTION 10. ESTIMATED INCOME - TRANSFER - BANK OF NORTH DAKOTA PROFITS - AGRICULTURAL PRODUCTS UTILIZATION COMMISSION. The estimated income line item in section 1 of this Act includes the sum of \$3,000,000 which the Bank of North Dakota shall transfer from the Bank's current earnings and undivided profits to the agriculture commissioner for deposit in the agricultural products utilization fund for the purpose of defraying the expenses of the agricultural products utilization commission for the biennium beginning July 1, 2023, and ending June 30, 2025."

Page 3, line 3, replace "**PIPELINE RESTORATION AND RECLAMATION**" with "**ABANDONED OIL AND GAS WELL PLUGGING AND SITE RECLAMATION FUND**"

Page 3, line 4, replace "\$200,000" with "\$700,000"

Page 3, line 5, after "fund" insert ", of which \$200,000 is"

Page 3, line 6, after "program" insert "and \$500,000 is for the purpose of defraying the expenses of the post-production royalty oversight program"

Page 3, line 9, replace "\$1,600,000" with "\$2,100,000"

Page 3, after line 19, insert:

"SECTION 14. AMENDMENT. Section 4.1-01-02 of the North Dakota Century Code is amended and reenacted as follows:

4.1-01-02. Salary of agriculture commissioner.

The annual salary of the agriculture commissioner is one hundred ~~twenty-one~~thirty thousand five hundred fifty-three dollars through June 30, ~~2022~~2024, and one hundred ~~twenty-three~~thirty-five thousand ~~ninetwo~~ hundred eighty-four dollars after that date.

SECTION 15. A new section to chapter 4.1-01 of the North Dakota Century Code is created and enacted as follows:

Post-production royalty oversight program.

The commissioner shall establish a post-production royalty oversight program providing technical assistance and support to mineral owners, lease owners, and mineral companies relating to royalty payment issues. The commissioner may contract for ombudsmen for assistance on royalty payment issues. The commissioner is not subject to the provisions of chapter 54-44.4 when contracting for the services of ombudsmen. The names of mineral owners, lease owners, and mineral companies that receive assistance under the program are not subject to section 44-04-18 and section 6 of article XI of the Constitution of North Dakota.

SECTION 16. AMENDMENT. Section 4.1-01-21.1 of the North Dakota Century Code is amended and reenacted as follows:

4.1-01-21.1. Environmental impact mitigation fund - Report to legislative management - Continuing appropriation.

1. There is created in the state treasury the environmental impact mitigation fund. The fund consists of all moneys deposited in the fund under section 49-22-09.2. All moneys in the fund are appropriated to the commissioner on a continuing basis for ~~distribution~~disbursement by the agriculture commissioner ~~to landowners for the mitigation of agricultural land impacted by development as set forth under subsection 2~~in accordance with this section.
2. ~~Funding~~Moneys in the fund may be used only for:
 - a. Contracting for consultation with environmental scientists or engineers for relevant services to implement mitigation required from the impact of development; and
 - b. Reclamation or mitigation of adverse impacts from development.

3. The commissioner is not subject to chapter 54-44.4 when contracting for services under this chapter.
4. The federal environmental law impact review committee shall establish criteria for disbursement of moneys in the environmental impact fundsmitigation fund.
5. The commissioner shall make disbursements of moneys in the environmental impact mitigation fund based upon the determinations made by the federal environmental law impact review committee.
6. For purposes of this section, the federal environmental law impact review committee shall hold meetings as the chairman determines necessary at a time and place set by the chairman. Upon written request of any four members, the presiding officer shall call a special meeting of the committee.
7. The federal environmental law impact review committee shall make determinations for the disbursement of environmental impact mitigation fund grants in accordance with subsection 2 and provide those determinations to the commissioner.
8. The federal environmental law impact review committee shall provide a biennial report of environmental impact mitigation fund disbursements to the legislative management.
9. For purposes of this section, the environmental impact mitigation fund is not subject to subsection 2 of section 4.1-01-18.

SECTION 17. AMENDMENT. Section 49-22-09 of the North Dakota Century Code is amended and reenacted as follows:

49-22-09. Factors to be considered in evaluating applications and designation of sites, corridors, and routes.

1. The commission shall be guided by, but is not limited to, the following considerations, where applicable, to aid the evaluation and designation of sites, corridors, and routes:
 - a. Available research and investigations relating to the effects of the location, construction, and operation of the proposed facility on public health and welfare, natural resources, and the environment.
 - b. The effects of new electric energy conversion and electric transmission technologies and systems designed to minimize adverse environmental effects.
 - c. The potential for beneficial uses of waste energy from a proposed electric energy conversion facility.
 - d. Adverse direct and indirect environmental effects that cannot be avoided should the proposed site or route be designated.
 - e. Alternatives to the proposed site, corridor, or route which are developed during the hearing process and which minimize adverse effects.

- f. Irreversible and irretrievable commitments of natural resources should the proposed site, corridor, or route be designated.
 - g. The direct and indirect economic impacts of the proposed facility.
 - h. Existing plans of the state, local government, and private entities for other developments at or in the vicinity of the proposed site, corridor, or route.
 - i. The effect of the proposed site or route on existing scenic areas, historic sites and structures, and paleontological or archaeological sites.
 - j. The effect of the proposed site or route on areas unique because of biological wealth or because the areas are habitats for rare and endangered species.
 - k. Problems raised by federal agencies, other state agencies, and local entities.
 - l. Written comments from the agriculture commissioner.
2. The commission may not condition the issuance of a certificate or permit on the applicant providing a mitigation payment assessed or requested by another state agency or entity to offset a negative impact on wildlife habitat.

SECTION 18. AMENDMENT. Section 49-22-09.2 of the North Dakota Century Code is amended and reenacted as follows:

49-22-09.2. Mitigating direct or indirect environmental impacts.

- 1. An applicant ~~may elect to~~shall provide payment to mitigate any assessed adverse direct or indirect environmental impacts of a proposed site, corridor, route, or facility. The applicant ~~may elect to~~shall provide a minimum of fifty percent of the payment to the agriculture commissioner.
- 2. The agriculture commissioner shall deposit any moneys paid to mitigate the adverse environmental impacts of a proposed site, corridor, route, or facility ~~as follows:~~
 - a. ~~Fifty percent~~ into the environmental impact mitigation fund; ~~and~~
 - b. ~~Fifty percent into the federal environmental law impact review fund.~~

SECTION 19. WILDLIFE SERVICES PROGRAM - INDIRECT COSTS. The wildlife services line item in section 1 of this Act includes the sum of \$1,657,400 for the purpose of defraying the expenses of the wildlife services program during the biennium beginning July 1, 2023, and ending June 30, 2025. The agriculture commissioner may not use funding appropriated for the program to pay indirect costs as part of the United States department of agriculture animal and plant health inspection service wildlife services program.

SECTION 20. EXEMPTION - COVID-19 SPECIALTY CROP BLOCK GRANT PROGRAM. The amount of \$5,000,000 appropriated from federal funds derived from COVID-19 funds for the specialty crop block grant program during the 2019-21 biennium in section 1 of chapter 27 and continued into the 2021-23 biennium in

section 2 of chapter 27 of the 2021 Session Laws is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2023, and ending June 30, 2025."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2009 - Department of Agriculture - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$15,717,126	\$1,693,446	\$17,410,572
Operating expenses	6,848,052	588,121	7,436,173
Capital assets	15,000	(8,000)	7,000
Grants	9,031,774	1,922,195	10,953,969
State Board of Animal Health	865,718		865,718
Wildlife services	1,457,400	200,000	1,657,400
Crop Harmonization Board	75,000		75,000
Pipeline restoration and reclamation	200,000		200,000
Ag. Products Utilization Commission	1,760,417	3,350,000	5,110,417
North Dakota trade office	1,600,000	500,000	2,100,000
Total all funds	\$37,570,487	\$8,245,762	\$45,816,249
Less estimated income	24,110,775	6,025,073	30,135,848
General fund	\$13,459,712	\$2,220,689	\$15,680,401
FTE	79.00	2.00	81.00

Department 602 - Department of Agriculture - Detail of Senate Changes

	Adds Funding for the Cost to Continue Salaries ¹	Adds Funding for Salary and Benefit Increases ²	Adds Salary Equity Funding for Elected Officials ³	Adds Funding for FTE Positions ⁴	Adjusts Base Level Funding ⁵	Adds Funding for the Capitol Rent Model ⁶
Salaries and wages	\$115,069	\$1,190,586	\$2,535	\$385,256		
Operating expenses				111,300	(\$221,315)	\$198,136
Capital assets					(8,000)	
Grants					866,695	
State Board of Animal Health						
Wildlife services					200,000	
Crop Harmonization Board						
Pipeline restoration and reclamation						
Ag. Products Utilization Commission						
North Dakota trade office						
Total all funds	\$115,069	\$1,190,586	\$2,535	\$496,556	\$837,380	\$198,136
Less estimated income	49,755	497,347	0	0	572,471	0
General fund	\$65,314	\$693,239	\$2,535	\$496,556	\$264,909	\$198,136
FTE	0.00	0.00	0.00	2.00	0.00	0.00

	Adds Funding for a Royalty Oversight Program ²	Adds Funding for Specialty Crop Block Grants ⁴	Adds funding for APUC ³	Adds One-Time Funding for APUC ¹⁰	Adds One-Time Funding for the Trade Office ¹¹	Total Senate Changes
Salaries and wages						\$1,693,446
Operating expenses	\$500,000					588,121
Capital assets						(8,000)
Grants		\$1,055,500				1,922,195
State Board of Animal Health						
Wildlife services						200,000
Crop Harmonization Board						
Pipeline restoration and reclamation						
Ag. Products Utilization Commission			\$350,000	\$3,000,000		3,350,000
North Dakota trade office					\$500,000	500,000
Total all funds	\$500,000	\$1,055,500	\$350,000	\$3,000,000	\$500,000	\$8,245,762
Less estimated income	500,000	1,055,500	350,000	3,000,000	0	6,025,073
General fund	\$0	\$0	\$0	\$0	\$500,000	\$2,220,689
FTE	0.00	0.00	0.00	0.00	0.00	2.00

¹ Funding is added for the cost to continue salary increases.

² The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from \$1,429 to \$1,648 per month:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$453,936	\$309,206	\$763,142
Health insurance increase	239,303	188,141	427,444
Total	\$693,239	\$497,347	\$1,190,586

³ Funding is added for providing a salary equity increase for the Agriculture Commissioner. The Agriculture Commissioner's annual salary is increased from the current level of \$123,984 to \$130,000 (4.9 percent) effective July 1, 2023. This funding is in addition to the funding added for the general 4 percent annual salary increases for state employees.

⁴ Funding of \$496,566 is added from the general fund for 2 FTE positions. Of the funding provided, \$180,326 is for an FTE project manager and systems coordinator position, including \$170,326 for salaries and wages and \$10,000 for operating expenses, and \$316,230 is for an FTE marketing specialist position, including \$214,930 for salaries and wages and \$101,300 for operating expenses.

⁵ Base level funding is adjusted as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Adds funding for information technology rate increases	\$17,565	\$12,568	\$30,133
Adds funding for information technology data processing, communications, and services	10,078	215,059	225,137
Adjusts funding for travel, operating fees and services, and other operating expenses	47,266	(659,851)	(612,585)
Adds federal funding for the plant and potato cyst nematode program	0	26,000	26,000
Adds federal funding for the local food purchase assistance program for local underserved producers, including \$110,000 for operating expenses and \$868,000 for grants	0	978,000	978,000
Adjusts funding for capital assets to provide a total of \$7,000 for capital assets from the environment and rangeland protection fund	(10,000)	2,000	(8,000)
Adds funding for noxious weeds grants, of which \$80,000 is from federal funds and \$118,695 is from the environment and rangeland protection fund to provide a total of \$1,623,969, of which \$170,000 is from federal funds and \$1,453,969 is from the environment and rangeland protection fund	0	198,695	198,695

Reduces funding for the waterbank program to provide a total of \$100,000 from the North Dakota outdoor heritage fund	0	(200,000)	(200,000)
Adds funding for aerial contract services for the Wildlife Services program to provide a total of \$1,657,400 for the Wildlife Services program	<u>200,000</u>	<u>0</u>	<u>200,000</u>
Total	\$264,909	\$572,471	\$837,380

⁶ Funding of \$198,136 is added from the general fund for a new Capitol space rent model.

⁷ Funding of \$500,000 is added from the abandoned oil and gas well plugging and site reclamation fund for a post-production royalty oversight program, allowing the Agriculture Commissioner to contract for ombudsmen to assist individuals and companies in royalty payment issues.

⁸ Federal funding of \$1,055,500 is added for the specialty crop block grant program to provide a total of \$7,094,805 from federal funds. This amount does not include funding for the program from COVID-19 federal funds. A section is added to the bill to provide the Agriculture Commissioner an exemption to continue COVID-19 funding appropriated for the program for the 2019-21 biennium and continued into the 2021-23 biennium during the 2021 legislative session into the 2023-25 biennium.

⁹ Funding of \$350,000 is added from the Agricultural Products Utilization Commission (APUC) fund for the APUC program to provide total ongoing funding of \$2,110,417 from the APUC fund.

¹⁰ One-time funding of \$3,000,000 is added from Bank of North Dakota profits for the APUC program to provide total funding of \$5,110,417 for the program.

¹¹ One-time funding of \$500,000 is added from the general fund for the North Dakota Trade Office to provide a total of \$2.1 million from the general fund.

This amendment also:

- Adds a section providing for a \$5.5 million transfer from the strategic investment and improvements fund to the bioscience innovation grant fund for the bioscience innovation grant program. The Agriculture Commissioner has continuing appropriation authority for the bioscience innovation grant fund.
- Adds a section providing for a \$6.5 million transfer from the legacy earnings fund to the bioscience innovation grant fund for the bioscience innovation grant program to provide a total of \$12 million for the bioscience program in Senate Bill No. 2009 for the 2023-25 biennium.
- Adds a section providing for a \$250,000 transfer from the environment and rangeland protection fund to the environmental impact mitigation fund for the environmental impact mitigation program. The Agriculture Commissioner has continuing appropriation authority for the environmental impact mitigation fund.
- Amends a section identifying the amount of funding (\$7,344,029) appropriated from the environment and rangeland protection fund.
- Amends a section identifying the amount of funding (\$648,228) appropriated from the Game and Fish Department operating fund.
- Adds a section to transfer \$3 million from Bank of North Dakota profits to the APUC fund.
- Amends a section to identify the amount of funding (\$700,000) appropriated from the abandoned oil and gas well plugging and site reclamation fund.
- Amends a section identifying the amount of funding (\$2,100,000) appropriated from the general fund for the North Dakota Trade Office. The Agriculture Commissioner may spend 60 percent of this amount without requiring any matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for every \$1 provided by the Agriculture Commissioner. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, to provide training, and to buy computer equipment as part of the North Dakota Trade Office's export assistance program.
- Adds a section to provide the statutory changes necessary to increase the Agriculture Commissioner's salary to \$130,000 (4.9 percent) effective July 1, 2023, and to \$135,200 (4 percent) effective July 1, 2024.
- Adds a new section to North Dakota Century Code Chapter 4.1-01 to establish a post-production royalty oversight program, allowing the Agriculture Commissioner to contract for ombudsmen to assist individuals and companies in royalty payment issues.
- Adds three sections to amend Sections 4.1-01-21.1, 49-22-09, and 49-22-09.2 relating to the environmental impact fund, factors to be considered in evaluating applications and designation of sites, corridors, and routes, and mitigating direct and indirect environmental impacts.
- Adds a section to provide the funding appropriated in the wildlife services line item may not be used to pay indirect costs as part of the United States Department of Agriculture Animal and Plant Health Inspection Service Wildlife Services program.
- Adds a section to provide an exemption to authorize the Agriculture Commissioner to continue the \$5 million appropriated by the 2021 Legislative Assembly for the COVID-19 specialty crop block grant program for the

2019-21 biennium, which was continued into the 2021-23 biennium into the 2023-25 biennium. The Agriculture Commissioner anticipates approximately \$3.5 million will be continued into the 2023-25 biennium.

**Department 602 - Agriculture Commissioner
Senate Bill No. 2009**

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	\$15,777,408	\$37,205,188	\$52,982,596
2023-25 Base Level	13,459,712	24,110,775	37,570,487
Increase (Decrease)	\$2,317,696	\$13,094,413	\$15,412,109

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases of which \$1,019,183 is for salary increases and \$417,832 is for health insurance increases	\$840,125	\$596,890	\$1,437,015
2. Adds funding for an FTE project manager and systems coordinator position, including \$170,326 for salaries and wages and \$10,000 of related operating expenses	\$180,326	\$0	\$180,326
3. Adds funding for an FTE marketing specialist position, including \$214,930 for salaries and wages and \$101,300 of related operating expenses	\$316,230	\$0	\$316,230
4. Adds federal funding for specialty crop block grants to provide a total of \$10.6 million from federal funds	\$0	\$4,555,500	\$4,555,500
5. Adds funding for the Agricultural Products Utilization Commission (APUC), of which \$350,000 is ongoing funding from the APUC fund and \$3,000,000 is one-time funding from Bank of North Dakota profits transferred to the APUC fund, to provide a total of \$5,110,417 for the APUC program from the APUC fund	\$0	\$3,350,000	\$3,350,000
6. Adds funding for aerial contract services for the Wildlife Services program to provide a total of \$1,657,400, of which \$598,600 is from the general fund and \$1,058,800 is from special funds	\$200,000	\$0	\$200,000
7. Adds one-time funding from the strategic investment and improvements fund transferred to the bioscience innovation grant fund for the bioscience innovation grant program	\$0	\$5,500,000	\$5,500,000
8. Adds one-time funding for the North Dakota Trade Office to provide a total of \$2.1 million from the general fund	\$500,000	\$0	\$500,000

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

Environment and rangeland protection fund - Section 4 would identify \$7,104,225 in the estimated income line item in Section 1 is from the environment and rangeland protection fund for various Department of Agriculture programs.

Game and Fish Department operating fund - Section 5 would identify \$661,270 in the estimated income line item in Section 1 is from the Game and Fish Department operating fund for various Department of Agriculture programs.

Department of Water Resources transfer - Section 6 would identify \$125,000 in the estimated income line item in Section 1 is from funding transferred from the Department of Water Resources to the Agriculture Commissioner for the Wildlife Services program.

Pipeline restoration and reclamation program - Section 8 would identify \$200,000 in the estimated income line item in Section 1 is from the abandoned oil and gas well plugging and site reclamation fund for the pipeline restoration and reclamation program.

North Dakota Trade Office - Section 10 would identify \$2.1 million of the funding appropriated in Section 1 is from the general fund for the North Dakota Trade Office. The Agriculture Commissioner may spend 60 percent of this amount without requiring any matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for every \$1 provided by the Agriculture Commissioner. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, to provide training, and to buy computer equipment as part of the North Dakota Trade Office's export assistance program.

APUC - Section 12 would identify \$3 million in the estimated income line item in Section 1 is one-time funding transferred from Bank of North Dakota profits to the Agriculture Commissioner for deposit in the APUC fund for the APUC program.

Continuing Appropriations

Advisory Committee on Sustainable Agriculture - North Dakota Century Code Section 4.1-01-11 - Provides the Agriculture Commissioner may accept gifts, grants, and donations of money, property, and services for duties related to the Advisory Committee on Sustainable Agriculture.

Bioscience innovation grant fund - Section 4.1-01-20.1 - Includes funding appropriated to the Agriculture Commissioner on a continuing basis to award grants to North Dakota bioscience businesses to support biotechnology innovation and commercialization, promote the creation of bioscience jobs in the state, encourage the development of new bioscience technologies and bioscience startup companies in the state, leverage the agriculture industry in the state to support the development of bioscience technologies impacting livestock operations and crop production, promote bioscience research and development at institutions under the control of the State Board of Higher Education; and encourage coordination and collaboration among other entities and programs in the state to promote bioscience innovation goals.

Federal environmental law impact review fund - Section 4.1-01-21 - Includes funding appropriated to the Agriculture Commissioner on a continuing basis for certain administrative costs related to the Federal Environmental Law Impact Review Committee, which reviews federal environmental legislation and regulations detrimentally impacting or potentially detrimentally impacting the state's agricultural, energy, or oil production sectors.

Environmental impact mitigation fund - Section 4.1-01-21.1 - Includes funding appropriated to the Agriculture Commissioner on a continuing basis for distribution to landowners for the mitigation of agricultural land impacted by assessed adverse direct environmental impacts of a proposed site, corridor, route, or facility.

Honey promotion fund - Chapter 4.1-08 - Commodity checkoff for market development of honey.

Turkey fund - Chapter 4.1-12 - Commodity checkoff for market development of turkeys and turkey products.

Industrial hemp - Section 4.1-18.1-03 - Provides for the Agriculture Commissioner to assess a fee of \$350 to each applicant requesting to grow or process industrial hemp. Fees collected for this purpose are deposited in the Agriculture Commissioner operating fund and appropriated to the Department of Agriculture on a continuing basis.

Minor use pesticide fund - Section 4.1-39-08 - For studies, investigations, and evaluations regarding registration and use of pesticides.

Domestic animals and nontraditional livestock - Section 36-01-08 - Provides the Agriculture Commissioner shall collect fees for the actual direct cost of providing brucellosis tags, identification tags, and health books distributed by the Board of Animal Health for the protection and health of domestic animals and nontraditional livestock.

Equine processing fund - Section 36-21-19 - Provides for the Agriculture Commissioner to assess a fee of \$5 for equine processing facility assessments. The first \$50,000 of fees collected is deposited in the general fund and any additional amounts are deposited in the equine processing fund. All funds in the equine processing fund are appropriated to the Agriculture Commissioner on a continuing basis.

State waterbank fund - Section 61-31-10 - Authorizes the Agriculture Commissioner to receive funds from any private or public source, including from state agencies for the state waterbank program. The state waterbank fund and interest earned are appropriated to the Agriculture Commissioner on a continuing basis.

Deficiency Appropriations

Emergency feed transportation assistance program - The executive budget includes a recommendation to provide a \$1.7 million general fund deficiency appropriation to the Agriculture Commissioner to repay a Bank of North Dakota loan for the emergency feed transportation assistance program during 2021-23 biennium.

Significant Audit Findings

The operational audit for the Department of Agriculture conducted by the State Auditor's office for the period ending June 30, 2021, did not identify any significant audit findings.

Major Related Legislation

House Bill No. 1099 - This bill would repeal Section 57-43.1-03 which requires one-half cent per gallon of the motor vehicle fuel tax refund be deposited in the APUC fund.

House Bill No. 1101 - This bill would repeal the Agriculture Commissioner's domestic animals and nontraditional livestock continuing appropriation from Section 36-01-08 and amend it into Section 36-01-33.

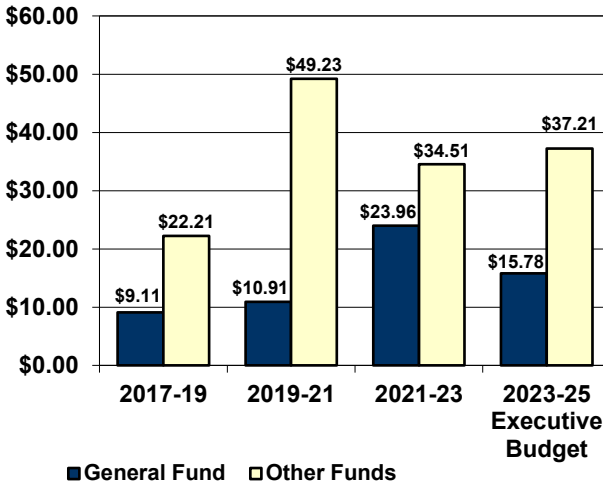
House Bill No. 1148 - This bill creates an agriculture infrastructure fund to be used by the Agriculture Commissioner to provide grants to political subdivisions, individuals, or organizations for infrastructure and capital improvements necessary for the development or enhancement of new or existing value-added agriculture businesses. The bill includes a \$15 million appropriation from the general fund to be transferred to the agriculture infrastructure fund, which is appropriated to the Agriculture Commissioner for the 2023-25 biennium. Of this amount, up to \$10 million is available for grants to political subdivisions and any remaining funding is available to individuals or organizations.

Senate Bill No. 2027 - This bill would repeal Section 4.1-01-11 related to the Advisory Committee on Sustainable Agriculture.

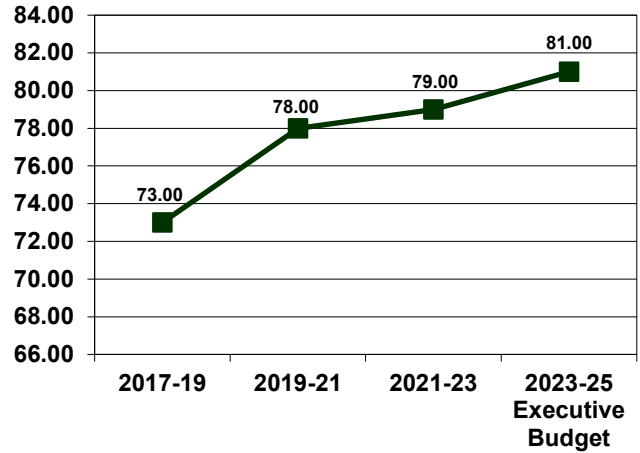
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$9,961,137	\$9,109,101	\$10,700,429	\$13,459,712	\$15,277,408
Increase (decrease) from previous biennium	N/A	(\$852,036)	\$1,591,328	\$2,759,283	\$1,817,696
Percentage increase (decrease) from previous biennium	N/A	(8.6%)	17.5%	25.8%	13.5%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(8.6%)	7.4%	35.1%	53.4%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

1. Removed 4 FTE positions and related funding (\$600,304)
2. Adjusted funding for IT operating expenses (\$296,836)

2019-21 Biennium

1. Added funding to transfer APUC from the Department of Commerce to provide total ongoing funding of \$2,000,000, of which \$1,760,417 is from the APUC fund \$239,583
2. Added funding to transfer the grain warehouse license and inspection program from the Public Service Commission \$853,499

2021-23 Biennium

1. Added funding to address employee salary compression concerns \$369,866
2. Added 1 FTE grain inspector position, of which \$152,670 is for salaries and \$30,729 is for related operating expenses \$183,399
3. Added funding to fully fund a previously underfunded FTE meat inspector position, of which \$90,478 is for salaries and \$15,980 is for operating expenses \$106,458
4. Added funding to reclassify a program coordinator position to an attorney position \$68,279
5. Transferred the North Dakota Trade Office program from the Department of Commerce to the Agriculture Commissioner \$1,600,000

2023-25 Biennium (Executive Budget Recommendation)

- | | |
|---|-----------|
| 1. Adds funding for an FTE project manager and systems coordinator position, including \$170,326 for salaries and wages and \$10,000 of related operating expenses | \$180,326 |
| 2. Adds funding for an FTE marketing specialist position, including \$214,930 for salaries and wages and \$101,300 of related operating expenses | \$316,230 |
| 3. Adds funding for aerial contract services for the Wildlife Services program to provide a total of \$1,657,400, of which \$598,600 is from the general fund and \$1,058,800 is from special funds | \$200,000 |

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$861,360	\$0	\$210,000	\$10,500,000	\$500,000

Major One-Time General Fund Appropriations

2017-19 Biennium

None \$0

2019-21 Biennium

- | | |
|--------------------------------|-----------|
| 1. Grain insolvency litigation | \$100,000 |
| 2. Master customer database | \$110,000 |

2021-23 Biennium

- | | |
|--|-------------|
| 1. Bioscience innovation grant program | \$5,500,000 |
| 2. Federal environmental law impact review costs | \$5,000,000 |

2023-25 Biennium (Executive Budget Recommendation)

- | | |
|------------------------------|-----------|
| 1. North Dakota Trade Office | \$500,000 |
|------------------------------|-----------|

Agriculture Commissioner - Budget No. 602
Senate Bill No. 2009
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	79.00	\$13,459,712	\$24,110,775	\$37,570,487
2023-25 Ongoing Funding Changes				
Base payroll changes		(\$47,344)	(\$275,703)	(\$323,047)
Adds funding for the cost to continue salary increases		65,314	49,755	115,069
Salary increase		606,203	412,980	1,019,183
Health insurance increase		233,922	183,910	417,832
Adds funding for an FTE project manager and systems coordinator position	1.00	180,326		180,326
Adds funding for an FTE marketing specialist position	1.00	316,230		316,230
Adds funding for IT rate increases		17,565	12,568	30,133
Adds funding for IT data processing, communications, and services		10,078	215,059	225,137
Reduces funding for travel, operating fees and services, and other operating expenses		47,266	(659,851)	(612,585)
Adjusts funding for capital assets		(10,000)	2,000	(8,000)
Adds funding for noxious weeds grants			118,695	118,695
Reduces funding for the waterbank program			(200,000)	(200,000)
Adds federal funding for speciality crop block grants			4,555,500	4,555,500
Adds funding for APUC			350,000	350,000
Reduces federal funding for the Board of Animal Health			(170,500)	(170,500)
Adds funding for aerial contract services for the Wildlife Services program		200,000		200,000
Adds funding for a new Capitol space rent model		198,136		198,136
Total ongoing funding changes	2.00	\$1,817,696	\$4,594,413	\$6,412,109
One-time funding items				
Adds funding for bioscience innovation grants			\$5,500,000	\$5,500,000
Adds one-time funding for APUC			3,000,000	3,000,000
Adds one-time funding for the North Dakota Trade Office		\$500,000		500,000
Total one-time funding changes	0.00	\$500,000	\$8,500,000	\$9,000,000
Total Changes to Base Level Funding	2.00	\$2,317,696	\$13,094,413	\$15,412,109
2023-25 Total Funding	81.00	\$15,777,408	\$37,205,188	\$52,982,596
<i>Federal funds included in other funds</i>			\$16,900,416	
<i>Total ongoing changes as a percentage of base level</i>	2.5%	13.5%	19.1%	17.1%
<i>Total changes as a percentage of base level</i>	2.5%	17.2%	54.3%	41.0%

Other Sections in Agriculture Commissioner - Budget No. 602

	Executive Budget Recommendation
Transfer - Environment and rangeland protection fund	Section 3 would require the Agriculture Commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund.
Environment and rangeland protection fund	Section 4 would identify \$7,104,225 in the estimated income line item in Section 1 is from the environment and rangeland protection fund for various Department of Agriculture programs.
Game and Fish Department operating fund	Section 5 would identify \$661,270 in the estimated income line item in Section 1 is from the Game and Fish Department operating fund for various Department of Agriculture programs.
Transfer - Department of Water Resources	Section 6 would identify \$125,000 in the estimated income line item in Section 1 is from the Department of Water Resources, which the department shall transfer to the Agriculture Commissioner for the Wildlife Services program.
Waterbank program	Section 7 would identify of the amount appropriated in the salary and wages line item in Section 1, the Agriculture Commissioner may use up to \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.
Pipeline restoration and reclamation program	Section 8 would identify \$200,000 in the estimated income line item in Section 1 is from the abandoned oil and gas well plugging and site reclamation fund for the pipeline restoration and reclamation program.

Other Sections in Agriculture Commissioner - Budget No. 602

Agriculture Commissioner salary

North Dakota Trade Office - Matching fund requirement

Transfer - Strategic investment and improvements fund to bioscience innovation grant fund - One-time funding

Transfer - Bank of North Dakota profits to the APUC fund

Executive Budget Recommendation

Section 9 would provide the statutory changes necessary to increase the Agriculture Commissioner's salary. The Agriculture Commissioner's annual salary would increase from the current level of \$123,984 to \$131,423 effective July 1, 2023, and to \$136,679 effective July 1, 2024, to reflect the 6 percent and 4 percent annual recommended salary increases.

Section 10 would identify \$2.1 million of the funding appropriated in Section 1 is from the general fund for the North Dakota Trade Office. The Agriculture Commissioner may spend 60 percent of this amount without requiring any matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for every \$1 provided by the Agriculture Commissioner. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, to provide training, and to buy computer equipment as part of the North Dakota Trade Office's export assistance program.

Section 11 would identify \$5.5 million in the estimated income line item in Section 1 is one-time funding transferred from the strategic investment and improvements fund to the bioscience innovation grant fund for the bioscience innovation grant program.

Section 12 would identify \$3 million in the estimated income line item in Section 1 is one-time funding transferred from Bank of North Dakota profits to the Agriculture Commissioner for deposit in the APUC fund for the APUC program.

**SENATE BILL NO. 2009
(Governor's Recommendation)**

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an Act to provide an appropriation for defraying the expenses of the agriculture commissioner; to amend and reenact section 4-01-21 of the North Dakota Century Code, relating to the salary of the agriculture commissioner; and to provide for transfers.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the agriculture commissioner for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2023 and ending June 30, 2025, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$15,717,126	\$1,614,293	\$17,331,419
Operating Expenses	6,848,052	(47,879)	6,800,173
Capital Assets	15,000	(8,000)	7,000
Grants	9,031,774	974,195	10,005,969
Covid 19 Specialty Grants	0	3,500,000	3,500,000
Bioscience Innovation Grants	0	5,500,000	5,500,000
Ag Products Utilization Program	1,760,417	3,350,000	5,110,417
Board of Animal Health	865,718	(170,500)	695,218
Wildlife Services	1,457,400	200,000	1,657,400
Pipeline Restoration and Reclamation Oversite Program	200,000	0	200,000
North Dakota Trade Office	1,600,000	500,000	2,100,000
Crop Harmonization Board	<u>75,000</u>	<u>0</u>	<u>75,000</u>
Total All Funds	\$37,570,487	\$15,412,109	\$52,982,596
Less Estimated Income	<u>24,110,775</u>	<u>13,094,413</u>	<u>37,205,188</u>
Total General Fund	\$13,459,712	\$ 2,317,696	\$15,777,408
Full-Time Equivalent Positions	79.00	2.00	81.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY- EIGHTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the 2023-25 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
Agricultural Products Utilization Commission	\$2,700,000	\$3,000,000
Soil Health Grants	700,000	0
Grassland Grazing Grants	5,000,000	
North Dakota Trade Office	0	500,000
Bioscience Innovation Grants	<u>0</u>	<u>5,500,000</u>
Total All Funds	\$8,400,000	\$9,000,000
Total Special Funds	<u>8,400,000</u>	<u>8,500,000</u>
Total General Fund	\$0	\$ 500,000

The 2023-25 one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The agriculture commissioner shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 3. TRANSFER - ENVIRONMENT AND RANGELAND PROTECTION FUND – MINOR USE PESTICIDE FUND. The agriculture commissioner shall transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 4. ESTIMATED INCOME - ENVIRONMENT AND RANGELAND PROTECTION FUND. The estimated income line item in section 1 of this Act includes the sum of \$7,104,225 or so much of the sum as may be necessary, from the environment and rangeland protection fund for the purpose of defraying the expenses of various department of agriculture programs, for the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 5. ESTIMATED INCOME - GAME AND FISH FUND. The estimated income line item in section 1 of this Act includes the sum of \$661,270, or so much of the sum as may be necessary, from the game and fish department operating fund for the purpose of defraying the expenses of various department of agriculture programs, for the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 6. ESTIMATED INCOME – DEPARTMENT OF WATER RESOURCES - TRANSFER. The estimated income line item in section 1 of this Act includes the sum of \$125,000 which the department of water resources shall transfer to the agriculture commissioner for the wildlife services program, for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 7. WATERBANK PROGRAM - MATCHING FUNDS. The salaries and wages line item in section 1 of this Act includes up to \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.

SECTION 8. ESTIMATED INCOME – PIPELINE RESTORATION AND RECLAMATION. The estimated income line item in section 1 of this Act includes the sum of \$200,000 from the abandoned oil and gas well plugging and site reclamation fund for the purpose of defraying the expenses of the pipeline restoration and reclamation program, for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 9. AMENDMENT. Section 4.1-01-02 of the North Dakota Century Code is amended and reenacted as follows:

4.1-01-02. Salary of agriculture commissioner. The annual salary of the agriculture commissioner is one-hundred ~~twenty-one~~ thirty-one thousand ~~five~~ four hundred ~~fifty-three~~ twenty-three dollars through June 30, ~~2020~~ 2024, and one hundred ~~twenty-three~~ thirty-six thousand ~~nine~~ six hundred ~~eighty-four~~ seventy-nine dollars thereafter.

SECTION 10. TRADE OFFICE - MATCHING FUND REQUIREMENT. The operating line item and the general fund appropriation in section 1 of this Act include \$2,100,000 of funding relating to the North Dakota trade office. The agriculture commissioner may spend sixty percent of this amount without requiring any matching funds from the trade office. Any additional amounts may be spent only to the extent that the North Dakota trade office provides one dollar of matching funds from private or other public sources for each one dollar provided by the department for the biennium beginning July 1, 2023 and ending June 30, 2025. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants provide training to export assistants or buy computer equipment as part of the North Dakota trade office's export assistance program.

SECTION 11. APPROPRIATION – ESTIMATED INCOME – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND – BIOSCIENCE INOVATION GRANT FUND – ONE-TIME FUNDING. The estimated income line item in section 1 of this Act includes the sum of \$5,500,000 from the strategic investment and improvements fund for a transfer to the bioscience innovation grant fund for the biennium beginning July 1, 2023 and ending June 30, 2025. The agriculture commissioner shall use these funds for providing bioscience innovation grants in accordance with 4.1-01-20.1. This funding is considered a one-time funding item.

SECTION 12. ESTIMATED INCOME – TRANSFER – BANK OF NORTH DAKOTA PROFITS – AGRICULTURAL PRODUCTS UTILIZATION COMMISSION – ONE TIME FUNDING. The estimated income line item in section 1 of this Act includes the sum of \$3,000,000 which the Bank of North Dakota shall transfer from the Bank’s current earnings and undivided profits to the agriculture commissioner for deposit in the agricultural products utilization commission fund for defraying the expenses of the agricultural products utilization commission for the biennium beginning July 1, 2023 and ending June 30, 2023. This funding is considered a one-time funding item.



Bioscience Association of North Dakota
4200 James Ray Drive, Suite 500, #503
Grand Forks ND
Richard Glynn, Exec. Director
Ph: 701-738-2431
richard@ndbio.com

March 3, 2023

Dear Chairman Monson and Members of the House Appropriations Government Operations Committee.

The following is testimony to this Committee in support of **SB 2009**, "A BILL for an Act to provide an appropriation for defraying the expenses of the agriculture commissioner; and to provide for a transfer", etc."

Most specifically I am here to testify in support of SECTION 3. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO BIOSCIENCE INNOVATION FUND - BIOSCIENCE INNOVATION GRANT PROGRAM; and SECTION 4. TRANSFER - LEGACY EARNINGS FUND TO BIOSCIENCE INNOVATION FUND - BIOSCIENCE INNOVATION GRANT PROGRAM. Pursuant to these two Sections the Bioscience Innovation Grant Program is to receive \$12 million dollars for the purpose of the bioscience innovation grant program under section 4.1-01-20.1 for the biennium beginning July 1, 2023, and ending June 30, 2025.

In partnership with the Department of Agriculture, the Bioscience Association expanded the Bioscience Industry in North Dakota through the Bio Innovation Grant program by making grants to companies either recruited from outside the State or by helping companies located in the State develop their technology and commercialize their products. To date, these companies have created or are projected to create 214 new jobs. The average salary for an employee in companies such as these is \$73,531 a year. Therefore, the State of North Dakota is slated to receive, or has received, at least \$15,735,634 a year in new salary benefits.

As Stated in an article published by the Greater Fargo Moorhead Economic Development Corp., December 19, 2022, By Meghan Feir Walker; "The Gross Regional Product (GRP) contributed by the bioscience industry in the Fargo-Moorhead MSA (alone) has grown from less than \$50 million in 2011 to over \$208 million in 2021. The growth of bioscience occupations in the FM metro has grown 40.9 percent in that same period, eclipsing the national growth rate of 23.4 percent."

But there is more to this story than the economic benefits that have resulted from supporting these companies. It is "WHAT" they are doing in this state that is having a nationwide, even a worldwide impact, and putting North Dakota on the Biotech map. I have selected three companies as examples. The first is Lincoln Therapeutics.

Lincoln Therapeutics came from Chicago, Illinois, and is developing and fielding "Intranasal Ketamine as a Non-Narcotic Far Forward Battlefield Analgesia/Anesthesia Solution." Lincoln Therapeutics is collaborating with the DOD and Thrifty White Pharmacy, a company that employs over 200 people in the Fargo Moorhead area, to develop

an Intranasal Ketamine as a non-Narcotic analgesic for far forward military use and civilian use. This creates an important countermeasure to the worldwide opioid epidemic. This collaboration will create the only GMP pharma production facility in ND. As a result, Thrifty White's current employee base will increase by the addition of 40 more jobs. A training program for Advanced Technology Pharmaceutical Training is also being developed in Fargo as part of this project. This project will collaborate with national emergency planners to stock intranasal non-narcotic analgesics and other vital medications from the Fargo factory into the Strategic National Stockpile (SNS). But more importantly it could reduce addiction rates and suicide rates among Veterans who have been wounded in combat and then given opioids. In many cases this leads to a lifetime of addiction and, in a lot of cases, suicide.

The second example is CorVent Medical, Inc. a privately held medical device startup, which is committed to developing and manufacturing versatile, lifesaving ventilators for critical care. Richard Walsh, President and CEO of CorVent, uprooted and transplanted his entire company from California to the NDSU Research Park in Fargo in January 2022. CorVent is currently working with ComDel, Inc., to develop and manufacture their product here in North Dakota, and currently employ 17 people in North Dakota. In three years CorVent hopes to have their own dedicated manufacturing facility, which Walsh says, ". . . will bring 100 jobs to the region." Currently, CorVent has furnished Humanitarian aid to the Ukraine. The company has donated over 1,100 life-saving resuscitation bags via the Ukrainian-American Crisis Response Committee and have sold 32 of their RESPOND ventilators with a 1-month reserve of disposable supplies via Nova Ukraine.

The third example is SafetySpect, Inc., a California-based bio-tech company, who moved their headquarters to Grand Forks, N.D. They currently employ 16 people. They are working with Dr. Kouhyar Tavakolian of UND's College of Engineering and Mines and School of Medicine & Health Sciences where they employ 7 graduate students. Their product is a CSI-D+ device which stands for "Contamination and Sanitization Inspection and Disinfection Plus." It is a device which detects, disinfects, and documents contaminants, as well as saliva and respiratory droplets without the use of chemicals. Right now they are engaged in multiple projects.

They are engaged in a project with the US Army, NASA, USDA-ARS and UND called the "SpaceAG" project. They are developing 1) A holistic food system technology platform for habitat and long duration space flight; 2) an autonomous growth chamber technology platform; and 3) Developing a handheld imaging and spectroscopy device platform using machine learning and Fusion AI for long duration ration assessment and food safety and quality analysis. In the Ag area, they are also developing a multimode imaging system that can be mounted on drones or permanently field-deployed to watch for and automatically identify plant diseases such as rust, root and stem rot, or leaf blight. They are also involved in the 1) Food Safety Area, i.e., Fast Food and Meat Production; 2) Transportation, i.e., united Airlines; 3) Health Care, Long Term Care facilities as Hospital Clean Rooms. Where they are engaged right now with Edgewood Management Groups in Grand Forks, in their long-term care facility.

These are just three of the companies we have either recruited to the state or which have expanded their commercialization, thanks to the help of this program. But we are still recruiting with a number of companies, including Imricor, Inc, from Burnsville, Minnesota. What they have done is developed a catheter which they run up your arm and over to your heart and perform a procedure to treat atrial fibrillation, a process called "Ablation." It uses small burns or freezes to cause some scarring on the inside of the heart to help break up the electrical signals that cause irregular heartbeats. This can help the heart maintain a normal heart rhythm. The difference between this treatment and standard ablation treatment is that they use an MRI machine instead of an X-ray machine to watch the catheter as it progresses through the body and into the heart. It also allows more proficient positioning of the catheter in order to perform its burning or freezing. The success rate now is about 40% using the standard old method. The success rate utilizing this system is 90%. Imricor will move its R&D and manufacturing from Burnsville to North Dakota. We anticipate this will create 40 to 50 new jobs.

The Bio Innovation fund presents an incentive to these companies to move and also encourages local companies to expand their operations within this State. \$5.5 million appropriated last session was utilized in the first year. We believe \$12 million will be utilized in less than 18 months.

It is the Association's hope that this Committee passes the Agricultural Budget with the \$12 million request to refund the Bio Innovation Fund program so that we can continue to expand and grow biotech companies.

Thank you for your time and attention.

Richard Glynn
Executive Director
Bioscience Association of North Dakota



GREATER NORTH DAKOTA CHAMBER
SB 2009
House Appropriations Committee
Government Ops Division
Chairman David Monson
March 2, 2023

Mr. Chairman and members of the Committee, my name is Andrea Pfennig with the Greater North Dakota Chamber. GNDC is North Dakota's largest statewide business advocacy organization, with membership represented by small and large businesses, local chambers, and trade and industry associations across the state. We stand in **support** of Senate Bill 2009 as it relates to the Biosciences Innovation Grant program.

Our members support the advancement of innovation and entrepreneurship through targeted incentives and economic development policies that position North Dakota to be globally competitive.

The Biosciences Innovation Grant has proven to be a successful tool in establishing a burgeoning industry in North Dakota and we hope you will be supportive in funding the program.

Senate Bill 2009

Presented by: Commissioner Julie Fedorchak
Public Service Commission

Before: House Appropriations Committee
Honorable Don Vigesaa, Chair

Date: March 3, 2023

TESTIMONY

Mr. Chair and members of the committee, I'm Commissioner Julie Fedorchak, here to testify for the Public Service Commission on Senate Bill 2009. Senate Bill 2009 includes a couple substantial policy amendments to the Public Service Commission's electrical siting program. We offer a few clarifications and have some concerns with these amendments.

Section 17 Amendment

The Section 17 Amendment adds, "written comments from the agriculture commissioner" to a list of factors to be considered in evaluating electrical applications and designations of sites, corridors, and routes. In the practical sense, it is unnecessary. The Department of Agriculture is already a designated agency that we notice for every siting case. That means we email a notification of every completed filing and Notice of Hearing for every project we receive directly to the agriculture commissioner, Doug Goehring. These requirements are spelled out in our administrative rules (Admin. Code. Section 69-06-01-05 attached) and it's worth noting that we also directly notify the following agencies as well:

The Commission welcomes and carefully considers comments provided by all agencies, including the Agriculture Commissioner. You'll note that letter (k) under number 1. of 40-22-09 already requires the commission to consider, "Problems raised by federal agencies, other state agencies and local entities" when evaluating siting applications. We aren't sure why the Ag Commissioner's budget bill includes a policy amendment directing us to do something we already do, but our concern is that singling out the Agricultural Commissioner diminishes other written comments that the Commission receives from other agencies in nearly every case. In my 10 years on the commission, I recall receiving comments only once from the Ag Commissioner on siting applications. On the contrary, we frequently receive and are advised by written comments from counties, the Department of Transportation, Parks and Recreation, the Aeronautics Commission, Game and Fish, the Department of Environmental Quality, the State Historic Society, and the Department of Water Resources, among others.

Section 18 Amendment

The Section 18 Amendment is also problematic. First, it eliminates *voluntary* mitigation payments for *direct* environmental impacts, and mandates payments for "any assessed adverse direct or indirect environmental impact". This is a significant expansion of the mitigation costs – making them mandatory and expanding them to include both direct and indirect impacts.

Every project has impacts on the people and environment of the state. Take a wind farm, for example. Impacts include lights, sound, shadow flicker, native grass land habitats, aeronautics, wildlife, viewsheds, farming practices, roads. Yet

this amendment offers no guidance for the Commission in assessing direct and indirect impacts for the purpose of payments. This amendment would essentially result in an environmental tax on each project with variable charges depending on how the Commission assesses the direct and indirect environmental impacts.

Also, this appears to conflict with the current statute provided in Section 17. 49-22-09(2) provides that the Commission “may not condition the issuance of a certificate” on an applicant providing a mitigation payment assessed or requested by another state agency to offset a negative impact on wildlife habitat. This amendment conditions every certificate or permit on an applicant providing payment to mitigate a direct or indirect environmental impact.

The Commission would simply request that mitigation payments remain voluntary by eliminating “shall” in favor of “may elect to.”

The commission supports requiring that 50 percent of any voluntary mitigation payments be deposited into the state’s environmental impact mitigation fund.

This concludes my testimony. I am available for questions.

Written Testimony in Support of SB 2009

Joe Vacek
Chief Compliance Officer
SafetySpect, Inc.
Grand Forks, ND 58201

I urge the House Appropriations Committee to support SB 2009. As a lifelong citizen of North Dakota, farmer, and entrepreneur, I am offering my experience as an executive at SafetySpect, Inc, based in Grand Forks, as testimony to the benefits of funding biotech innovations in our state.

We are working on an ambient light UV sensing device that allows users to see invisible contaminants and pathogens. The applications for our device are many, including in health care, food service, and agriculture. And we keep finding new uses.

We're developing technology for use in pre-emergent, early growth, and late stage agriculture, to identify specific plant pathogens in real time. No other technology like this exists, and it has the potential to save on farm input costs significantly by allowing farmers to custom tailor chemical applications instead of using them preventatively.

We have received just less than \$3 million in state support in various loans and grants, and we've invested that back into North Dakota. Our prototype devices are manufactured at ComDel Innovations in Wahpeton, ND, and we have pilot studies in place in Edgewood Senior Living locations in ND, as well as several research programs at UND. We hire our engineers and interns and researchers from UND and NDSU, and plan to expand our operations from our current level of 13 to 20 by the end of this year, at our headquarters in Grand Forks, ND.

I appreciate the opportunity to demonstrate how SafetySpect is providing a return on the financial and human capital that North Dakota offers. Like our legendary fertile soils, the economic climate provided by the state provides excellent growth opportunities for innovative companies like ours to grow and thrive.

-Joe



Dear Chairman Monson and members of the Government Operations Division of House Appropriations,

I'm writing you in support of SB2009 – AG Commissioner Budget request of \$12Million for Bio-Science Assn of North Dakota.

During the summer of 2021 I was looking to find a home for my company (CorVent Medical, Inc.) which was headquartered in New York (admin)and California (R&D). CorVent Medical is a manufacturer of Medical Ventilators and MedTech devices. A friend of mine told me, "You should go to North Dakota" and talk to Richard Glynn, he runs the Bio-Science Assn of North Dakota, and he is looking for companies in the "Life Sciences" to consider ND home. I flew to Fargo in July 2021 with my CFO, and we met Richard and started a conversation that has led to great things for our company. In early 2022 I moved the corporate headquarters of my company from Irvine California to Fargo North Dakota. We picked Fargo North Dakota over California and places like the Twin Cities because of the business climate and the startup friendly programs that help small companies grow. Most importantly we picked ND because there was someone who truly cared about our business and attracting our company. Someone who could help us connect all the dots and overcome the hurdles that can slowly kill a startup. In 2022 we hired 7 interns from NDSU and we reinvested over \$200,000 back into the ND economy. We are currently in the process of moving our warehousing to North Dakota in the first half of 2023 and manufacturing to Fargo in the latter half of 2023. Our current business space in Fargo is 2500 sq feet and will expand in the next 90 days to 15,000 sq feet. Over the next 36 months we will hire 140 employees, of which 80-100 will be in Fargo ND and will be high paying medical device jobs to include manufacturing, marketing, R&D and administration.

In January 2023 we founded a new Life Science company (*TailWind MedTech Inc.*) in Fargo and this company will provide part of the ecosystem for life science companies. *TailWind MedTech Inc.* has already partnered with the UND Bio-Medical Engineering program to help us conduct feasibility testing on a product that is of great interest to the US Military. Our goal is to provide contract manufacturing for early startup companies with the ability to design products, rapidly prototype and then scale manufacturing in the Fargo business district. This will help attract more Life Science companies that are now forced to do business in places like the Twin Cities and Palo Alto CA.

I urge you to vote in support of SB2009 to help accelerate the growth of the Life Science Industry in North Dakota.

Best Regards,

A handwritten signature in black ink, appearing to read "Richard S. Walsh".

Richard S. Walsh
President/CEO
CorVent Medical, Inc.



North Dakota House Appropriations Hearing

MARCH 3, 2023

To provide simple, sophisticated respiratory solutions for post-ICU and home environments, eliminating unnecessary cost and complexity.



Who is CorVent Medical?

- Medical device company headquartered in Fargo North Dakota
- Experienced Executive Team
 - *CEO, Richard S, Walsh- 30+ Years Start-Up Medical Device experience*
 - *CFO, Travis Murphy, CPA- 40+ Years Medical Device experience*
 - *CTO, John O'Mahony- 30+ Years Medical Device experience*
 - *CMO, Maureen Shaffer- 30+ Years Medical Device experience*
- Award Winning design- Multiple Med Device Innovation Awards
- Proven track record
 - Designed an ICU grade Ventilator for the Covid-19 Pandemic
 - Received global regulatory footprint with FDA EUA and CE Mark
 - Commercialized in USA and Europe
 - Multiple patent applications and continued IP generation

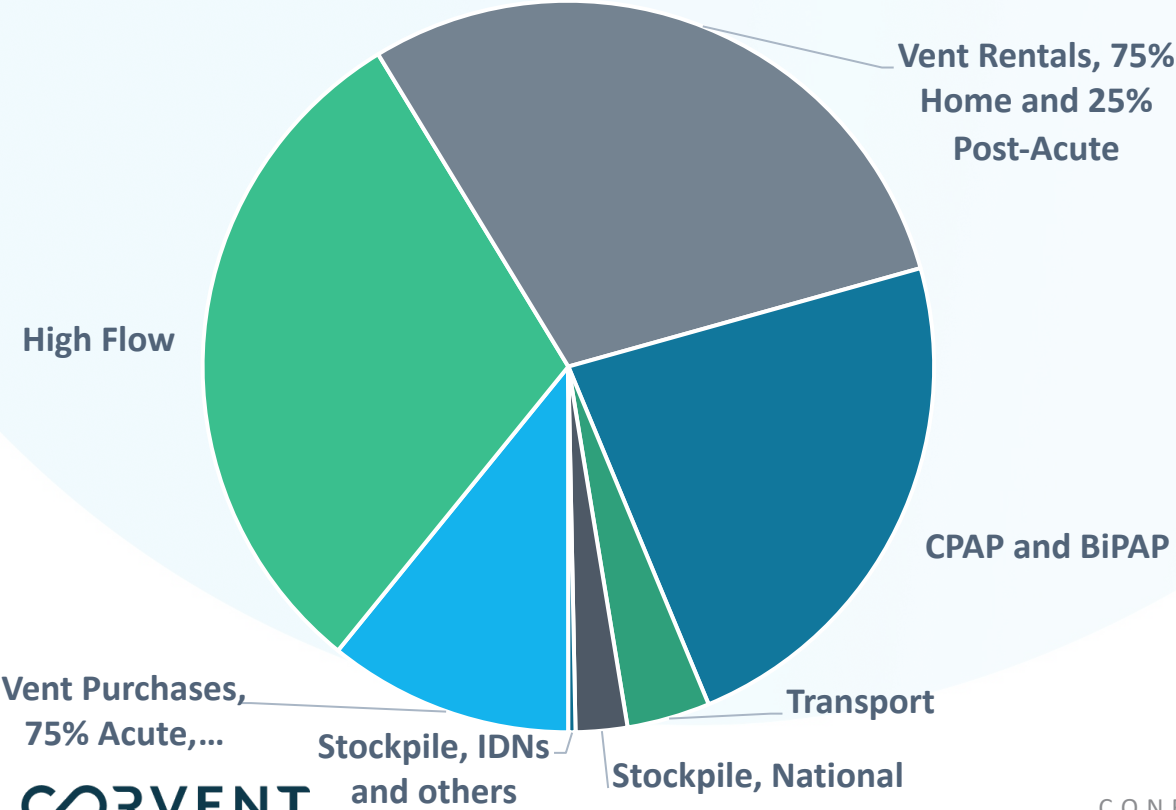


TOTAL AVAILABLE MARKET EXCEEDS \$12B – CAPTURE \$200M+ BY END 2027

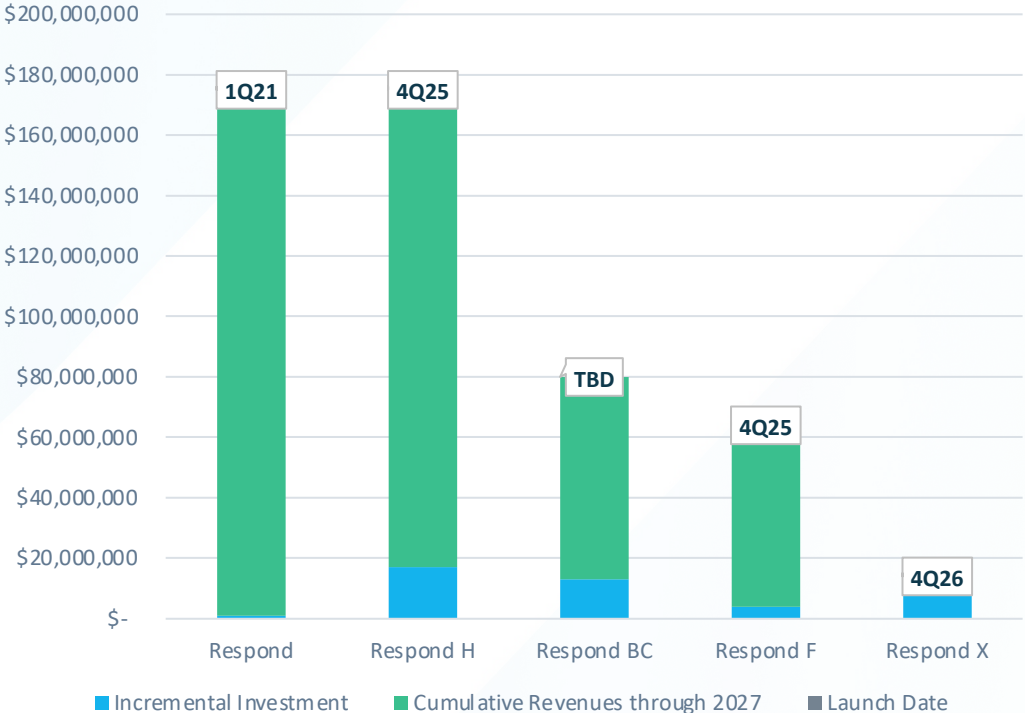
Approaching 2% market share in 2027 with CAGR of 8.4%

The post-ICU market is 74% of the overall market, or more than \$9.0B globally in 2022. In other words, the post-ICU market is triple the size of the acute ICU market.

TAM 2022
(Revenue) (USD), \$12.2 Billion



Cumulative Estimated Revenues vs. Investment by Product on December 31, 2027



Ventilator Comparisons

RESPOND (EUA)

- Released Dec 2020 for both immediate ICU deployment and stockpile options
- Follows NIH recommendations for emergency preparedness



RESPOND (510K)

- To be FDA cleared in early 2023
- Utilized BioND funds to help develop novel technology
- Designed and to be manufactured in North Dakota
- One of the very few US designed and manufactured Medical Ventilators



Partnering with North Dakota

- Hired 7 NDSU Interns 2022, 1 hired, 1 committed and 2 expecting to join after graduation. (1 Phd and 1 Undergrad)
- Partnering with the engineering department at UND for both Undergraduate and Post Doc students
- Moving the executive team to Fargo in 2022-2023
- Moved 1 engineer from TX, relocating 2 from California
- Hiring a senior engineer as a COO and moving to Fargo
- Moved key company infrastructure to Fargo in 2023 (Accounting, Insurance, IT)
- Incorporated sister company in Fargo Jan 2023- (Tailwind Med-Tech)
- Helping to build a life-science eco-system in North Dakota



Product Roadmap

- ***Hospital to Home***
- ***Transport Ventilation***
- ***Sleep Medicine***



Warehousing and manufacturing move to ND 2023

- Interviewing COO candidates to relocate to and set up warehousing and manufacturing in Fargo
- Locating 15,000 feet of commercial space
- Working with local commercial realtors and developers
- Expect to complete the California to Fargo transition by 4Q 2023
- 100+ high paying jobs for North Dakota in 36 months!

Med-Device Opportunity for North Dakota

- Minnesota has 8 Billion in Med Device Transactions annually
- 3 Hours south of Fargo
- The talent pool of engineers leave ND every year and they head south on highway 94
- The trend is evident that Americans are seeking core values in states that offer safety and quality of life
- The Bio Science Association of North Dakota helped us transition to North Dakota and feel welcomed!



TOGETHER, MAKING CORVENT MEDICAL
LEGENDARY



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

**Testimony of Dana Hager
Economic Development Association of North Dakota
In Support of SB 2009
March 3, 2023**

Chair Monson and members of the House Appropriations Government Operations Division:

The Economic Development Association of North Dakota represents more than 80 rural and urban economic development organizations on the front line of growing businesses and communities in North Dakota. The organization primarily aims to promote new wealth creation throughout North Dakota to develop more vibrant communities and improve quality of life. For these reasons, our organization and its members want to express support for SB 2009, especially regarding the Agricultural Products Utilization Commission (APUC), the Bioscience Innovation Grant fund and the North Dakota Trade Office.

EDND members support Agriculture Products Utilization Commission (APUC), and EDND supports the inclusion of \$5.1 million for the APUC program as it came out of the Senate.

The bioscience and biotechnology fields can potentially broaden the tax base and pose North Dakota as a leader in this critical, newly developing sector. EDND supports the Senate's inclusion of \$12 million for Bioscience Innovation Grants. As we have seen with UAS, investing in new technologies and ideas can significantly impact our state's direction.

Finally, one of EDND's top legislative priorities is the diversification of North Dakota's economy. The North Dakota Trade Office supports agriculture exports and other industries that diversify the economy, such as technology, manufacturing and energy. We ask for continued funding to continue its important mission.

Thank you for the opportunity to express our support for SB 2009 and for your continued commitment to keeping North Dakota globally competitive and diversifying the state's economy.

Testimony of Michael Burke in support of SB 2009 Relating to providing an appropriation for defraying the expenses of the agriculture commissioner, to create and enact a new section relating to establishment of a post-production royalty oversight program.

Michael Burke is the owner of pharmaceutical company, Lincoln Therapeutics, LLC and co-founder of a GMP Pharmaceutical Packaging joint venture TWL Pharma Pac, LLC (Thrifty White Lincoln Pharma Pac). Both entities are North Dakota LLC's and located in Fargo.

I am a 20 plus year pharmaceutical business operator and investor. My companies have acquired, developed, obtained FDA approval for and commercialized multiple pharmaceutical products and I have built and sold two specialty pharmaceutical companies thus far in my career. The ND Bioscience Association recruited my military medicine focused specialty pharmaceutical company, Lincoln Therapeutics, to locate and grow the business in North Dakota. Our company is developing spray pharmaceutical products to address unmet healthcare needs. Our most advanced product is Intranasal Ketamine being developed as a Non-Narcotic Far Forward Battlefield Analgesia/Anesthesia in collaboration with active-duty medical researchers employed by the Department of Defense/Uniformed Services University. In addition to our collaboration with the Department of Defense, I entered into a collaboration agreement with Thrifty White in May of 2022 to establish a specialty pharmaceutical contract packaging business, TWL Pharma Pac, LLC, located on 38th Street NW in Fargo. The JV business will package pharmaceutical products according to GMP requirements, release, warehouse and distribute Lincoln products and other pharmaceutical products business that I am bringing to the state.

We believe that our two North Dakota based businesses will deliver several benefits to North Dakotans, to men and women serving in our Armed Services, to Veterans and to the civilian population. First, North Dakotans, the 125 Thrifty White employees working at the Fargo Central Fill facility, will benefit from training in pharmaceutical GMP's (good manufacturing practices) up-skill and up-training personnel with pharmacy technician certifications. We will hire up to 40 additional employees as we grow the operations offering opportunities for promotions for current staff and new positions to be filled. Second, men and women serving in our Armed Services will benefit from our Non-Narcotic Analgesia/Anesthesia product reducing the use of harmful opioids that can lead to addiction and death. Third, Veterans will have access to our Non-Narcotic Analgesia/Anesthesia product through the VA system reducing the use of harmful opioids that can lead to addiction and death in the veteran population. Finally, the general civilian population will benefit from access to Non-Narcotic Analgesia/Anesthesia product.

I believe The North Dakota Department of Agriculture Bioscience Innovation programs are important resources to attract new innovative business to the State, support worthwhile innovation and research being conducted that has both economic development benefits and human benefits to North Dakotans and important groups outside the State. I fully support SB 2009 Relating to providing an appropriation for defraying the expenses of the agriculture commissioner, to create and enact a new section relating to establishment of a post-production royalty oversight program.

Thank You,

Michael Burke

Salary Line Spreadsheet

	Division	Current Salary (Monthly Salary)	Employee Class (Class Code)	Comp Ratio
1	Livestock Industries	\$5,326.00	105	1.00
2	Animal Health	\$10,199.00	NOT CLASSIFIED	
3	Animal Health	\$7,754.00	107	1.01
4	Administrative Services	\$8,911.00	107	1.16
5	Livestock Industries	\$4,433.00	105	0.83
6	Administrative Services	\$5,000.00	105	0.94
7	Livestock Industries	\$4,070.00	105	0.76
8	Administrative Services	\$10,147.00	107	1.33
9	Administrative Services	\$10,302.00	NOT CLASSIFIED	
10	Animal Health	\$5,026.00	105	0.94
11	Plant Industries	\$7,115.00	107	0.93
12	Grain Inspection	\$4,182.00	105	0.78
13	Animal Health	\$9,635.00	108	1.05
14	Animal Health	\$4,591.00	104	1.02
15	Pesticide & Fertilizer	\$4,594.00	105	0.86
16	Animal Health	\$4,350.00	105	0.82
17	Marketing	\$4,739.00	105	0.89
18	Pesticide & Fertilizer	\$7,247.00	107	0.95
19	Plant Industries	\$6,350.00	106	1.00
20	Livestock Industries	\$4,667.00	105	0.87
21	Pesticide & Fertilizer	\$4,381.00	105	0.82
22	Livestock Industries	\$4,430.00	105	0.83
23	Grain Inspection	\$5,200.00	106	0.82
24	Marketing	\$4,850.00	105	0.91
25	Livestock Industries	\$4,683.00	104	1.04
26	Marketing	\$3,194.00	103	0.84
27	Administrative Services	\$10,332.00	NOT CLASSIFIED	
28	Grain Inspection	\$5,087.00	105	0.95
29	Livestock Industries	\$9,076.00	107	1.19
30	Marketing	\$5,999.00	106	0.94
31	Administrative Services	\$5,400.00	106	0.85
32	Administrative Services	\$6,326.00	105	1.19
33	Grain Inspection	\$4,327.00	105	0.81
34	Animal Health	\$4,200.00	105	0.79
35	Animal Health	\$3,706.00	102	1.16
36	Marketing	\$4,636.00	105	0.87
37	Administrative Services	\$5,999.00	106	0.94
38	Pesticide & Fertilizer	\$4,872.00	105	0.91
39	Livestock Industries	\$4,100.00	105	0.77
40	Pesticide & Fertilizer	\$4,710.00	105	0.88
41	Grain Inspection	\$4,500.00	105	0.84
42	Livestock Industries	\$5,694.00	105	1.07
43	Pesticide & Fertilizer	\$4,513.00	105	0.85
44	Livestock Industries	\$5,248.00	105	0.98
45	Marketing	\$4,571.00	105	0.86
46	Grain Inspection	\$4,327.00	105	0.81
47	Animal Health	\$3,532.00	102	1.10
48	Administrative Services	\$4,522.00	105	0.85
49	Livestock Industries	\$5,025.00	105	0.94
50	Marketing	\$5,126.00	105	0.96
51	Livestock Industries	\$4,030.00	105	0.76
52	Plant Industries	\$4,500.00	105	0.84
53	Plant Industries	\$3,938.00	104	0.88
54	Plant Industries	\$4,080.00	105	0.76
55	Pesticide & Fertilizer	\$4,250.00	105	0.80
56	Plant Industries	\$4,740.00	105	0.89
57	Grain Inspection	\$7,819.00	107	1.02
58	Pesticide & Fertilizer	\$4,508.00	105	0.84
59	Livestock Industries	\$4,286.00	105	0.80
60	Administrative Services	\$5,151.00	NOT CLASSIFIED	
61	Grain Inspection	\$3,763.00	104	0.84
62	Pesticide & Fertilizer	\$4,502.00	106	0.88
63	Marketing	\$5,379.00	105	1.01
64	Marketing	\$9,106.00	107	1.19
65	Livestock Industries	\$5,695.00	105	1.07
66	Pesticide & Fertilizer	\$4,327.00	105	0.81
67	Livestock Industries	\$5,244.00	105	0.98
68	Administrative Services	\$4,500.00	105	0.84
69	Administrative Services	\$5,025.00	105	0.94
70	Pesticide & Fertilizer	\$3,521.00	104	0.78
71	Livestock Industries	\$4,629.00	105	0.87
72	Pesticide & Fertilizer	\$4,720.00	105	0.88
73	Plant Industries	\$4,429.00	105	0.83
74	Administrative Services	\$4,286.00	105	0.80
75	Grain Inspection	\$5,674.00	105	1.06
76	Pesticide & Fertilizer	\$4,556.00	105	0.85
77	Livestock Industries	\$4,074.00	105	0.76
	Marketing			VACANT
	Pesticide & Fertilizer			VACANT

Market Policy Point (MPP) Below: 75.34% (55) Above: 24.65% (18)

Field Staff = 24

North Dakota Department of Agriculture



**Engrossed SB 2009
House Appropriations Subcommittee
Representative David Monson, Chairman
Friday, March 3, 2023**

**Doug Goehring
Agriculture Commissioner**

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Purpose

“Government is instituted for the protection, security, and benefit of the people, and they have a right to alter or reform the same whenever public good may require.”

North Dakota Constitution, Article 1, Section 2

Mission

Serve, advocate, protect and promote agriculture to benefit everyone.

Vision

We support agriculture by embracing diversity, innovation, research and trade.

Core Values

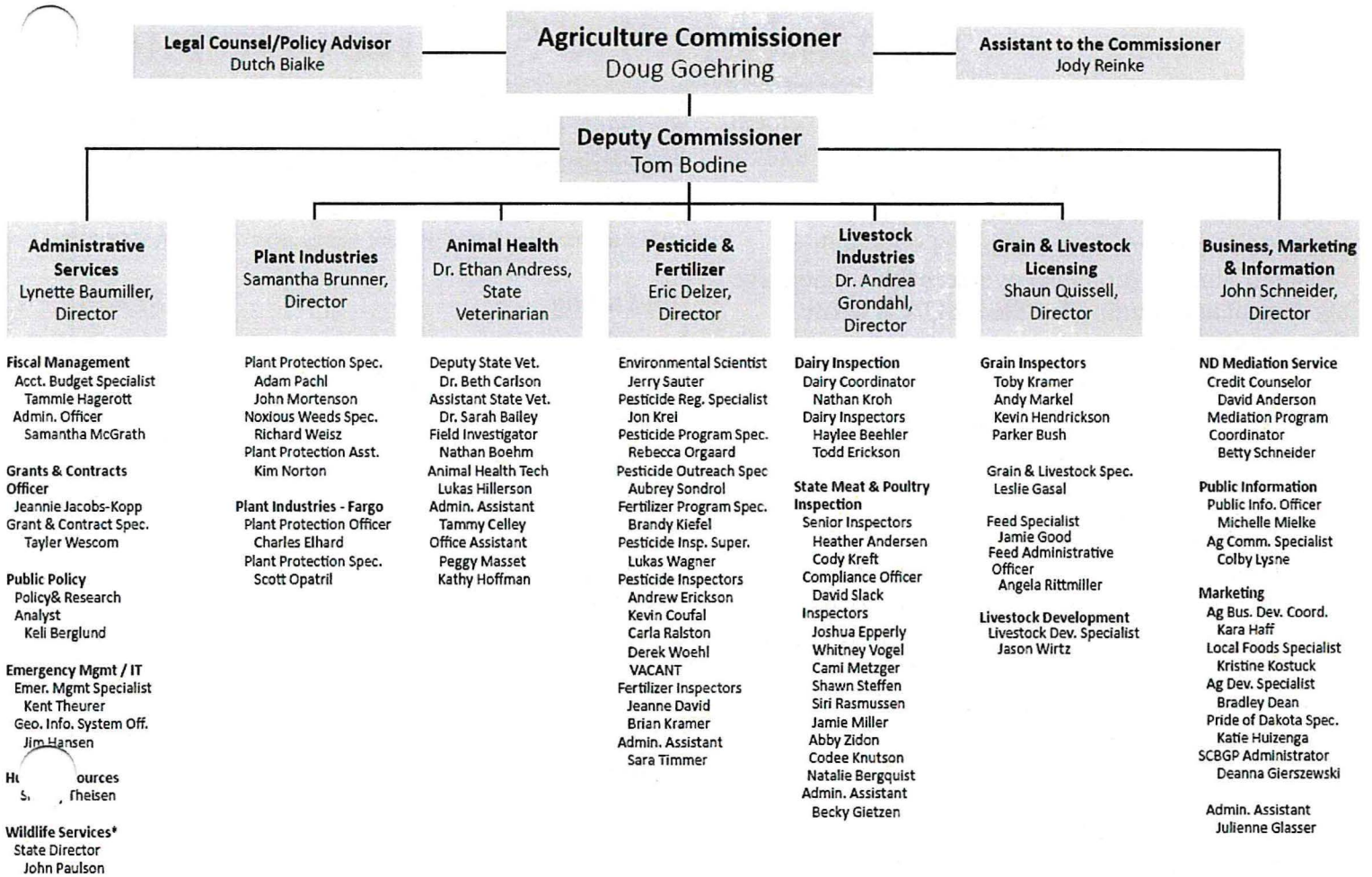
Transparency, Respect, Integrity, Consistency

Statutory Authority

North Dakota Century Code Chapters 4.1-01, 4.1-01.1, 4.1-02, 4.1-03, 4.1-04, 4.1-05, 4.1-06, 4.1-07, 4.1-08, 4.1-09, 4.1-10, 4.1-11, 4.1-12, 4.1-13, 4.1-14, 4.1-15, 4.1-16, 4.1-17, 4.1-18.1, 4.1-19, 4.1-20, 4.1-22, 4.1-23, 4.1-25, 4.1-26, 4.1-27, 4.1-28, 4.1-30, 4.1-31, 4.1-32, 4.1-33, 4.1-34, 4.1-35, 4.1-36, 4.1-37, 4.1-38, 4.1-39, 4.1-40, 4.1-41, 4.1-43, 4.1-44, 4.1-45, 4.1-47, 4.1-52, 4.1-53, 4.1-54, 4.1-55, 4.1-56, 4.1-57, 4.1-83, 4.1-88, 6-09.10, 10.06.1, 11-33-02.1, 36-01, 36-05, 36-06, 36-07, 36-14, 36-14.1, 36-15, 36-21.1, 36-21.2, 36-25, 36-26, 58-03, 60-01, 60-02, 60-02.1, 60-04, 60-05, 60-06, 60-10, 61.21, and 61-31.

Major Statutory Responsibilities

The agriculture commissioner is statutorily responsible for enforcing laws and regulations pertaining to pesticides, fertilizers, anhydrous ammonia, livestock sales, dairy production, noxious weed control, hemp, nursery stock, plant export certification, and beekeeping. The agriculture commissioner is also responsible for the registration of pesticides, fertilizers, animal feeds, and veterinary medicines; the administration of fair and timely mediation services to agriculture producers, creditors, and energy related issues; the collection and elimination of unusable pesticides; the promotion and marketing of North Dakota products; and the administration of a state meat inspection program. The responsibilities have expanded to include a leadership role in the formation of policies effecting the state's agricultural industries; the advocacy of the needs and concerns of farmers and ranchers on state and national levels; and the distribution of information concerning agricultural issues to the governor, legislature, and the general public. The agriculture commissioner works collaboratively with the Board of Animal Health to protect the health of domestic animals and nontraditional livestock of the state.



* Wildlife Services, a division of the Animal and Plant Health Inspection Service of the U.S. Department of Agriculture, operates in North Dakota under a cooperative agreement with the North Dakota Department of Agriculture, the North Dakota Game and Fish Department, and the North Dakota State Water Commission.

Updated 1/9/2023

Lynette Baumiller, Director

Administrative Services Division

Administrative Services includes fiscal management, risk management and emergency response, policy, information technology, and human resources. Pipeline and Wind Energy Restoration and Reclamation programs are also included in this division. This division also oversees the cooperative agreement and funding for the USDA Wildlife Services Program.

Fiscal Management

- Oversees the development and tracking of the Department's budget.
- Processes payroll.
- Pays all bills and deposits all revenues.
- Reviews and approves contracts and grants.
- Ensures compliance with state and federal laws relating to the department's finances; including expenditure tracking and filing of required reports to federal agencies.
- Responsible for procurement of the goods and services for the department.

Human Resources

- Responsible for human resource activities, including recruitment and training.
- Responds to public information requests.

Risk Management & Emergency Response

- Plan, implement, and evaluate strategic emergency management plans.
- Develop and conduct training and education on risk management, loss control, and general safety issues.
- Coordinates with Department of Emergency Services.

Policy

- Researches and analyzes agriculture, energy, water, infrastructure, and trade policy.
- Maintains policy interaction with National Association of State Departments of Agriculture (NASDA), tri-National Agricultural Accord as well as Federal Environmental Law Impact Review Committee (FERLIC).

SB 2009 Base Level	
Salaries	\$3,490,869
(Cost to Continue, Salary/Benefit Increases)	\$1,305,655
Operating	1,782,428
Capital Assets	7,000
Grants	100,000
Pipeline Oversight Program	200,000
Wildlife Services	1,657,400
Total	\$8,543,352
General	\$5,489,668
Federal	428,257
Special	2,625,427
Total	\$8,543,352
FTEs	14

Information Technology

- Coordinate desktop support contract with NDIT.
- Maintains Department websites, email and intranet.
- Conducts GIS mapping and works with local government agencies to provide GIS mapping technology and expertise.

Pipeline and Wind Energy Restoration and Reclamation Programs

- Connects landowners and tenants experiencing pipeline and wind energy reclamation issues with an ombudsman to help reach resolutions.
- Provides technical education, support, and outreach on pipeline and wind energy issues.
- Facilitates and promotes fairness when resolving reclamation and restoration issues, concerns, and disputes.

Wildlife Services

- Reduces wildlife depredation and damage to property (conducted by USDA Wildlife Services in cooperation with NDDA, State Water Commission and ND Game and Fish Dept.).

Plant Industries Division

Plant Industries includes the noxious weeds, apiary, plant protection, and hemp programs.

Noxious Weeds

- Distributes state and federal funds for noxious weed control to weed boards.
- Manages federal funds for noxious and invasive weeds.
- Coordinates statewide biological weed control and obtains and distributes biological weed agents.
- Assists county and city weed boards in field days and weed management.
- Assists the general public with weed identification and control.
- Trains and assists weed boards with GPS/GIS mapping technology.
- Administers the weed seed free forage program.

Apiary

- Licenses beekeepers.
- Registers and maps apiary locations.
- Inspects bees and issues health certificates for migratory movement.
- Investigates and responds to bee complaints.
- Visits apiaries and ensures compliance with the bee law.
- Administers the Honey Fund.
- Oversees the pollinator plan to enhance communication and emphasize best management practices for stakeholders.
- Conducts health inspections and assays with the National Agriculture Genotyping Center.
- Inspects bee shipments to California.

SB 2009 Base Level	
Salaries	\$1,287,814
Operating	878,762
Grants	1,698,969
Total	\$3,865,545
General	\$824,821
Federal	795,668
Special	2,245,056
Total	\$3,865,545
FTEs	7.4

Plant Protection

- Surveys for exotic pests such as moths, nematodes, emerald ash borer, and other wood borers that threaten North Dakota agriculture, forestry, and horticulture.
- Surveys for pests, various diseases, insects, and nematodes including Japanese beetle, Karnal bunt, dwarf bunt, cereal leaf beetle, soybean cyst nematode, and potato cyst nematodes to enable export of agricultural products.
- Licenses and inspects nursery dealers and growers.
- Provides export certification/phytosanitary services for export of agricultural products.
- Reviews biotechnology permits.
- Conducts plant pest outreach.

Hemp Program

- Licenses and inspects all hemp growers and processors.
- Inspects and samples hemp fields to ensure compliance with state and federal law.

Dr. Andrea Grondahl, Director

Livestock Industries Division

Livestock Industries includes dairy/poultry, state meat, and poultry inspection.

Dairy/Poultry

- Inspects dairy farms for equipment, facilities, sanitation, water purity, and proper drug usage and storage.
- Inspects dairy processing plants and milk transfer stations for equipment, facilities, and sanitation.
- Samples dairy products.
- Monitors financial conditions of milk buyers.
- Conducts Grade A surveywork.
- Inspects manufacturing grade plants and transfer stations under agreement with USDA.
- Inspects distribution facilities, milk bulk trucks, and samplers/haulers.
- Inspects licensed commercial egg producers.
- Licenses and sets bonds for hatcheries.

State Meat & Poultry Inspection

- Trains, certifies, and inspects meat processing facilities.
- Inspects custom-exempt processing plants.
- Inspects retail outlets for country-of-origin labeling.
- Enforces meat and poultry processing regulations.
- Grades livestock carcasses at official state and/or federal establishments.
- Provides consultation and education to the meat and poultry industry.
- Ensures proper label use by the industry.

SB 2009 Base Level	
Salaries	\$2,993,752
Operating	936,194
Total	\$3,929,946
General	\$2,228,296
Federal	1,701,650
Special	
Total	\$3,929,946
FTEs	17

Grain & Livestock Licensing Division

Grain and Livestock Licensing includes the grain licensing, livestock licensing, livestock pollution prevention, feed and soil health programs.

Grain Licensing

- Oversees licensing and bonding of all grain warehouses, grain processors, roving grain buyers, and grain brokers.
- Administers the Credit-Sale Contract Indemnity Fund.
- Monitors financial condition of all warehouses and grain buyers.

Livestock Licensing

- Licenses and establishes bonds for livestock dealers and auction markets.
- Monitors financial conditions of dealers and auction markets.
- Contracts market reporters at auction markets to collect market data for the USDA.

Livestock Pollution Prevention

- Cost-share funding assistance for livestock producers to install manure containment systems.
- Advises producers on nutrient management, project planning, regulations, and manure containment.
- Conducts age and source verification.
- Reviews livestock zoning ordinances.

SB 2009 Base Level	
Salaries	\$1,628,828
Operating	335,722
Grants	1,050,000
Total	\$3,014,550
General	\$1,351,797
Federal	1,254,139
Special	408,614
Total	\$3,014,550
FTEs	9

Feed

- Registers all pet food sold in the state.
- Maintains a label file of commercial feeds sold in the state.
- Licenses commercial feed manufactures and retailers.
- Samples feed products to ensure that nutritional content matches the label claims.
- Inspects medicated feed plants.
- Verifies manufacturer and producer compliance with federal requirements to prevent bovine spongiform encephalopathy (BSE).
- Provides producer outreach for the Veterinarian Feed Directive.

Soil Health Program

- Provide cost share assistance to producers to plant cover crops or applicable grass to address saline or alkaline soils.

Dr. Ethan Andress, State Veterinarian

Animal Health Division

The Animal Health Division protects the health of domestic animals and non-traditional livestock, and administers all rules and orders of the State Board of Animal Health.

Animal Disease Traceability

- Traces animal movements as part of disease investigations.
- Monitors and regulates animal imports and exports.
- Maintains the state's animal health and disease related traceability database (USAHERDS).
- Monitors and reports diseases on state and national levels.
- Issues and maintains records of official USDA tags and official state certificates of veterinary inspection.

Emergency Preparedness and Response

- Trains and coordinates a Reserve Veterinary Corps to assist in emergency situations and assist with disease investigations.
- Participates in animal emergency preparedness and response on state, regional and national levels.
- Provides oversight on proper carcass disposal following disease outbreaks and disasters.
- Coordinates pet sheltering and livestock relocation during disasters.

Education and Outreach

- Provides inspection services at the ND State Fair.
- Communicates with other state and federal animal health officials regionally and nationally to guide animal health policy.
- Provides education and outreach for practicing veterinarians and the livestock industry.

SB 2009 Base Level	
Salaries	\$1,734,401
BOAH	865,718
Total	\$2,600,119
General	\$1,609,615
Federal	700,130
Special	290,374
Total	\$2,600,119
FTEs	7.6

State and Federal Disease Control and Eradication

- Conducts case investigations on suspected cases of transboundary/foreign animal disease, emerging diseases, and other zoonotic diseases.
- Administers the National Brucellosis Eradication Program and Bovine Tuberculosis Eradication Program.
- Administers the voluntary Chronic Wasting Disease (CWD) Herd Certification program.
- Issues and maintains records of official USDA tags and official state certificates of veterinary inspection.
- Administers Johnes' disease control program.
- Acts as the Official State Agency (OSA) for the National Poultry Improvement Plan.
- Conducts avian influenza testing through USDA Avian Health Co-op Agreement.
- Acts as the OSA for US Swine Health Improvement Plan.
- Monitors for novel swine enteric coronavirus diseases, such as porcine epidemic diarrhea virus and emerging diseases.

Animal Health Division

State and Federal Disease Control and Eradication

(Continued)

- Administers the National Scrapie Eradication program.
- Oversees the Brucella ovis Free-Flock status program.

Regulatory Oversight

- Enforces non-traditional livestock and farmed elk regulations, evaluates importation risk assessments, and conducts facility inspections.
- Issues permits to possess, propagate or domesticate live protected birds or animal species for North Dakota Game and Fish Department.
- Supports investigations of inhumane treatment complaints.
- Coordinates feral swine investigations with partner agencies.
- Collaborates with ND Department of Health and Human Services on zoonotic and anthroozoonotic disease issues.
- Inspects auction markets and approves veterinarians to provide auction market services.
- Registers veterinary medicines for sale in the state and approves the use of autogenous vaccines.
- Licenses dealers of modified live animal vaccines sold in state and inspects facilities.
- Registers and inspects restricted feedlots.
- Licenses and inspects rendering facilities.

Eric Delzer, Director

Pesticide & Fertilizer Division

The Pesticide and Fertilizer Division oversees and regulates pesticides, fertilizers, and anhydrous ammonia to protect human health and the environment.

Pesticides

- Conducts inspections of pesticide dealers, users and repackaging facilities to ensure compliance with state and federal laws.
- Provides outreach to inform the public of state and federal pesticide requirements.
- Prepares and submits emergency and special local needs exemption requests to ensure ND producers have access to necessary pest management tools including Section 18 and 24 (c) requests.
- Registers all pesticides including herbicides, fungicides, rodenticides, insecticides, avicides and disinfectants that are sold in ND and approves product labeling.
- Coordinate Project Safe Send; an annual, statewide collection of unusable pesticides.
- Works with EPA on national pesticide regulatory and policy issues.
- Conducts risk assessments, receives public input, and offers data and recommendations to EPA to mitigate risk of pesticides to threatened and endangered species as part of the ND Endangered Species Protection Plan.
- Investigates and responds to pesticide contamination of groundwater and surface water resources.
- Investigates complaints of pesticide misuse and other violations.
- Administers and enforces the federal Worker Protection Standard to protect workers who handle and use pesticides.

SB 2009 Base Level	
Salaries	\$2,712,761
Operating	1,836,095
Crop Harmonization Board	75,000
Total	\$4,623,856
General	\$0
Federal	907,020
Special	3,716,836
Total	\$4,623,856
FTEs	15

Fertilizer and Anhydrous Ammonia

- Samples fertilizer products to ensure claims match labels.
- Licenses fertilizer distributors.
- Registers fertilizer products and approves product labeling.
- Samples fertilizer products to ensure claims match labels.
- Licenses anhydrous ammonia storage facilities.
- Conducts inspections of anhydrous ammonia storage facilities and nurse tanks to ensure compliance with federal regulations.
- Administers the Risk Management Program for agricultural anhydrous ammonia facilities and inspects facilities to ensure compliance with federal regulations.
- Provides outreach and compliance assistance to the fertilizer industry and anhydrous ammonia users.
- Audits fertilizer distributors to ensure compliance with fertilizer tonnage reporting.
- Administers the state waterbank program.

John Schneider, Director

Business, Marketing & Information Division

The Business, Marketing, and Information Division monitors and develops policy and provides education, promotion, and market enhancement to increase sales of North Dakota agricultural commodities and value-added agricultural products in international, domestic, and local markets.

Pride of Dakota

- Administers Pride of Dakota (POD), including holiday showcases, annual meetings, and other events.
- Provides trade show assistance to ND companies.
- Maintains membership of over 500 POD Companies.

Specialty Crop Block & Organic Grants

- Administers specialty crop grants.
- Administers organic certification and transition reimbursement grants.

Agricultural Products Utilization Commission (APUC)

- Administers the Agricultural Products Utilization Grant Fund.
- APUC grant funds create new wealth and employment opportunities through the development of new and expanded uses of agricultural products.

North Dakota Mediation Service

- Offers mediation services to resolve differences among creditors, farmers, and others.
- Provides financial counseling.
- Offers assistance for beginning farmer loan applications and farm program paperwork.
- Offers mediation to address energy related issues.
- Offers conflict resolution services to resolve deer depredation disputes.
- Recent Farm Bill authorizes work on lease issues, family farm transitions, farmer/neighbor conflicts, organic certification issues, and other issues.

SB 2009 Base Level	
Salaries	\$2,256,492
Operating	1,666,972
Grants	8,105,000
APUC	5,110,417
Trade Office	2,100,000
Total	\$19,238,881
General	\$4,176,204
Federal	8,709,704
Special	6,352,973
Total	\$19,238,881
FTEs	11

Agriculture in the Classroom

- Helps K-12 teachers integrate agriculture information into science, math, social studies, and language curricula.
- Provides hands-on lessons to help students better understand the relationships between the world's environment, agriculture, and people.
- Publishes the Ag Mag three times a year for third, fourth, and fifth-graders.
- Underwrites ND FFA Foundation, ND Farm Bureau, ND Genotyping Center mini-grants for agriculture-related projects, units, and lessons used by school-age children.

Public Information

- Writes and edits Department publications, including news releases, brochures, and annual/biannual reports.
- Monitors and updates the Department website and social media account.

Business, Marketing & Information Division

Bioscience Innovation Program (BIG)

- Administers the Bioscience Innovation Grant Fund.
- The Bioscience Innovation Grant Program supports biotechnology innovation and commercialization in areas including crop genetics, biofuels, biomaterials, biosensors, and biotechnology in relation to food, nutrition, animals, human, equipment, medical, and health products and services, medical diagnostics, medical therapeutics, and farm-based pharmaceuticals.

Grasslands Grazing Cost Share Program

- Provides grants to organizations representing cooperative grazing organizations in the state.
- Grant funds are used for water development, fencing, conservation initiatives, compliance with federal permitting requirements, enhance wildlife habitat, capture carbon, and increase overall health of the grassland.

Export / International Trade Program

- Conducts and participates in international trade events.
- Supports and coordinates with Food Export Midwest Association and North Dakota Trade Office.
- Issues Certificate of Free Sale Agreements.
- Conducts market research for ND companies to help them expand their businesses domestically and internationally.

Intermodal Facility Grant Program

- Construction projects to expand rail capacity to support economic and workforce developments and growth to enhance the value of agriculture and commercial products exported through an intermodal facility in North Dakota.

Livestock Development

- Assists producers and processors in expanding and promoting the state's livestock industry.
- Identifies and assists livestock friendly counties in developing animal agriculture.

North Dakota Trade Office

- Administers contract with North Dakota Trade Office to expand North Dakota businesses with expertise and resources to grow their businesses through national and international trade.

Engrossed SB 2009 Budget Summary

Budget by Fund

General Funds	\$ 15,680,401	34.2%
Federal Funds	\$ 14,496,568	31.6%
Special Funds	\$ 15,639,280	34.2%
Total	\$ 45,816,249	

FTEs 81

Engrossed SB2009 by Line Item

Salary & Wages	\$ 16,104,917
(Cost to Continue, Salary/Benefit Increases)	\$ 1,305,655
Operating Expenses	\$ 7,436,173
Capital Assets	\$ 7,000
Grants	\$ 10,953,969
Agricultural Products Utilization Commission	\$ 5,110,417
North Dakota Trade Office	\$ 2,100,000
Board of Animal Health	\$ 865,718
Wildlife Services	\$ 1,657,400
Pipeline Restoration & Reclamation Oversight Program	\$ 200,000
Crop Harmonization Board	\$ 75,000
Total	\$ 45,816,249

Highlights & Accomplishments

Administrative Services

- Processed 347 emergency feed transportation payments totaling \$1,693,557 (March 2022).
- Processed more than 500 contracts.
- Pipeline Restoration and Reclamation Oversight Program; 85 total cases, 12 active, 10 monitoring, 59 closed, and 4 outside the program scope.
- Maintain and enhance database systems as needs are identified to ensure that data is collected, processed and stored efficiently.
- Converted Department website from a custom 3rd party vendor-built site, that vendor could no longer maintain, to a modified version of the State Website Platform.
- Deployed enterprise web form solution with all website forms, to improve workflows, and better communicate with customers who complete an online form.
- Meat inspection passed federal audit for federal fiscal years 2019-2021.
- No audit findings on 2019-2021 Department audit.

Livestock Industries

- Five new state slaughter establishments: Berthold, Carrington, Bowman, Wilton, and Edgeley.
- Three processing plants: Grand Forks, Dickinson, and Fargo transitioned to CIS (Cooperative Interstate Shipment Program).
- Two new custom exempt establishments: Killdeer and Kief.
- Two new mobile meat processing units for Central Regional Area Career and Technical Center (CRCTC) to go to various high schools for teaching purposes.
- Currently assisting two new establishments planning to be state slaughter establishments (Belfield and Devils Lake).
- Transitioned to electronic reporting for Federal State Audit Branch, FSIS/USDA.
- Inspectors certified by FDA/USDA for a Sanitation Rating Officer (SRO) for dairy plant inspections.
- Inspector approved by USDA for the survey requirements of the Agriculture Marketing Services (AMS) inspection of a butter plant.
- Two dairy plants expanded production capacity and increased product portfolio for frozen desserts and cheese. Cows and Co Creamery (Carrington) and Silver Lining Ice Cream (Fargo).

Grain and Livestock Licensing Division

- Licensed and inspected 345 warehouse locations.
- Licensed and inspected 113 roving grain buyers.
- Created new licenses with legislative assembly for grain broker and grain processor.
- Coordinated two Livestock Pollution Prevention full containment systems.
- Licensed 12 auction markets, 7 video auctions, and 109 livestock dealers.
- Reviewed 3,897 commercial feed labels and 14,019 pet food labels (approved ingredients).
- Soil Health program assisted 38 applicants.

Highlights & Accomplishments (2)

Plant Industries

- Issued over 5,500 phytosanitary certificates to 71 different countries to facilitate export of ND commodities.
- Licensed and inspected approximately 250 nurseries and garden centers to monitor for plant pests and various consumer protection requirements.
- Conducted 10 plant pest surveys to maintain free status of certain regulatory pests and the ability to export ND commodities and to monitor for plant pest in limited or no distribution.
- Assisted state and county weed boards with weed control efforts.
- Licensed 333 beekeepers maintaining 809,321 colonies. Inspected apiaries for honeybee health and compliance with state law.
- Certified 87,495 honeybee colonies for shipment to California as part of the Pre-Inspection Program that replaces the required inspection at the border stations in California.
- Issued 23 hemp processor licenses and 33 growing licenses for about 620 acres of hemp statewide.
- Collected biological control agents to assist in noxious weed control.
- Weed Seed Free Forage program certified over 10,000 acres of forage and straw.

Animal Health

- Implemented USAHERDS, an animal health database. It provides free access to a digital platform for veterinarians to create electronic certificates of veterinary inspection (CVI).
- Reviewed 26,704 export CVIs and 16,215 import CVIs.
- In 2022, the Department responded to Highly Pathogenic Avian Influenza (HPAI) outbreak by investigating disease outbreaks in 48 flocks and identified 24 HPAI-positive flocks. Depopulated and disposed of 235,000 birds.
- Utilized ultra-high frequency tags to streamline bison movement processes and allowed local producers to import Canada animals efficiently and safely with reduced animal handling and stress.
- The Canada brand requirement was removed from both cattle and bison importation requirements to address the competitive needs of producers. Brucellosis regulations were modified to recognized progress in controlling the disease.
- Distribution of 512,800 official identification tags, licensed, and certified 58 different poultry tests for pathogens.
- Maintained the Reserve Corps Veterinarians which are utilized in emergency responses.
- Administered trainings and seminars for veterinarians, county emergency managers, and the public.
- Created an animal identification subcommittee for marketing and regulatory responsibilities of animal disease traceability.
- Collaborate with federal and state agencies to investigate rabies, infections of domestic and wild animals, and worked to remove feral swine.

Highlights & Accomplishments (3)

Pesticide and Fertilizer

- Participated in over 60 outreach events reaching over 3,000 people.
- Collected / properly disposed of approximately 445,000 pounds of old unusable pesticides through Project Safe Send.
- Continue to address federal overreach and work with the industry to identify other threats.
- Worked extensively with others to enhance fertilizer production.
- Participated in the Hydrogen Economy Collaborative, with industry and government stakeholders, across the region to help build the roadmap for hydrogen energy generation using anhydrous ammonia as an energy carrier.

Business, Marketing & Information

- Administered the Grape and Wine Program.
- Administered the Grassland Grazing Cost Share Program through 228 projects.
- Administered four projects in Agriculture in the Classroom Program. Attended KMOT Agriculture Expo, KFYP Agri International Ag Expo, Fargo Living Agriculture Classroom, Morton County Agriculture Day.
- Administered the Bioscience Innovation Program (BIG).
- Administered the Agricultural Products Utilization Commission Program (APUC) with 45 projects.
- Administered the Agriculture Development and Diversification Fund through 10 projects.
- Managed the Pride of Dakota Tradeshow Assistance Program.
- Administered The Farm and Ranch Stress Assistance Network.
- Mediation cases received 85 requests, two farm service agency cases, one grain dispute, and 21 credit counseling cases.
- Administered the Specialty Crop Block Program:
 - FY21 funded 23 projects and FY22 funded 21 projects.
 - HR133 Bill funded 28 projects
- Administered Farm to School program, which includes farm to school activities, local food purchasing, hands-on, garden-based learning, farm field trips, cooking demonstrations, and integration of food-related information into classroom curriculum.
- Administered the Local Foods Purchase program procuring local foods for ND food pantries.
- Issued Centennial Farm certificates.
- Issued 74 certificates of free sale and health certificates.
- Participated in trade shows activities.
- Hosted Pride of Dakota showcases in 2021 (37,856) and 2022 (40,731).

Objectives

Administrative Services

- Continue to support the divisions in the Department as internal service providers related to fiscal, human resources and IT concerns.
- Work with landowners/operators to resolve pipeline restoration and reclamation cases.
- Maintain contract with USDA Wildlife Services for predatory and nuisance species.
- Federal Environmental Law Impact Review Committee (FELRIC) reviews federal policy and proposed rules that support the need for litigation (ES Studies / WOTUS).

Plant Industries

- Continue outreach on Department programs, educating the public and industries about the responsibilities of the program and ways to manage all aspects such as beekeeping, noxious weeds, nursery stock, hemp and plant pests.
- Continue with compliance assistance model.
- Updating their mapping technology for county weed boards.
- Exploring new biological control agents.
- Maintain/update outreach material for regulated species such as Emerald Ash Borer.
- Update Online Licensing and Chat website that is used for hemp, apiary and nursery licensing and registration.

Livestock Industries

- Maintain inspections of state and custom exempt meat and poultry processing facilities.
- Provide assistance to new start new meat processing facilities.
- Maintain cooperative agreement with AMS-USDA and train a meat/dairy inspector to provide meat grading services.
- Continue to inspect dairy farms, processing plants, milk transfer stations, milk bulk trunks, samplers, haulers and distribution facilities.
- License and maintain inspections of commercial egg producers.
- License and set bonds for hatcheries.

Grain and Livestock Licensing

- License roving grain buyers and grain brokers.
- Start new outreach program to licensees on inspection and license program.
- Provide technical and financial assistance for the Livestock Pollution Prevention Program. Anticipate for new containment systems in 2023 and 2024.
- Maintain oversight on feed and pet food labels.

Objectives (2)

Animal Health

- Respond to needs of industry to balance disease control, while evaluating the current importation and disease surveillance requirements with industry stakeholders for diseases like brucellosis and tuberculosis.
- Provide value to the auction market system in the state. Providing access to technology, trainings, and support to auction market veterinarians.
- Improving disease traceability through cooperative strategies to improve efficiencies.
- Expand outreach and education to producers, industry groups, veterinarians, youth in agriculture, and communities to gain a better understanding of policy and regulations.
- Respond to animal health emergencies.
- Build on the USAHERDS database by strategically addressing the workflow and quality of data.
- Implement the US Swine Health Improvement Plan (US SHIP) by leveraging existing stakeholders to prepare for African Swine Fever.

Pesticide and Fertilizer

- Continue to work with industry to bring more fertilizer production to ND.
- Replace the legacy database system with a new platform for greater e-commerce capabilities.
- Continue to monitor and push back against unnecessary and burdensome federal regulations.

Business, Marketing & Information

- Expand ND presence in domestic and international markets.
- Expand outreach to commodity groups to engage in additional marketing and promotional activities.
- Identify potential projects and promote economic development to the agriculture industry.
- Promote and expand resources available to producers who are facing farm and ranch stress.
- Engage producers in farm to school activities and encourage schools to incorporate agriculture in their classrooms and cafeterias.
- Continue to promote livestock development.

2021-2023 One-Time Funding Reports

Agricultural Products Utilization Commission (APUC)

Financials as of January 31, 2023:

Revenue

APUC Fund Balance: July 2021	\$ 2,424,920.80
Bank of North Dakota	\$ 2,700,000.00
ND Mill & Elevator	\$ 733,889.47
APUC Fund Interest	\$ 5,622.64
Motor Fuel Tax	\$ 561.75
Total Revenue	\$ 5,864,994.66

Expenditures

Expenditures	\$ 2,567,399.23
Commitments / Obligations	\$ 1,663,618.14
Remaining Fund Balance	\$ 1,633,977.29

In total APUC funded 49 projects to date.

Grant Types

Basic & Applied Research	9
Farm Diversification	3
Marketing & Utilization	27
Nature Based Agri Tourism	2
Prototype & Technology	8
Technical Assistance	0
Total	49

Soil Health Program (SHP) - \$300,000 (Bank of North Dakota)

Funded 38 projects through December 2022.

Grasslands Grazing Cost Share Program - \$5,000,000 (SIIF)

Funded 228 projects through December 2022.

Senate Amendments

Systems Coordinator FTE

Coordinate information and system development and maintenance, including work orders for IT Vendors. This position would also coordinate server deployments and User Acceptance Testing for vendor or Department-initiated changes. Act as primary contact for NDIT divisions; including End User Compute and Collaborate with other divisions related to NDDA equipment and electronic systems requests or incidents. Also attend NDIT trainings or other events to learn about new deployments or other features, support.

Total: \$ 180,326 (General Funds)
 Salary \$ 170,326
 Operating \$ 10,000

Marketing Specialist FTE

Assist the Department and companies in setting up domestic trade shows, recruiting companies for international trade missions, increase Department interaction with commodity groups as well as assist with marketing of the Department and its many programs.

Total: \$ 316,230 (General Funds)
 Salary \$ 214,930
 Operating \$ 101,300

North Dakota Trade Office

This is for an additional \$500,000 for the North Dakota Trade Office regarding their trade missions for the state of North Dakota. This is to add one additional employee who would assist in operations on the Western side of the state. In addition, the North Dakota Trade Office is moving to a new location where it has a partnership with NCI to share a building receptionist. This additional funding brings the total for the North Dakota Trade Office to \$2.1 million.

Total: \$ 500,000 (General Funds)

Senate Amendments (2)

Bioscience Innovation Grants (BIG)

This is for an appropriation of \$12,000,000 for the Bioscience Innovation Grant fund. For the 2021-2023 biennium the Department was appropriated \$5,500,000 (One-Time Funding). 10 grants were awarded to various companies and the ND Bioscience Association. Two more companies have relocated to the state and one that is considering opening operations. Eastern North Dakota has become known nationwide as a leader in the bioscience industry. Companies located within the State already are showing tremendous growth. Since the inception of the funding, 136 jobs have been added to the state with an average salary of \$75,531 a year. The Department continues to receive high interest in the program and feels the funding is critical to capturing the emerging opportunities and diversifying the economy.

Total: \$ 12,000,000 (Special Funds)
 \$ 5,500,000 (SIIF)
 \$ 6,500,000 (Legacy Funds)

Wildlife Services

This is to offset increased aerial costs (aerial contract aircraft per hour). USDA-Wildlife Services uses highly effective and target specific aerial operations to protect livestock from depredation in vast, open, and remote locations. USDA-WS provides capable, mission ready aircraft with professionally trained crews in the aircraft as well as on the ground. There is a downward trend in overall aerial hours flown in ND, primarily due to the cost of aerial contract aircraft per hour.

Total: \$ 200,000 (General Funds)

Agriculture Products Utilization Program (APUC)

This is for additional special fund authority to expand the APUC program with a transfer from BND profits.

Total: *\$ 5,110,417 (Special Funds)
 *\$ 3,000,000 from BND

Senate Amendments (3)

Post-Production Oversight Royalty Program (Special Funds)

\$500,000 to defray the expenses of the Post-Production Royalty Oversight Program. SB2374 and SB2194 are still alive.

Total: \$500,000 (Abandoned Oil and Gas Well Plugging and Site Reclamation Fund)

Other Fund Authority Increase

Add \$136,000 of operating authority. \$110,000 for Local Food Purchase Assistance (LFPA) Cooperative Agreement Program and \$26,000 for Potato Cyst Nematode (PCN).

Add \$2,122,195 of grant line authority. \$868,000 for LFPA and \$198,695 for Noxious Weeds. \$1,055,500 for Specialty Crop.

Total: \$ 2,258,195 (Other Funds)
 \$ 2,139,500 (Federal Funds)
 \$ 118,695 (Special Funds)

Environmental Impact Mitigation (Special Funds)

Transfer \$250,000 from the environment and rangeland protection fund to the environmental impact mitigation fund for the purpose of mitigation of agricultural land under section 4.1-01-21.1.

Total: \$ 250,000 (ERP Fund)

General Fund Collections

GENERAL FUND COLLECTIONS
602 DEPARTMENT OF AGRICULTURE

Source of Collections	Statutory Authority	2021-2023 Estimated Collections	2023-2025 Estimated Collections	2023-2025 Increase/ (Decrease)	Division
AUCTION MARKET	NDCC Chapter 4.1-27-03	\$ 6,400	\$ 6,400	\$ -	Grain License
COMM. FEED REG. & TONNAGE	NDCC Chapter 4.1-41	\$ 1,400,000	\$ 1,400,000	\$ -	Grain License
GRAIN STOREHOUSE LIC.	NDCC Chapter 60-02	\$ 600,000	\$ 850,000	\$ 250,000	Grain License
LIVESTOCK DEALERS	NDCC Chapter 4.1-83-04	\$ 12,000	\$ 11,750	\$ (250)	Grain License
WOOL DEALERS	NDCC Chapter 4.1-88-04	\$ -	\$ -	\$ -	Grain License
CREAMERY-CREAMERY STATE LIC.	NDCC Chapter 4.1-25-02	\$ 11,000	\$ 11,500	\$ 500	Livestock
MILK - CREAM TESTERS LIC.	NDCC Chapter 4.1-25-22	\$ 1,550	\$ 1,550	\$ -	Livestock
POULTRY FEES	NDCC Chapter 4.1-19-04	\$ 600	\$ 630	\$ 30	Livestock
FINES-FORFEITURES-ESCHEAT	NDCC Chapter 4.1-19-05	\$ 250	\$ -	\$ (250)	Livestock
INSPECTION FEES-NOT CLASS	NDCC Chapter 4.1-23-12	\$ -	\$ -	\$ -	Livestock
NURSERY LICENSE	NDCC Chapter 4.1-22-06	\$ 22,500	\$ 23,000	\$ 500	Plant
FINES-FORFEITURES-ESCHEAT	NDCC Chapter 4.1-22-11	\$ 1,000	\$ 2,000	\$ 1,000	Plant
INSPECTION FEES-NOT CLASS	NDCC Chapter 4.1-23-12	\$ 130,000	\$ 150,000	\$ 20,000	Plant
LIVESTOCK MEDICINES	NDCC Chapter 4.1-43-02	\$ 63,280	\$ 67,560	\$ 4,280	Animal Health
NON-TRADITIONAL LIVESTOCK LIC.	NDCC Chapter 36-01-08.1	\$ 2,995	\$ 2,995	\$ -	Animal Health
SEEDLING PLANTS	NDCC Chapter 4.1-32-03	\$ -	\$ -	\$ -	Animal Health
FINES-FORFEITURES-ESCHEAT	NDCC Chapter 36-01-28	\$ 1,000	\$ -	\$ (1,000)	Animal Health
ANHYDROUS AMMONIA LICENSE	NDCC Chapter 4.1-37-04	\$ 1,260	\$ 1,260	\$ -	Pest/Fert
FINES-FORFEITURES-ESCHEAT	NDCC Chapter 4.1-37-16	\$ 5,000	\$ 5,000	\$ -	Pest/Fert
TOTAL		\$ 2,258,835	\$ 2,533,645	\$ 274,810	

Special Fund Collections

SPECIAL FUND COLLECTIONS

602 DEPARTMENT OF AGRICULTURE

Source of Collections	Statutory Authority	Fund	2021-2023 Estimated Collections	2023-2025 Estimated Collections	2023-2025 Increase/ (Decrease)	Division
APIARY LICENSE	NDCC Chapter 4.1-16-06, 07	308	\$ 218,610	\$ 217,702	\$ (908)	Plant
COMM. FEED REG. & TONNAGE	NDCC Chapter 4.1-41-02	376	\$ 727,500	\$ 727,500	\$ -	Grain License
FERTILIZER REG. & TONNAGE	NDCC Chapter 4.1-40-02,03,07	376	\$ 1,400,000	\$ 1,400,000	\$ -	Pesticide
HEALTH CERT/BRUC TAGS	NDCC Chapter 36-01-08	308	\$ 15,000	\$ 15,000	\$ -	Animal Health
HEMP LICENSE	NDCC Chapter 4.1-18.1-02, 03	308	\$ 43,240	\$ 29,750	\$ (13,490)	Plant
MEDIATION USER FEES	NDCC Chapter 6-09.10-03	308	\$ 9,000	\$ 9,000	\$ -	Marketing
PESTICIDE REGISTRATION	NDCC Chapter 4.1-34-03	376	\$ 5,175,000	\$ 5,495,000	\$ 320,000	Pesticide
PRIDE OF DAKOTA MEMBERSHIP	NDCC Chapter 4.1-01-08	308	\$ 103,000	\$ 103,000	\$ -	Marketing
PRIDE OF DAKOTA SUPPLIES	NDCC Chapter 4.1-01-08	308	\$ 6,000	\$ 6,000	\$ -	Marketing
WEED SEED FREE FORAGE FEES	NDCC Chapter 4.1-14-04	376	\$ 30,000	\$ 35,000	\$ 5,000	Plant
CONFERENCE REGISTRATION FEES	NDCC Chapter 4.1-01-10	308	\$ 355,000	\$ 355,000	\$ -	Marketing
TOTAL			\$ 8,082,350	\$ 8,392,952	\$ 310,602	

Other Budgetary Bills

- **HB1276** - Agriculture Diversity and Development Fund - \$30 million (General)
- **HB1379** - Agriculture Diversity and Development Fund - \$15 million (Legacy Fund)
- Bioscience Innovation Fund - \$15 million (Legacy Fund)
- **HB1437** - Regional Livestock Planning Grants - \$600,000 (General)
- **HB1519** - Uncrewed Aircraft Systems Grant - \$250,000 (Federal State Fiscal Recovery Fund)
- **SB2290** - Grasslands Grazing Grants - \$3 million plus carry over authority (SIIF)

Federal State Recovery Funding

Intermodal Facility Grant Program

Financials as of February 28, 2023

During the 2021 special session, HB1505 funded the Intermodal Facility Grant Program with \$2,000,000. The program has funded one project for a total of \$2,000,000. The project was dedicated to the expansion of rail capacity at an existing intermodal facility connected to a class 1 railroad. All funds have been spent.

Federal Funding Available for 2023-2025

2023-2025 Federal Funding

Federal spending is per the allowable and approved work plans; which pay for salaries, operating, and grants.

- Total federal grants: 32

Purpose of Funding

- Purpose of funding is for various programs; pest detection, mediation services, dairy plant inspections, meat facility inspections, country of origin labeling, specialty crop grants, food safety, farm and ranch stress assistance, medicated feeds, farm to school, local food purchase assistance, market news, pesticide enforcement, livestock pollution prevention, organic cost certification, animal disease traceability, cooperative weed management, animal health surveillance and response.
- Agencies – 13
 - USDA - Animal and Plant Health Inspection Service
 - USDA - Farm Service Agency - Mediation Program
 - USDA - Food and Drug Administration
 - USDA - Agricultural Marketing Service
 - FDA - Dept. of Health and Human Services
 - USDA - Food Safety and Inspection Service
 - The Department of Treasury (COVID 2.0)
 - USDA - National Institute of Food and Agriculture (NIFA)
 - USDA - Food and Nutrition Service
 - EPA - Environmental Protection Agency
 - USDA - Natural Resources Conservation Service
 - USDA - Forest Service

Deadlines for Spending

- Deadlines for spending varies depending on the grant; monthly, semiannual, calendar year, fiscal year, federal fiscal year per grant year funding.

Summary

The work of the North Dakota Department of Agriculture is vital to our state's most important industry. This budget presentation was designed to provide transparency and to assist the Legislative Assembly to determine spending priorities for the 2023-2025 biennium.



Doug Goehring
Agriculture Commissioner





THE "BIOTECH" EXPLOSION

BIOSCIENCE ASSOCIATION OF NORTH DAKOTA (NDBIO)

- NDBIO is a state affiliate of the Biotechnology Innovation Organization (BIO), the largest trade association representing biotechnology companies in the U.S. and in more than 30 countries.
- BIO Innovations initiatives are to help fuel, feed & heal the world through the use of biotechnology.
- NDBIO is engaged in helping to achieve these goals through innovation, collaboration and advocating for local companies.
- One of the goals of the Bioscience Assn of North Dakota is to not only help local biotech industries expand but to bring the advancing biotechnology industry to our State.

“EXPLOSION OF THE BIOTECH INDUSTRY”

THE BIOTECH INDUSTRY WAS BORN AND EXPLODED HERE IN THE UNITED STATES IN THE YEAR 1977.

FROM THAT TIME, THE INDUSTRY HAS GROWN AND CURRENTLY IN 2022, THE MARKET SIZE, MEASURED BY REVENUE, IS \$140.8 BILLION DOLLARS.

CURRENTLY THERE 1.87 MILLION PEOPLE ACROSS MORE THAN 101,000 BUSINESSES EMPLOYED IN THE INDUSTRY IN JOBS PAYING TWICE THE AVERAGE WAGE WITH THE MEDIAN AVERAGE WAGE BEING \$107,000.

CURRENTLY, ACCORDING TO A 2018 SURVEY BY THE BIO INNOVATION ORGANIZATION IN NORTH DAKOTA THERE ARE 4,159 EMPLOYEES IN 529 “COMPETITIVE” ESTABLISHMENTS MAKING AN AVERAGE WAGE OF \$64,269.00 PER YEAR.

METHODS NDBIO EMPLOYS

ADVOCACY –NDBIO dedicates itself to informing legislative and executive branch decision makers of the value and potential of the industry, the positions of BioND on various issues affecting bioscience, and the creation of new incentive programs to create, expand, and attract new industries to North Dakota..

INNOVATION NDBIO promotes the creation of an entrepreneurial culture in the bioscience and biotechnology research and business development in the agriculture, life and energy science fields while nurturing growth and economic opportunities within the state..

COLLABORATION – NDBIO promotes collaboration between academicians, entrepreneurial companies and companies already engaged in the Biotech industry in North Dakota.

INCENTIVE PROGRAMS

The North Dakota Legislature and the Departments of Agriculture and Commerce have been supportive of our efforts. They have helped us to establish incentive programs that are attractive and helpful in our recruitment efforts.

The two major programs used by NDBIO is the Bio Innovation Grant Fund administered by the North Dakota Department of Agriculture and the Innovation Technology Loan Fund administered by the Commerce Department.

We have other tax incentive programs and loan programs through the Bank of North Dakota but these are the two we use the most.

NUMBER OF COMPANIES FUNDED

- In partnership with the Department of Agriculture, the Bioscience Association expanded the Bioscience Industry in North Dakota through the \$5.5 million dollars Bio Innovation Grant program by making grants to companies either recruited from outside the State or by helping companies located in the State develop their technology and commercialize their products. To date, these companies have created or are projected to create 214 new jobs. The average salary for an employee in companies such as these is \$73,531 a year. Therefore, the State of North Dakota is slated to receive, or has received, at least \$15,735,634 a year in new salary benefits.

INTRODUCTION OF COMPANIES

- SafetySpect, Inc, ., a California-based bio-tech company, who moved their headquarters and operations to Grand Forks, N.D., and are based out of the Center of Innovation in Grand Forks, ND.
- CorVent Medical, Inc. a privately held medical device startup, which is committed to developing and manufacturing versatile, lifesaving ventilators for critical care. This company came from California to the NDSU Research Park in Fargo in January 2022.
- Lincoln Therapeutics from Chicago, Illinois, who is developing and fielding “Intranasal Ketamine as a Non-Narcotic Far Forward Battlefield Analgesia/Anesthesia Solution”. Lincoln Therapeutics is collaborating with the DOD and Thrifty White Pharmacy, a company that employs over 200 people in the Fargo Moorhead area, to develop an Intranasal Ketamine as a non-Narcotic analgesic for forward military use and civilian use.

THE FUTURE IS BRIGHT!

- It is the Association's view that the future is bright for the Bioscience Industry in North Dakota.
- We, at the Bioscience Assn of North Dakota are
- *“Building the Bioscience Industry in North Dakota One Company at a time!”*
- Thank you for your time and attention!

AGRICULTURE DIVERSIFICATION AND DEVELOPMENT FUND

GRANT REPORT 2022



Agriculture Commissioner
Doug Goehring



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ABOUT ADD

The Agriculture Diversification and Development Fund (ADD) was established through HB No. 1475 during the 67th Legislative Assembly to support new or expanding value-added-agriculture businesses that demonstrate financial feasibility, enhance profitability for farmers and ranchers, create jobs and grow North Dakota's economy. The funding opportunities include grants, interest rate buydowns and loans.

The North Dakota Department of Agriculture (NDDA) houses the ADD grant committee. The committee is tasked with the review and recommendation of the grant funding portion of the ADD program. Applications for the program can be found at the Bank of North Dakota at <https://bnd.nd.gov/ag/agriculture-diversification-and-development-fund/>.

Applicants must complete the ADD application form and submit a complete business plan, current balance sheet and income statement along with full sources and use of funds.

ELIGIBILITY

A value-added agriculture business registered with the North Dakota Secretary of State's office or a North Dakota resident that diversifies a crop or animal industry and provides collateral uses for agriculture resources. Businesses with a majority ownership comprised of North Dakota residents will have priority over majority non-North Dakota-owned applications. Companies outside North Dakota must have an established relationship with a North Dakota partner which includes an individual, company or agency to validate the credibility of the proposal and comply with the intent of the Code. The types of projects may include but are not limited to:

- Food production and processing facilities
- Feed or pet food processing facilities
- Commodity processing facilities
- Agriculture product manufacturer
- Animal production facilities

Priority consideration is given to projects most consistent with the mission of the Agriculture Diversification and Development Committee as established in North Dakota Century Code 4.1-01.1. Emphasis will be given to those proposals deemed most likely to generate economic returns and support agricultural-based prosperity of a region or sector of the state.

USE OF PROCEEDS

Proceeds may be used to:

- Purchase or lease equipment.
- To establish a value-added agriculture business.
- To expand an existing value-added agriculture business.

Proceeds may not be used to:

- Fund salaries or operating expenses normally associated with standard business practices.
- Refinance an existing loan or debt.

ADMINISTRATION

ADD COMMISSIONERS

The ADD committee consists of 11 board members. The Agriculture Commissioner appoints five members and the Governor appoints one member.

The board also includes three statutory members: the North Dakota Agriculture Commissioner, the Director of the Department of Economic Development & Finance, and the President of North Dakota State University, or their designees. The remaining two members must be representatives from Independent Community Banks of North Dakota and North Dakota Bankers Association.



RACHEL RETTERATH, CHAIR
Commissioner's Appointee



MATTHEW GLESSNER, VICE CHAIR
Commissioner's Appointee



DAN KALIL
Commissioner's Appointee



KEITH PELTIER
Commissioner's Appointee



BILL ONGSTAD
Commissioner's Appointee



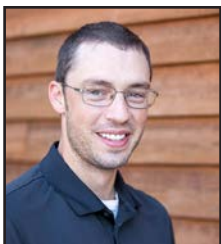
WADE BOESHANS
Governor's Appointee



DENNIS WALSH
Independent Community
Banks of North Dakota



DIANNE PIERCE
North Dakota
Bankers Association



KEVIN SONSALLA
Commerce Designee



DOUG GOEHRING
Agriculture Commissioner



DAVID COOK
NDSU President

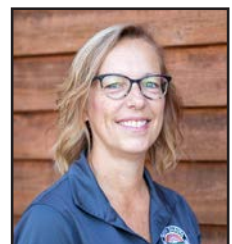
ADD STAFF



JOHN F. SCHNEIDER
Business, Marketing
& Information Division
Director



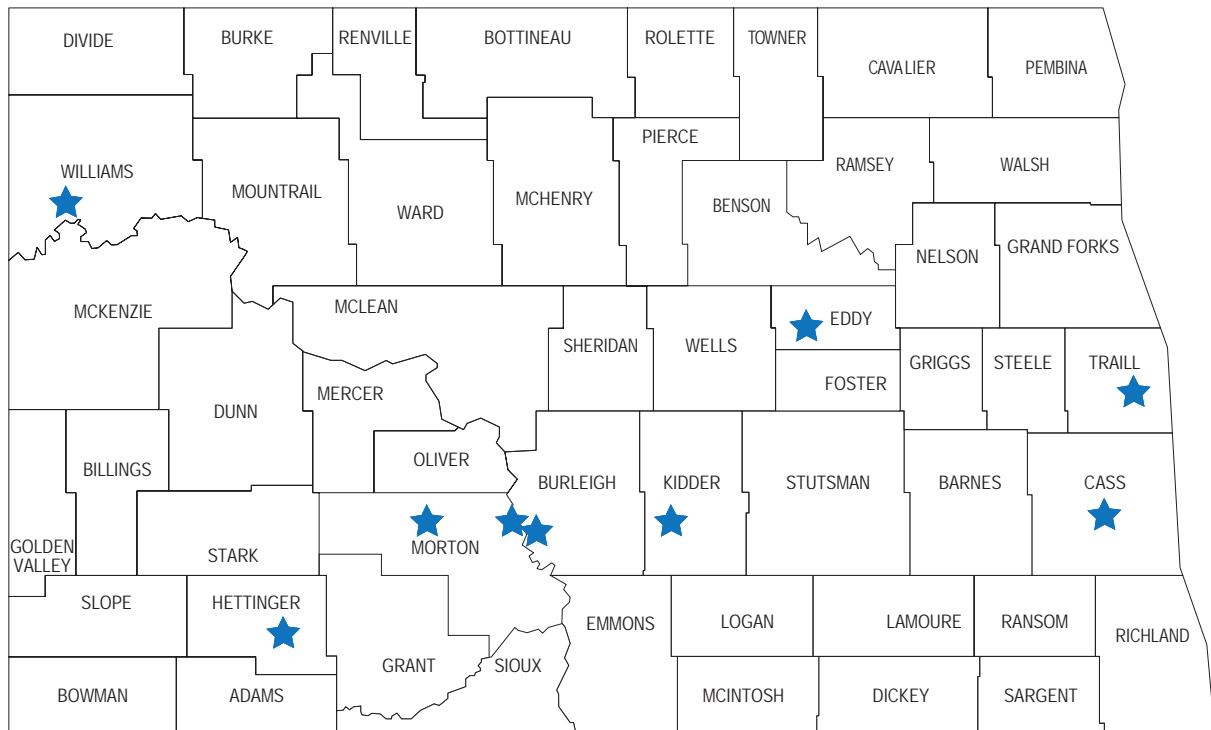
BRADLEY DEAN
Administration



BETTY SCHNEIDER
Administration

PROJECT MAP

In 2022, ADD funded 10 projects in 9 North Dakota communities, totaling over \$2.1 million in grants.



- Bismarck - Two Track Malting, LLC
- Casselton - GP Turnkey Tharaldson, LLC
- Casselton - Tharaldson Ethanol Plant I, LLC
- Hillsboro - Agassiz Sustainable LLC
- Mandan - Cloverdale Foods Company
- Mott - South 40 Beef LLC
- New Rockford - North American Bison, LLC
- New Salem - 6 in 1 Meats, LLC
- Steele - Nodak Meats, LLC
- Williston - Yellowstone River Beef Inc.



A worker trims beef at South 40 Beef in Mott, ND

YELLOWSTONE RIVER BEEF INC.

Trevor Abell, Williston

Grant Amount: \$250,000

Grant funding will be utilized to assist in the continued expansion of Yellowstone River Beef which includes a new shipping dock and expanded office space. Along with this, Yellowstone River Beef is adding new carcass cooling as well as expanding the kill floor to allow for more processing of local North Dakota beef. Yellowstone River Beef is an existing USDA beef processing facility.

GP TURNKEY THARALDSON, LLC

Ryan Carter, Casselton

Grant Amount: \$250,000

Grant funding will be utilized to obtain equipment needed to produce higher-value proteins and corn oil at the Tharaldson ethanol facility. Maximized Stillage Co-Product (MSC) High Protein will improve the company's flexibility and profitability by producing higher-value proteins (50% or greater) and corn oil in a sustainable manner. This project is expected to be 105,000

tons at capacity. Currently this high protein is not available in North Dakota. This project will produce a high purity protein product that trades in the alternative high-value protein market. The protein has shown great success in the pet food, aqua, dairy, poultry, and swine markets.

AGASSIZ SUSTAINABLE LLC

Hua Sun, Hillsboro

Grant Amount: \$250,000

Grant funding will be utilized for the pilot project of an Agassiz Sustainable wheat straw pulping facility near Hillsboro, ND. The project will convert residual wheat straw into pulp for producing food containers which uses 70% less water and 60% less chemical than competing processes, and produces a usable carbon in either liquid, syrup, or pelletized form that can be returned to the farmland to preserve soil carbon content. At full production, this facility will use 20,000 metric tons of wheat straw, providing \$1.2 million in additional annual revenue to farmers.

NODAK MEATS, LLC

Scott Sandquist, Steele

Grant Amount: \$149,000

Grant funding will be utilized for starting a custom exempt meat processing facility in Steele, North Dakota. The demand for cattle processing has increased and this will help service farmers directly and provide meat to the local food industry.

SOUTH 40 BEEF LLC

John Roswech, Mott

Grant Amount: \$200,000

Grant funding will be utilized for expansion of the cut floor at the South 40 Beef meat processing facility in Mott, North Dakota. They average about 140 head per month, however fabrication and freezer are bumping up to capacity. South 40 Beef partners with local ranchers to process their beef. Ranchers can sell their federally inspected beef direct to the consumer.

THARALDSON ETHANOL PLANT I, LLC

Ryan Carter, Casselton

Grant Amount: \$250,000

Grant funding will be utilized for installing Selective Milling Technology (SMT) System Equipment to the ethanol plant in Casselton, North Dakota. The SMT System will enable Tharaldson to operate at an annual denatured ethanol production rate of 190,000,000 U.S. gallons per year with a slurry flow up to 2,250 gallons per minute. The SMT efficiently processes a corn mash slurry to expose more starch for conversion and release additional oil for recovery. The additional starch conversion can increase the ethanol production per bushel of corn.

6 IN 1 MEATS, LLC

Travis Maddock, New Salem

Grant Amount: \$200,000

Grant funding will be utilized to increase slaughter numbers and expand value-added processing to include case-ready retail products. Value-added will be offered to other processors that don't have the capability of processing and packaging to retail specifications.

CLOVERDALE FOODS COMPANY

Scott Staudinger, Mandan

Grant Amount: \$125,000

Grant funding will be utilized to cover costs to resolve issues of inefficiency related to the current electrical distribution system within the facility.

NORTH AMERICAN BISON, LLC

Mike Jacobson, New Rockford

Grant Amount: \$250,000

Grant funding will be utilized for construction costs and to reduce the amount of company equity required to complete the expansion of their facility to meet demand. North American Bison harvests and processes bison for domestic and global markets. Approximately half the bison are sourced from North Dakota. Sales have increased to the point that the facility is being expanded.



Close up of two-row barley growing on Stober Farms near Goodrich, ND

TWO TRACK MALTING, LLC

Jared Stober, Bismarck

Grant Amount: \$250,000

Grant funding will be utilized to assist with construction costs to complete the expansion of their facility to meet increased demand and growth. Two Track Malting is a value-added agriculture business turning barley and wheat grown in North Dakota into malt, which is used by brewers across the country.

Financials as of December 31, 2022

Total Appropriation	\$2,500,000
Total Projects Funded	<u>\$2,174,000</u>
Remaining Appropriation	\$ 326,000

Loan Participation Commitments

Total Appropriation	\$7,500,000.00
Total Committed	<u>\$2,681,704.45</u>
Remaining Appropriation	\$4,818,295.55



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SPECIALTY CROP BLOCK GRANT PROGRAM

FISCAL YEAR 2021 AWARDED PROJECTS



**Agriculture Commissioner
Doug Goehring**

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A Letter from the Commissioner

Greetings,

The North Dakota Department of Agriculture is pleased to support the specialty crop industry in the state through specialty crop block grants.

The USDA defines specialty crops as “fruits and vegetables, tree nuts, dried fruits, horticulture and nursery crops.” Specialty crops grown commercially in North Dakota include dry beans, dry peas, lentils, potatoes, confection sunflowers, grapes, honey and various vegetables.

Projects that enhance the competitiveness of specialty crops in ND are eligible for these grants.

Eligible applications include enhancing food safety; pest and disease control; developing new and improved seed varieties and specialty crops; and increasing child and adult nutrition knowledge and consumption of specialty crops. Projects that directly benefit specific, commercial products or profit a single organization, institution or individual are not eligible.

North Dakota receives funds based on a grant allocation formula that is based on the average of specialty crop cash receipts and specialty crop acreage in the state.

The North Dakota Department of Agriculture has been administering the Specialty Crop Block Grant Program since 2007. Since then, we have administered a total of 235 grants and have received more than \$26.7 million in funding through the past 17 annual funding opportunities; and an additional 28 grants and \$4.3 million in additional one-time funding through H.R. 133, the Consolidated Appropriations Act of 2020.

We encourage organizations, institutions and individuals to submit proposals on their own or in partnerships during open application periods. Questions may be directed to Deanna Gierszewski at 701-328-2191 or scbg@nd.gov.

Thank you for your interest in specialty crop block grants.

Sincerely,



Doug Goehring
Agriculture Commissioner



Agriculture
Commissioner
DOUG GOEHRING

ABOUT PROGRAM

The purpose of the Specialty Crop Block Grant Program (SCBGP) is to enhance the competitiveness of specialty crops. Specialty crops are defined as “fruits, vegetables, tree nuts, dried fruits, horticulture, and nursery crops (including floriculture).”

The Food, Conservation, and Energy Act of 2008 (Farm Bill) amended the Specialty Crops Competitiveness Act of 2004. Under the amended Act, the Secretary of Agriculture is directed to make grants to states for each of the fiscal years 2008 through 2012 to be used by state departments of agriculture to enhance the competitiveness of specialty crops. The American Taxpayer Relief Act of 2012 provided funding for fiscal year 2013, section 10010 of the Agricultural Act of 2014 provided funding for fiscal years 2014 through 2018 and section 10107 of the Agriculture Improvement Act of 2018 will provide funding for fiscal years 2019 through 2023.

To be eligible for a grant, the project(s) must “enhance the competitiveness of U.S. or U.S. territory grown specialty crops in either domestic or foreign markets.” Projects must also benefit more than one commercial product (e.g., ABC Company brand), organization, or individual.

Examples of enhancing the competitiveness of specialty crops include, but are not limited to: research, promotion, marketing, nutrition, trade enhancement, food safety, food security, plant health programs, education, increased consumption, increased innovation, improved efficiency and reduced costs of distribution systems and environmental concerns and conservation.

Grant funds are not awarded to projects that solely benefit a specific commercial product. It will not benefit products that provide a profit to a single organization, institution, or individual. Grant funds cannot be put toward capital expenditures (equipment, buildings, land). They also may not

be used to make improvements to capital assets that materially increase their value or useful life. Each project funded through the Specialty Crop Block Grant Program will be carried out over a two-year timeframe. The Specialty Crop Block Grant Program is funded through the United States Department of Agriculture’s Agricultural Marketing Service.

Number of Grants Awarded to the North Dakota Department of Agriculture: 2
Number of Sub-Awarded Projects: 49
Amount of Funds Awarded: \$7,605,788.33

These following funding breakdowns are for annual funding and H.R. 133, the Consolidated Appropriations Act of 2020, funding:

2021 Farm Bill funding (fiscal year 21-24):

23 Projects	\$3,012,946.88
Direct	\$146,380.47
Indirect	<u>\$112,863.24</u>
Total	\$3,272,190.59

Additional one-time funding (fiscal year 21-25):

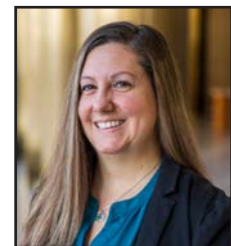
28 Projects	\$4,058,093.40
Direct	\$178,023.30
Indirect	<u>\$97,481.04</u>
Total	\$4,333,597.74

For more information, please visit the program’s website at <https://www.nd.gov/ndda/scbgbp>.

SCBGP STAFF



KARA HAFF
Ag Marketing &
Business Development
Coordinator



DEANNA GIERSZEWSKI
Grant Administrator

2021 FARM BILL FUNDING



Aronia berries at the NDSU Carrington Research Extension Center

DISENTANGLING THE ROOT ROT PATHOGEN COMPLEX IN LENTILS THROUGH MOLECULAR DIAGNOSTICS

National Agricultural Genotyping Center
Zachary Bateson, Fargo

Project Budget: \$114,636

The National Agricultural Genotyping Center will optimize a root rot pathogen assay that will test environmental samples from university and private lentil fields to provide preliminary pathogen data in ongoing research and further evaluate molecular diagnostics as a proactive management tool for root rot disease in pulse crops.

COMPREHENSIVE PANEL TO DETECT GENETIC MARKERS LINKED TO HERBICIDE RESISTANCE IN PIGWEEDS

National Agricultural Genotyping Center
Zachary Bateson, Fargo

Project Budget: \$123,086

The declining herbicide options to manage

pigweeds is a persistent concern for North Dakota dry bean producers. Knowing the herbicide resistance potential of local pigweed populations can help producers avoid costs of using ineffective chemical control. The National Agricultural Genotyping Center will optimize diagnostic assays to detect genetic markers linked to herbicide resistance in pigweeds collected from dry bean fields. The specific objectives for this project are to: 1) evaluate target-site mechanisms for ALS- and PPO-inhibiting herbicide resistance in late-season pigweeds that persist in dry bean fields, and 2) validate high-throughput diagnostic assays for detection of commonly occurring target-site mechanisms.

ENHANCING RUST RESISTANCE IN CONFECTION SUNFLOWER PRODUCTION THROUGH NEXT- GENERATION TECHNOLOGIES

National Sunflower Association
Tina Mittlesteadt, Fargo

Project Budget: \$130,004

The National Sunflower Association will use newly available genome sequence information for sunflower to identify diagnostic single-nucleotide polymorphism (SNP) markers tightly linked to the rust resistance genes (R genes) expanding the options for stacking resistance to obtain an enhanced, long-lasting resistance to the rust disease. Rust is a growing threat to sunflower production worldwide, leading to losses in yield and seed quality. This project will apply cutting edge genetic and genomic approaches to characterize the genetic basis for rust resistance in sunflower. With improved next generation sequencing (NGS) and the decreased cost of sequencing, it is now feasible to discover millions of SNPs for any plant and connect these markers to desirable phenotypic traits.

INCREASING CONSUMER USE AND CONSUMPTION OF PEAS, LENTILS AND CHICKPEAS

Northern Pulse Growers Association
Brian Gion, Bismarck

Project Budget: \$80,730

The Northern Pulse Growers Association (NPGA) proposal is to design an educational outreach program to the restaurants in the region which will address the priorities of the North Dakota Department of Agriculture related to enhancing the competitiveness of specialty crops through increased sales and consumption of dry peas, lentils, chickpeas and fava beans.

VIRTUAL EXPERIENCES DELIVERING REAL PROTECTION OF SPECIALTY CROPS FROM PLANT DISEASES AND ECONOMIC LOSS

NDSU
Samuel Markell, Fargo

Project Budget: \$121,177

North Dakota State University plant pathologists will deliver transformational educational experiences to growers by utilizing immersive 360-degree videos and drone imagery that teach disease management practices by letting growers ‘experience’ protection of specialty crops from diseases and yield loss.

ROOT ROT OF LENTIL: EVALUATION OF CROP ROTATION, INTERCROPPING AND RISK ASSESSMENT

NDSU
Audrey Kalil, Williston

Project Budget: \$28,662

Lentil production has been an economic boon to northwest North Dakota, but in recent years root rots have becoming increasingly problematic. Recommendations for a four-to-five-year rotation between lentil crops to avoid the build-up of root rot pathogens in the soil can be a challenge for many growers, as lentils may be their primary profit generating crop. The North Dakota State University Williston Research Extension Center will compare one-, two-, three- and four-year intervals in between lentil crops to determine the effect of these rotation lengths on root rot disease severity and yield in a no-till, dryland cropping system. Intercropping lentils with mustard will be evaluated for suppression of root rot in lentils in a short rotation. Finally, a soil root rot potential seedling bioassay will be used to determine the effect of rotation length on root rot inoculum in the soil and these data will be correlated with yield and field root rot severity. This effort will improve root rot management and help generate more specific rotation recommendations for lentils grown in North Dakota.



Beans at the NDSU Carrington Research Extension Center

PYRAMIDING DESIRABLE BEAN RUST GENES FOR BROADER AND DURABLE RESISTANCE
NDSU

Juan Osorno, Fargo

Project Budget: \$162,533

Bean rust is one of the most important diseases both in North Dakota and worldwide. Under high disease pressure conditions, seed yield losses range between 50 to 100%, especially if infection occurs at early growth stages. Genetic resistance is a good control alternative because of lower costs compared with chemical applications, plus it is more environmentally friendly. Since its beginning in the early 1980s, the dry bean breeding program at NDSU focused its efforts on the genetic improvement of rust resistance. The Ur-3 gene was deployed in many released varieties and provided rust protection during many years. Unfortunately, bean rust is a highly variable pathogen and in 2008, a new race of the pathogen that overcomes the Ur-3 resistance gene, was detected in North Dakota.

Fortunately, a few alternative genes were found to be effective against this new race (named 20-3). The NDSU dry bean breeding program started efforts to incorporate the Ur-11 resistance gene which has broader resistance. However, additional genes are needed to ensure long-term durable resistance. Recent efforts are focused on incorporating the Ur-5 gene.

INTEGRATED IMPROVEMENT PROCESS OF COLD-HARDY GRAPES; FROM BREEDING, PRODUCTION, TO SENSORY ANALYSIS
NDSU

David Boehm, Fargo

Project Budget: \$269,846

The Northern Crops Institute will lead a collaborative and integrated effort between North Dakota State Universities Grape Germplasm Enhancement Project (GGEP) and the North Central Research Extension Center (NCREC) to evaluate 11,000+ winter-hardy grape accessions, including breeding projects, to grafting and production improvements, to final microvinification (small batch wine) process and tasting evaluations at the NCI. Outcome to include an improved process for selecting and screening cold-hardy grapes for North Dakota and disseminate non-proprietary information to all stakeholders in the expanding grape and wine industry through industry meetings, reports and with the Winery Association of ND (WAND) and the ND Grape and Wine Association (NDGWA).

EVALUATION OF LUPIN ADAPTATION IN NORTH DAKOTA AND SEED QUALITY FOR FOOD INGREDIENTS

NDSU

Blaine Schatz, Carrington

Project Budget: \$196,972

The North Dakota State University Carrington Research Extension Center will evaluate a diverse number of lupin selections to determine their adaptation for production in North Dakota and assess their nutritional profile for inclusion in food products. This project will source and assemble a diversity of lupin genetics representing experimental lines and released varieties grown in other parts of the world. Seed quality of the most adapted materials will be evaluated to determine their level of the primary nutritional factors important for lupin as a food ingredient or product and to assess any presence of alkaloids, an antinutritional factor. Multiple food ingredient companies and researchers will be provided with seed samples for evaluations to determine acceptance within their products. Achievement of project objectives will position North Dakota to be in a favorable position to supply the emerging demand for this high-quality plant-based protein.

PROVIDING ACCESS TO SPECIALTY CROPS TO GRADE SCHOOLS IN NORTH DAKOTA

North Dakota Department of Agriculture
Kristine Kostuck, Bismarck

Project Budget: \$61,915.88

The North Dakota Department of Agriculture (NDDA) will provide educational resources and grants to grade school classrooms to purchase supplies to grow lettuce, herbs, tomatoes and peppers in their classroom during the school year. The growing of vegetables in the classroom will provide hands on learning to enhance STEM education already being taught.

IMPACTS OF FUNGICIDE APPLICATIONS AND PLANT DISEASES ON SPECIALTY CROP YIELDS AFTER HAIL

NDSU

Samuel Markell, Fargo

Project Budget: \$180,342

North Dakota State University plant pathologists will; 1) determine the severity and yield impact of diseases that occur on pinto bean, navy bean, chickpea, dry edible pea and confectionary sunflower following hail, 2) determine the disease severity and yield impact of foliar fungicide and cupric hydroxide applied after hail events, 3) determine the impacts of fungicide applications on plant health, and 4) develop and disseminate management recommendations to growers at meetings, field days and through media.

MINING THE SOIL AND HOST GENETICS FOR SUSTAINABLE ANSWERS TO VERTICILLIUM WILT IN POTATO

NDSU

Julie Pasche, Fargo

Project Budget: \$176,720

North Dakota State University plant pathologist and potato breeder, and University of Minnesota potato breeder will improve the management of Verticillium wilt of potato using sustainable methods. Specifically, we will develop, optimize and validate multiplex qPCR methods to quantify Verticillium dahliae and Colletotrichum coccodes from potato stem tissue and soil, and identify genetic regions associated with resistance to V. dahliae in potato breeding germplasm developed for North Dakota growers. This project is somewhat unique in that it will leverage existing genetic and phenotypic data for NDSU breeding lines. These efforts focus on two inter-related, critical and sustainable aspects of Verticillium wilt management and bring together three potato researchers with complementary expertise.

DEFINING OPTIMUM ROW SPACING FOR IMPROVED SIZE PROFILE AND YIELD OF CHIPPING POTATO TUBERS

NDSU

Andrew Robinson, Fargo

Project Budget: \$117,444

North Dakota State University will determine the value of narrower row spacing to reduce size profile and improve total marketable yield. Potato chips are most sold in small bags of 0.75 to 1 oz. Because smaller bags are most popular to consumers, chip processors would like to receive smaller sized tubers and will likely mandate a smaller size profile soon. It is unknown though what effect row spacing would have on chipping potato production. Because it is very costly for a commercial potato grower to change equipment for narrower row spacing, a research project should be performed to determine if there is value in narrower row spacing. The purpose of this study is to determine the optimal row spacing of chipping potatoes to improve marketable potatoes.



Trees at Burnt Creek Nursery in Baldwin, ND

INDUCING STERILITY IN ORNAMENTAL WOODY TREES AND SHRUBS

NDSU

Todd West, Fargo

Project Budget: \$45,739

Many woody plants are well adapted for the harsh growing environment of North Dakota. Unfortunately, with non-native plants, there is a risk of invasiveness. Examples of this include Siberian elm and common buckthorn. Both plants are well adapted for growing in very difficult places but are highly invasive. This North Dakota State University project proposes to 1. evaluate commercially available sterile ornamental trees and shrubs and 2. induce sterility by developing tetraploids of several different woody trees and shrubs. These tetraploids will be utilized for breeding and inducing sterile cultivars to be used in the ND nursery and landscape trade.

DEVELOP COMPLEMENTARY PULSE PROTEINS FOR IMPROVING NUTRITIONAL QUALITY AND FUNCTIONALITY OF PULSE PROTEINS

NDSU

Jiajia Rao, Fargo

Project Budget: \$181,758

North Dakota State University will address the critical needs of pulse proteins to be utilized as “Alt protein” in the food industry, which can directly help increase the market and profitability of pulse production in North Dakota (ND). In North America, positioning a good/excellent source of protein claim in food requires enough “high-quality” protein. The quality of a protein is primarily determined by its amino acid composition and digestibility. Pulse proteins are known to be deficient in certain essential amino acids such as sulfur amino acids or tryptophan. The most promising solution to overcome these deficiencies by combining pulse proteins

with cereal proteins/or another source of plant protein, leading to a complete amino acid profile and overall digestibility and functionality. However, functionality, sensory and flavor profile of pulse protein blends are not explored yet. Therefore, the aim of this study is to investigate the effects of pulse protein and/ or rice, hemp protein blending method, ratio on amino acid profile, in vitro digestibility and physicochemical characteristics of protein mixture.

DETERMINING NITROGEN USE EFFICIENCY OF NEW RUSSET-SKINNED POTATOES

NDSU

Andrew Robinson, Fargo

Project Budget: \$134,194

North Dakota State University (NDSU) will determine the response of lower nitrogen rates of newly released potato cultivars or advanced selections from the NDSU potato-breeding program. There is a great push for more sustainable potato production North America from consumers and processors. One way to improve sustainable potato production is to reduce inputs by using new cultivars that have higher nitrogen use efficiency. A reduction of inputs could lessen the production cost and put fewer products into the environment. Exciting cultivars that the NDSU Potato Agronomy program have tested can produce potatoes with less nitrogen than the standard Russet Burbank.

OPTIMIZING FUNGICIDE SPRAY DROPLET SIZE FOR IMPROVED MANAGEMENT OF FOLIAR DISEASES IN FIELD PEAS

NDSU

Michael Wunsch, Carrington

Project Budget: \$107,581

The North Dakota State University Carrington

12

Research Extension Center, in cooperation with the NDSU North Central and Langdon Research Extension Centers, will conduct multi-location field trials to develop rigorous disease management recommendations for optimizing fungicide spray droplet size for improved management of Ascochyta blight and powdery mildew in field peas. Field peas, grown for domestic and international consumption and for the non-GMO plant-based fractionated protein market, are an important rotational legume in western and central North Dakota. Powdery mildew and Ascochyta blights are economically important diseases of field peas, impacting both seed yield and seed quality, and fungicides are important tools for their management. Preliminary research indicates that the yield response to fungicide applications in field peas is strongly influenced by the spray droplet size utilized in fungicide applications. This project seeks to establish field studies to develop rigorous recommendations on optimizing fungicide droplet size relative to crop canopy characteristics for improved management of Ascochyta blight and powdery mildew in field peas.

OPTIMIZING FUNGICIDE TANK-MIXES WITH CHLOROTHALONIL FOR IMPROVED MANAGEMENT OF ASCOCHYTA BLIGHT IN CHICKPEAS

NDSU

Michael Wunsch, Carrington

Project Budget: \$109,377

The North Dakota State University Carrington Research Extension Center, in collaboration with the NDSU North Central and Williston Research Extension Centers, will conduct field trials and conduct outreach to North Dakota and Montana chickpea producers to improve the management of Ascochyta blight in chickpeas. With the development of resistance to QoI fungicides, Ascochyta blight of chickpeas is managed almost

exclusively with fungicides with DMI (triazole) and/or SDHI modes of action. Neither mode of action provides satisfactory disease control under conditions of high disease pressure, and the reliance on two modes of action is high risk for the development of fungicide resistance. The contact fungicide chlorothalonil represents another mode of action and is registered for use on chickpeas, but it is not used widely due to poor efficacy when applied alone. This project seeks to optimize fungicide application rates in tank-mixes with chlorothalonil, assess whether different brands of chlorothalonil perform equivalently, evaluate which commonly used fungicides benefit from this tank-mix strategy, and identify the spray droplet size that optimizes the performance of the tank-mix.

BOOSTING FIELD PEA PRODUCTION AND INSECT PEST CONTROL: THE ROLE OF ROOT MICROBE DIVERSITY

NDSU

Deirdre Prischmann-Voldseth, Fargo

Project Budget: \$99,582

Root microbes are promising tools in the sustainable management of specialty crops that can be manipulated by farmers, although their use is hampered by variable performance and a lack of information of how they function under realistic growing conditions. North Dakota State University will conduct greenhouse and field experiments to determine how manipulating the species diversity of beneficial arbuscular mycorrhizal fungi benefits microbes associated with field pea roots, levels of key phytohormones and nutrients, plant growth, and reduces insect pest densities. NDSU will disseminate results to stakeholders via presentations and published articles.



A haskap berry at the NDSU Carrington Research Extension Center

ASSESSMENT OF IMPROVED HASKAP SELECTIONS FOR NORTH DAKOTA

NDSU

Kathleen Wiederholt, Carrington

Project Budget: \$97,369

The North Dakota State University Carrington Research Extension Center will make selections of new Japanese haskaps to identify varieties that are better suited to North Dakota's growing conditions. We will assess the berry cling, ripening time, productivity and fruit quality of new material and plants that were propagated in a previously supported project which will begin to bear fruit in 2022 and 2023. Results will be made available through meetings, field days, publications and web content.

TRANSLATING HIGH- THROUGHPUT PHENOTYPING INTO REALIZED GENETIC GAIN IN PULSE CROPS

NDSU

Nonoy Bandillo, Fargo

Project Budget: \$190,453

Collecting useful, accurate, interpretable, and biologically relevant phenotypic data in a resource-efficient manner is a major bottleneck in plant breeding. The phenotyping bottleneck, particularly for capturing under- and over-canopy traits, is a perennial problem for successful evaluation of new breeding lines. The NDSU researchers will pioneer development and utilization of a high-throughput field phenotyping platform for 1) efficient generation of high-quality trait data, 2) speed- up the time-consuming and laborious traditional data gathering, and 3) increase selection accuracy of phenotyping field experiments. We will explore a combination of aerial imaging and under-canopy robot, including development of a machine learning algorithm, for estimation of important agronomic yield-related and adaptation traits. We will focus our efforts on field pea with a current market cap value of \$9 billion due to growing plant-based protein market.

WEED CONTROL IN ONION: USING AN INTEGRATED SYSTEM FOR EARLY SEASON CONTROL

NDSU

Harlene Hatterman-Valenti, Fargo

Project Budget: \$83,283

North Dakota State University will establish a contractual relationship with the State Department of Agriculture to lead and execute the project. Objectives are to determine appropriate herbicide applications that will keep the field weed-free without onion injury prior to the two-true-leaf stage when several products

are available. Field experiments will be in a grower's field and the NDSU Agricultural REC near Oakes, ND. Data from each location will be recorded and analyzed. The findings from this research will be provided at field days, meetings, and will be published nationally and locally online. With demonstration of early season weed control, onion acreage will increase, potentially diversifying a producer's cropping system and increasing the competitiveness and profitability for ND growers.

UNLOCKING BENEFICIAL MICROORGANISMS FOR ENHANCING ADAPTABILITY AND RESILIENCE OF DRY EDIBLE PEA

NDSU

Barney Geddes, Fargo

Project Budget: \$199,543

Dry edible pea is a critical specialty crop to agriculture in North Dakota, which ranks top in the US for dry edible pea production. Consumption of pea protein is gaining traction in a growing market driven by products such as the Beyond Meat burger. In North Dakota, key stresses that affect pulse crop production include abiotic stresses like drought and biotic stresses such as root rot. A growing body of evidence suggests that plants can recruit beneficial microbes from the soil to improve their adaptability and resilience to stressful conditions. Researchers from North Dakota State University are working to identify beneficial members of the pea microbiome that become enriched following exposure to biotic and abiotic stresses and applying new innovations towards harnessing them as a tool for sustainable dry edible pea production.

ADDITIONAL ONE-TIME FUNDING



Honey samples at the National Agricultural Genotyping Center

USING HONEY SAMPLES TO MONITOR PATHOGENS AND PARASITES IN NORTH DAKOTA BEEKEEPING OPERATIONS

National Agricultural Genotyping Center
Zachary Bateson, Fargo

Project Budget: \$179,861

The National Agricultural Genotyping Center (NAGC) will develop molecular diagnostics for two parasitic protozoans and the Tropilaelaps mite to incorporate into a surveillance program using honey samples from commercial and hobby beekeepers in North Dakota.

INCREASE THE VALUE FOR NORTH DAKOTA POTATOES THROUGH EDUCATION AND ESTABLISHING A NEW BRAND

Northern Plains Potato Growers Association
Ted Kreis, East Grand Forks, MN

Project Budget: \$250,000

The Northern Plains Potato Growers Association (NPPGA) will create a branding plan to showcase North Dakota grown potatoes as best-in-class

in the market; develop marketing tools directed towards customers, chefs, and consumers to communicate the culinary, sustainability and nutritional value of North Dakota potatoes; and provide tools for educators to use in and out of classrooms to enhance the understanding and challenges of the potato from springtime planting to fall time harvest. The NPPGA represents approximately 225 potato growers throughout the Northern Plains. North Dakota is the 4th largest potato growing state, producing volume in four major potato markets: chip, fresh, seed, and frozen processing. To build a strong future and expand awareness of the potato industry in North Dakota, the NPPGA would like to create a comprehensive brand, marketing and communications plan to build a name for North Dakota grown potatoes. This campaign will be directed toward educators, potato customers, and consumers. By promoting the value and the quality of potatoes grown in North Dakota, processors, buyers, other potato growers, kids, chefs and consumers will create greater demand and increase the value for this specialty crop. NPPGA will contract with an ag-based marketing agency to develop a strategic marketing and communications plan which will

include a new, creative brand with messaging that highlights North Dakota grown potatoes. Specific deliverables will be used to reach audiences which may include video production, digital, website radio, digital advertising, outdoor advertising, events, social media, print media, and/or audio media.

ASSIST GROWER/SHIPPERS PROMOTE AND SELL NORTH DAKOTA GROWN POTATOES AT NATIONAL/INTERNATIONAL TRADE SHOWS

Northern Plains Potato Growers Association
Ted Kreis, East Grand Forks, MN

Project Budget: \$144,680

The Northern Plains Potato Growers Association will provide a venue at the Produce Marketing Association Fresh Summit trade shows in October, 2022 and October, 2023 for our fresh potato packing sheds and growers to market and sell Red River Valley Potatoes to grocery chains and foodservice providers nationwide with the end result being to increase the awareness and consumption of North Dakota grown potatoes. The PMA Fresh Summit is the largest gathering of its kind with the main purpose of connecting growers/shippers with wholesale buyers of fruits and vegetables for delivery to retail grocery stores and restaurants. The PMA Fresh Summit is generally attended by over 20,000 people, many who are important decision makers for grocery and restaurant chains. All of the Red River Valley Potato's competitors attend as well, so it is very important that we make a strong showing.

USE GPS, DIGITAL MAPPING AND SPATIAL STATISTICS TO IDENTIFY AND DESCRIBE ANY PREDICTABLE, WITHIN-FIELD DISTRIBUTION OF POTATO VIRUS Y

Regents of the University of Minnesota
Ira MacRae, Minneapolis, MN

Project Budget: \$104,807

The University of Minnesota – Northwest Research & Outreach Center will use highly accurate GPS, digital mapping and spatial statistics to identify and describe any predictable, within-field distribution of Potato Virus Y in seed potato fields of North Dakota. These distributions will be used to develop recommendations for targeted application of management tactics (e.g. scouting, rogueing and management inputs) designed to improve the economic and environmental sustainability of North Dakota seed potato production. These recommendations will be disseminated to the North Dakota producers at potato Research Reporting events, field days and other outreach events.

DETERMINING INTERACTION OF NEMATODE AND FUNGAL PATHOGENS FOR CONTROL OF ROOT ROT OF FIELD PEA

NDSU
Guiping Yan, Fargo

Project Budget: \$116,120

The Department of Plant Pathology at North Dakota State University will determine the molecular types of pin nematode species widely present in pea fields in North Dakota, develop a new real-time PCR assay for rapid detection and identification of the nematode species, evaluate the effects of co-inoculation of pin nematode and fungal species on root rot, growth and seed weight of field pea, and further compare the effects of infection from both pathogens with the infection of nematode or fungal species alone. Results of the proposed research will improve the pin nematode detection efficiency and capacity in infested fields and help understand whether the interaction between nematode and fungal pathogen causes more severe root rot and more negative impact on growth and yield of field pea and whether the pin nematode plays an

important role in the root rot disease complex. This information is important to help growers perform risk assessment and make proper management decisions for controlling the root rot disease to increase field pea yield and improve the production of field pea.

PULSE GRAIN BIOPROCESSING FOR ENHANCED NUTRITIONAL PROFILES AND FUNCTIONAL PROPERTIES

NDSU

Bincan Chen, Fargo

Project Budget: \$193,332

North Dakota State University will develop a green and tunable bioprocess by combining microbial (*Aspergillus oryzae* and *Lactobacillus plantarum*) and/or enzymatic conversion to enhance the nutritional and functional properties of pulses. The aim of this project is to tackle the nutritional, sensory, and physicochemical challenges currently faced by using pulse grains (yellow pea, lentil, and chickpea) as functional ingredients in food systems. The release of essential amino acids, soluble proteins, and bioactive compounds by *A. oryzae*-secreted hydrolases will be assessed. The degradation of anti-nutritional factors by *L. plantarum* will be evaluated. The synthesis of secondary metabolites particularly aroma and flavor compounds, and the production of “bitter-blocker” compounds by the microorganisms will be determined. Remedy strategies of applying extra commercial enzymes will be developed if the microbial bioprocessing is insufficient. This research will also evaluate the physicochemical properties (i.e. solubility, gelation, foaming, and emulsification) of flours and proteins extracted from bioprocessed pulse grains. The mathematic model will be simulated to optimize the bioprocess and the parameters will be recommended for application in real practices. Performing this research will generate

valuable information to promote the utilization of pulse grains in the food industry, as well as assisting in raising consumer’s awareness of pulse consumption. The accomplishment of this project will in return increase the profitability and competitiveness of ND pulse growers and promote a healthy local food system. The research findings will be shared with diverse audiences including pulse growers, processors, consumers, industrial professionals through web pages, workshops, publications, and conferences, etc.



Remote-controlled drip irrigation project on the NDSU campus

UTILIZING REMOTE-CONTROLLED IRRIGATION FOR HIGH TUNNEL TOMATO AND PEPPER PRODUCTIONS IN ND

NDSU

Xinhua Jia, Fargo

Project Budget: \$122,808

The North Dakota State University (NDSU) if awarded a grant will establish a contractual relationship with the State Department of

Agriculture to lead and execute the vegetable irrigation project. Under a previous specialty crop block grant, NDSU Department of Plant Sciences (PS) and Williston Research Extension Center showed that high tunnels can be used to effectively modify the environment and greatly enhance the growth of warm season high tunnel crops, such as tomatoes, peppers, and cucumbers. Another grant by NDSU Department of Agricultural and Biosystems Engineering (ABEN) showed that tomato and watermelon can be automatically managed by drip irrigation. Combining the findings from the two previous projects, this new project will manage the high tunnel vegetable production via remote-controlled drip irrigation, in contrast to the traditional time-based irrigation, 1-2 times per week depending on plant visible cues or expected hot, dry days. The emphasis is to optimize water usage for the greatest yields and fruit quality of tomato and pepper inside and outside a high tunnel. This project will enhance the competitiveness of tomato and pepper productions through greater capacity of sustainable practices resulting in increased yield, reduced inputs, increased efficiency, increased economic return, and/or conservation of resources. With the continuation of the NDSU High Tunnel Community of Practice listserv, we will be able to address grower questions and quickly disseminated results to stakeholders; and with grower meetings and field days we will be able to reach new and potential stakeholders.

DIGGING DEEPER IN POTATOES BY DEVELOPING AN ELECTRONIC POTATO PRODUCTION BOOK

NDSU

Andrew Robinson, Fargo

Project Budget: \$246,540

North Dakota State University Extension Potato Agronomy program will develop an electronic

potato production book complete with photo galleries, videos, research data and other information that will assist potato growers in making quick, critical management decisions. The electronic book will be accessible online with a computer or smart phone. We expect potato growers to be able make more accurate and quicker decisions that will enable them to improve production and profitability. The book will include information on production practices from planting to growing the crop and storage of the potato tubers. We will develop the text, organize previous taken pictures (2D), create 360-degree photos, record educational videos, provide links to previous research articles and Extension articles for specific topics in the book. This will allow potato growers to be able to dig as deep as they desire in a subject and gain the knowledge they need and not have to questionably search the internet. Once this framework is built for the electronic book, we will be able to continue to build upon it with more pictures, videos, and links to articles on specific topics.

FILLING THE PITS CAUSED BY POTATO COMMON SCAB IN NORTH DAKOTA

NDSU

Julie Pasche, Fargo

Project Budget: \$223,000

North Dakota State University plant pathologists and extension professionals will partner with a potato common scab expert from USDA-ARS to improve the management of this disease in North Dakota in both the near- and far-term. We will begin by characterizing the North Dakota pathogen population. Understanding the local pathogen population is the first critical step in the development of management strategies. While collecting diseased tubers from grower fields across the state to recover the pathogen, we will rate disease severity and collect soil. This will



Potato scab

allow us to determine if any relationship exists between the soil characteristics and disease severity. Using pathogenic *Streptomyces* isolates collected from North Dakota, we will evaluate resistance in cultivars commonly grown in North Dakota. In addition, we will evaluate 2,4-D for the management of common scab. This tool has shown some promise, but varying results have been observed across trials. Again, performing these evaluations under our local growing conditions will help us develop answers for local growers. Finally, we will report results from these evaluations to growers so that they can begin using any management strategies we find promising during this work.

PROVIDING FARMERS WITH RESOURCES TO HELP THEIR CUSTOMERS INCREASE CONSUMPTION OF SPECIALTY CROPS

North Dakota Department of Agriculture
Colby Lysne, Bismarck

Project Budget: \$365,380.40

The North Dakota Department of Agriculture (NDDA) will create a series of web episodes that show how to cook and preserve specialty crops. The NDDA will create materials targeted to consumers to increase the consumption of specialty crops. The episodes and corresponding recipes will be made available to specialty crop producers.

NEW TECHNOLOGY TO FIGHT AN OLD FOE: CHARACTERIZING RESISTANCE TO POTATO POWDERY SCAB

NDSU

Asunta Thompson, Fargo

Project Budget: \$201,619

North Dakota State University potato breeder and plant pathologist, alongside the University of Minnesota potato breeder will improve our understanding of the genetics of resistance to powdery scab of potatoes, with the ultimate goal of developing cultivars resistant to this increasingly important and management-evading pathogen. We propose here to identify powdery scab resistant lines in the North Dakota breeding program. With that, we will identify genes for pathogen resistance for which markers will be developed. These markers will increase the efficiency in selecting for resistance and ultimately speed the breeding process. To do this, we will utilize new sequencing technology proven to be successful in identifying resistance to potato late blight. Stakeholder input and feedback will be used as a valuable resource in conducting these studies.

MARKETING NDSU SELECT TREES AND TREE VALUE EDUCATION

NDSU

Todd West, Fargo

Project Budget: \$72,205

Project Partner: North Dakota State University
Several non-commercial release programs have marketing programs to educate the value of the sections for the specific climate and conditions. One such program is Chicagoland Grows; they feature plants that are suited for Chicago planting. I would like to do something similar with the NDSU program called NDSU Select or ND Select which has a dedicated website with detailed information on each release, pictures, and use. There would be labels, point of sale signs, and other materials available for download for any entity that would like to showcase that the specific plant is a NDSU Select plant. Utilizing a marketing program will be evaluated with ND retail garden center/nurseries. This would help with sales across the state and increase revenues. The other part of the proposal is to develop a database/website that has labels and brochures for non-NDSU materials stating what the tree is, the benefits it provides and the value of the tree. Starting in 2017, Minneapolis Dept of City Forestry began placing durable tree labels on newly planted trees. These labels had information on the tree species, what benefits it provides and the value of the tree. This helped with public awareness of the importance of trees and their value. This project proposes the development of an informational website and tree labels to be utilized in community plantings. Both of these marketing/educational opportunities would be positive for the NDNGLA and NDUCEFA associations and help with increasing sales and public awareness.

MANAGING SCLEROTINIA HEAD ROT IN CONFECTION SUNFLOWERS WITH BEE-VECTORED CLONOSTACHYS ROSEA AND PARTIALLY RESISTANT HYBRIDS

NDSU

Michael Wunsch, Carrington

Project Budget: \$118,483

The North Dakota State University Carrington Research Extension Center, in cooperation with the NDSU Langdon Research Extension Center, will conduct multi-location field trials and outreach to North Dakota and Minnesota sunflower producers to improve the management



A sunflower with head rot being studied at the NDSU Carrington Research Extension Center

of Sclerotinia head rot of confection sunflowers, a sporadic but serious disease for which no management tools are currently available. Field trials will be established to develop rigorous recommendations for the combined deployment of partially resistant hybrids and a novel disease management strategy that has conferred consistent, strong reductions in head rot. In field trials conducted in Carrington and Oakes, the

least susceptible confection hybrid had 30 to 89% lower incidence of Sclerotinia head rot than the most susceptible hybrids under moderate to severe head rot pressure. In field trials conducted in Langdon and Carrington in 2016-2020, the use of bees to inoculate sunflower heads with strain CR7 of the fungal biological control agent *Clonostachys rosea* conferred 13 to 60 percent reductions in Sclerotinia head rot under moderate to severe disease pressure. This proposal seeks to integrate these management strategies, to determine the spatial distribution of bee hives required to achieve satisfactory control of head rot by quantifying the distance away from bee hives that satisfactory disease control is achieved, and to generate additional data on the relative susceptibility of confection hybrids. The project will contribute to the development of rigorous head rot management recommendations for confection sunflowers. Results will be disseminated at outreach meetings, in trade publications, and with reports published online.

**SPECIALTY FRUITS AND VEGETABLES:
INCREASING KNOWLEDGE, SKILLS AND
CONSUMPTION AMONG YOUTH AND ADULTS**
NDSU

Julie Garden-Robinson, Fargo

Project Budget: \$81,464

North Dakota State University Extension specialists, faculty and staff from at least 25 counties and external partners will enhance knowledge and safe food handling of specialty fruit and vegetable crops from field to fork. This project addresses three key priorities of the North Dakota Department of Agriculture related to enhancing the competitiveness of specialty crops: 1) enhancing food safety, 2) improving the capacity of all entities in the specialty crop distribution chain to comply with FSMA, etc. and 3) increasing child and adult nutrition knowledge and consumption of specialty crops. The project

will create new educational materials related to specialty fruits and vegetables grown in North Dakota targeting both youth and adults. Through the development of materials such as online modules, fact sheets, information releases, presentations, participants will increase their knowledge of specialty crop use. As a result of partnerships with NDSU and Iowa State University faculty and specialists, farmers markets and growers, the project will offer face-to-face workshops, webinars and online module-based training for growers, small food businesses, including topics such as Good Agricultural Practices, FDA acidified food regulations and topics including agricultural water, biological soil amendments, domesticated and wild animals, and worker health and hygiene. The project will increase knowledge and consumption of North Dakota specialty crops through the offering of education for children in 4-H programs and schools, including school gardens, related to North Dakota specialty crops. Knowledge gained and behavior changes will be evaluated through the use of pre/post surveys.

**PREDICTING POTATO GROWTH IN THE RED
RIVER VALLEY**

NDSU

Andrew Robinson, Fargo

Project Budget: \$122,384

North Dakota State University will develop potato bulking models and a calculator to help potato growers determine the best time to desiccate vines in preparation for harvest. For decades, chip, fresh and seed potato growers in the Red River Valley have dug multiple 10 feet of row staring about a month or more before harvest to determine when the correct time is to desiccate potato vines. With a predictive model, potato growers could increase returns by saving time to dig and size potato tubers, increase yield by not removing so many tubers from the field

and preserve other plants by not damaging them to walk into the field. We plan to develop predictive models utilizing historical data that will be provided by many potato growers and utilize the North Dakota Agriculture Weather Network history weather data. As a result, we will develop an online model or models (depending on variety or weather conditions) that will utilize information provided by the grower to determine the most likely bulking development of tubers. The objectives of this study are to 1) develop bulking rate models for seed, chip, and fresh potato historical data, 2) create an online model or models that stakeholders can utilize to determine the most likely bulking rate for each field every year, and 3) disseminate this information and train stakeholders at field days, grower meetings, the Valley Potato Grower magazine and on the NDSU/UMN Potato Extension webpage (z.umn.edu/spud).

NEW SLOW DARKENING BEAN SPECIALTY MARKET CLASSES FOR IMPROVED SEED QUALITY AND MARKET EXPANSION

NDSU

Phil McClean, Fargo

Project Budget: \$58,828

The North Dakota State University (NDSU) dry bean breeding program successfully developed and released a slow darkening (SD) pinto variety, ND Palomino, which 1) increased the quality and reputation of North Dakota pinto beans, and 2) increased the competitiveness of ND grown beans in both national and international markets. Today, ~35% of the pinto acreage in the state is grown with SD pinto varieties. We propose to extend to introduce the SD trait into cranberry, pink, and light red kidney market classes that are also prone to darkening issues. Attempts to transfer the SD trait into these market classes were unsuccessful. Recent collaborations between the NDSU genomics (McClean) and

breeding (Osorno) programs have now defined the genes and implemented the molecular tools necessary to successfully transfer the SD trait. These molecular tools allow us to: i) accurately select appropriate parents for crosses; and ii) track the SD allele during the breeding and selection process. These breeding efforts have just begun, and early generation breeding lines have been developed. This project will allow us to continue the breeding efforts. After the 2-year duration of this project, we anticipate promising SD breeding lines within these market classes will be undergoing early generation field testing for agronomic performance and future release as improved SD varieties.

MANAGING SILVER SCURF BLEMISH FOR IMPROVED MARKETABILITY OF TABLE POTATOES

NDSU

Gary Secor, Fargo

Project Budget: \$152,437

Researchers in the Department of Plant Pathology and the Plant Sciences Department at North Dakota State University will conduct research to manage silver scurf blemish disease of red and yellow table potatoes. This will be accomplished by identifying selections from the NDSU potato breeding program with genetic resistance to silver scurf and by testing efficacy of chemical and biological compounds applied as seed treatments and in-furrow treatments at planting. Results of this research will result in improved marketability and profitability for growers due to fewer buyer rejections due to blemishes. Results will be disseminated to growers, potato packers and other stakeholders through meetings, field days and media.

DETECTION OF VIRULIFEROUS STUBBY ROOT NEMATODES IN FIELDS FOR FIELDS FOR MANAGING CORKY RINGSPOT DISEASE OF POTATO

NDSU

Guiping Yan, Fargo

Project Budget: \$169,892

The Department of Plant Pathology at North Dakota State University will develop a new real-time PCR assay to detect Tobacco rattle virus (TRV) vectored by stubby root nematodes in infested potato fields, improve the conventional PCR assay to identify TRV in single viruliferous stubby root nematodes, establish a biological system to increase viruliferous nematode populations and then eliminate TRV from the viruliferous nematodes, and apply the PCR assays to test soil samples collected from various fields in North Dakota to validate the assays and determine the viruliferous field stubby root nematode populations. This proposed research will provide useful tools for detecting the virus in stubby root nematodes, manipulating viruliferous and nonviruliferous nematode populations, and identifying fields with or without viruliferous nematodes. This information is important for conducting disease risk assessment and developing an effective field management strategy to control the virus and nematode in potato fields to reduce the losses.

GREEN FOXTAIL SCREENING FOR HERBICIDE RESISTANCE AND TANK MIX ANTAGONISM

NDSU

Brian Jenks, Minot

Project Budget: \$66,611

Green foxtail is an annual grass weed that reduces crop yields if not controlled and is known to be resistant to some herbicides. North Dakota State University will screen green foxtail



Brian Jenks explains the green foxtail screening for herbicide resistance project

populations collected from across the state for resistance to commonly used herbicides in small grains and broadleaf crops. In addition, NDSU will evaluate various grass plus broadleaf herbicide tank mixes to determine if one product is reducing the effectiveness of another product (antagonism). The project will help us understand where herbicide resistance is developing and will help determine if tank mix antagonism is another reason green foxtail is not being controlled.

UTILIZING CATERPILLAR TUNNELS TO INCREASE PRODUCTIVITY OF WARM-SEASON VEGETABLES AND SMALL FRUITS

NDSU

Harlene Hatterman-Valenti, Fargo

Project Budget: \$106,469

High tunnels effectively extend the growing season, especially in ND where late spring frosts and early fall freezes shorten the growing season. Unfortunately, most high tunnels constructed in ND consist of a single layer of

plastic, which provides poor insulation when drastic temperature changes occur and may tear under windy conditions when compared to double-poly high tunnels. Recent introduction of a smaller and more portable tunnel called a caterpillar tunnel offers similar season extension as a single-poly high tunnel, but for a fraction of the cost. The caterpillar tunnels also come in similar shapes as high tunnels (gothic-arch and half-circle), which need to be tested for ability to withstand the high winds typical for ND. North Dakota State University if awarded this grant will establish an agreement relationship with the State Department of Agriculture to lead and execute the project to utilize low-tech portable caterpillar tunnels to increase productivity of warm-season vegetables and small fruits. NDSU will evaluate the use of caterpillar tunnels for the productivity of two vegetables and two small fruits. The testing strategies will include both shapes to examine environmental differences as well as production differences for local market vegetables and small fruit genotypes. Both vegetables and small fruit that have ripening issues from the short growing season and lower average air temperatures that are typical in North Dakota have been selected for testing. Results will provide weather alteration information that should optimize growth potential of all species tested and may influence winter injury for the perennial small fruit species tested. Critical results will be disseminated through field days, meetings, media, and publications. In addition, a tunnel listserv will be developed to help disseminate results, to address problems/issues that arise, and to initiate dialogue between tunnel growers.

OPTIMIZING FUNGICIDE SPRAY DROPLET SIZE FOR IMPROVED WHITE MOLD MANAGEMENT IN DRY BEANS

NDSU
Michael Wunsch, Carrington

Project Budget: \$116,932

The NDSU Carrington Research Extension Center, in collaboration with the NDSU Robert Titus Research Farm in Oakes, will conduct field research to optimize the delivery of fungicides for improved management of white mold in dry beans and will conduct outreach to North Dakota and Minnesota dry bean producers. White mold develops in the interior of the canopy, and fungicide activity is optimized when spray droplets are large enough to have the velocity to penetrate the canopy but still small enough to confer satisfactory coverage. In field testing conducted with fungicides applied at early bloom and 10-14 days later, fine droplets optimized white mold management in pinto, black and navy beans when the canopy was open at the second fungicide application, and medium to coarse droplets were optimal when the canopy was at or near closure at the second fungicide application. In kidney beans, the optimal droplet size differed by market class: coarse droplets (light-red kidneys) and medium to coarse (dark-red kidneys). In these studies, the same droplet size was utilized in both fungicide applications. Dry bean canopy closure and density increase significantly in the 10-14 days between sequential fungicide applications targeting white mold, and this project seeks to quantify the additional gains from spray droplet size that can be realized by calibrating droplet size relative to canopy characteristics at each application. Testing will be conducted on irrigated pinto, kidney, navy, and black beans. Results will be disseminated at grower meetings, posted online, and published in trade magazines and academic journals.

BIODEGRADABLE MULCHES FOR ENVIRONMENTALLY RESPONSIBLE PEST MANAGEMENT IN FRUIT AND VEGETABLE CROPS

NDSU
Greta Gramig, Fargo

Project Budget: \$99,483

North Dakota State University will investigate how cellulose-based biodegradable soil-applied mulches, as replacements for widely used plastic or polyethylene mulches, can suppress multiple pests (weeds and insects) in horticultural specialty crop production systems using the transplanted model crops, strawberry and cabbage. The technologies developed by the proposed project are aimed at increasing weed suppression and decreasing insect pest pressure by disrupting pest biology and increasing beneficial natural enemies. These technologies have the potential to improve environmental sustainability and profitability of North Dakota fruit and vegetable production systems. NDSU will disseminate results to stakeholders via grower events (e.g., webinars) and publications (e.g., popular press and scientific articles).

FIELD PEA GENE EXPRESSION RESPONSE TO SALT-AFFECTED SOILS

NDSU
Michael Ostlie, Carrington

Project Budget: \$184,047

The North Dakota State University Carrington Research Extension Center and Plant Sciences Department will investigate field pea response to increasing salt concentrations. The resulting gene expression profile will be used in the selection of parents for future crosses to achieve greater salt tolerance in field peas.

EVALUATING MAPLE CUTTING PROPAGATION TO ELIMINATE GRAFTING ISSUES

NDSU
Todd West, Fargo

Project Budget: \$68,374

Project Partner: North Dakota State University
The North Dakota State University Woody Plant Improvement Program will evaluate cutting propagation methods for Korean maple (*Acer*



A graft on a tree

pseudosieboldianum) and hybrids, Miyabe maple (*Acer miyabei*), Norway maple (*Acer platanoides*), Purpleblow maple hybrids (*Acer platanoides* x *Acer truncatum*) and trifoliolate maples (*Acer griseum*, paperbark maple; *Acer mandshuricum*, Manchurian maple; *Acer triflorum*, threeflower maple). This project will focus on best management practices for developing propagation methods utilizing vegetative cuttings to eliminate the need for grafting. Currently, maples are grafted onto seedling rootstocks which is less desirable because of delayed decline and failure as a result of grafting incompatibility or lack of rootstock winter hardiness. Focusing on propagation of these species, will increase availability as well as ensure long-term survival with removing problematic issues relating to grafting. Developing clonal propagation methods will also increase diversity within North Dakota landscapes. Increasing

production numbers of these species will provide increased revenues for North Dakota commercial wholesale and retail nurseries/garden centers. Results will be disseminated to specialty crop beneficiaries through conference presentations, website publications and field days.

AUTOMATED IRRIGATION FOR COMMERCIAL PRODUCTION OF WATERMELON, SQUASH, AND MUSKMELON CULTIVARS IN OAKES

NDSU
Xinhua Jia, Fargo

Project Budget: \$104,301

The Department of Agricultural and Biosystems Engineering (ABEN) and Department of Plant Sciences (PS) at North Dakota State University (NDSU) will work with the Oakes Irrigation Research Site (Oakes) to use an automated irrigation system for commercial production of watermelon, squash, and muskmelon near Oakes, ND. A previous project by ABEN demonstrated that clear plastic mulch and drip irrigation produced a higher yield and sugar content for watermelon on a Red River Valley clay soil in Fargo. This new project will add a remote access to the controller so that one can access the controller anywhere and anytime. The irrigation will be managed in four ways, time-based with rain click, 10% management allowable depletion (MAD), 30% MAD, and 60% MAD. The water use efficiency will be estimated for watermelon, squash, and muskmelon in all four irrigation treatments. This research will use the advanced technology to conserve water and reduce environmental impact on weed control. It will also guide the ND farmers to commercially grow the fruits with the highest yield and quality, but with less environmental impact, which is the definition for sustainability. With many melon and squash farmers in the Oakes area and their irrigation traditions, this project will have an immediate impact to the society. Through field

days, local farmers' market, irrigation workshops, and professional conferences, our team will disseminate our project results to stakeholders.

EVALUATING THE FEASIBILITY OF GROWING AND CULTIVATING GUAR AND BLACK GRAM IN NORTH DAKOTA

NDSU
Gautam Prasad Pradhan, Williston

Project Budget: \$97,002

The North Dakota State University will conduct research on the feasibility of growing and cultivating guar (*Cyamopsis tetragonoloba* L.) and black gram (*Vigna mungo* L.) to provide growers new specialty/legume crops that promote agricultural sustainability through increased crop diversification and farm income. Thirty exotic germplasms of guar and black gram that showed adaptation under greenhouse system will be tested under dryland and irrigated field conditions. Feasibility of growing these crops under various conditions will be determined by analyzing data on growth, plant health, yield, and disease incidence. The project activities and outcomes will be disseminated to the stakeholders through presentations at field days, local and regional growers and extension agents' meetings, and national conferences, and by publishing in electronic and paper formats.

INTEGRATED IMPROVEMENT PROCESS OF COLD-HARDY GRAPES; FROM BREEDING, PRODUCTION, TO SENSORY ANALYSIS

NDSU
Harlene Hatterman-Valenti, Fargo

Project Budget: \$166,177

North Dakota State University if awarded this grant will establish an agreement relationship with the State Department of Agriculture



Valiant grapes at the NDSU Carrington Research Extension Center

to lead and execute the project to identify grapevines with superior phenolic profiles and examine antioxidant, phenolic, and colorimetric characteristics of seedlings within a breeding population. Grapevines from distinct genotypic backgrounds with unique phenolic profiles form the bulk of lines for cold-hardy wine grape germplasm enhancement. By examining phenolic constituents and colorimetric properties, this research will work towards the identification of grapevine genotypes (parents) with marketable juice and wine color, combined with preferable phenolic profiles that will lead to more stable shelf-life of end-use processed grape products. This research will be shared with grower stakeholders through field days, electronic summaries, and annual meetings; it will be made available through subsequent publications.

**EVALUATING BLACK CURRANTS,
CANTALOUPE, AND HASKAPS FOR FRUIT
COMPOSITION AND SUPERIOR HEALTH
ATTRIBUTES IN ND**

NDSU

Harlene Hatterman-Valenti, Fargo

Project Budget: \$124,857

NDSU Agriculture Experiment Main Station will establish an agreement relationship with the State Department of Agriculture to lead and execute the project to evaluate blackcurrant (*Ribes nigrum*), cantaloupe (*Cucumis melo*) and haskaps (*Lonicera caerulea*) cultivars for fruit yield and quality, fruit composition, and health attributes. Numerous local foods producers in North Dakota wonder what fruit they can grow profitably. Black currants and haskaps are extremely cold-hardy small fruits that have been publicized as super fruits due to their exceptional health benefits. Cantaloupe is an annual vine crop, which has a low concentration of polyphenols, but because of the higher volume consumed, the total amount of polyphenols contributed the average daily diet provides substantial nutrient benefit. In addition, the nutrient diversity of cantaloupe ranks it equal to raspberries and above strawberries and blueberries in the food rating system. Examination of fruit cultivar productivity, quality, and phytonutrient concentrations will help growers select a productive and phytonutrient superior cultivar for ND conditions. Such value-added blackcurrant, cantaloupe, and haskap cultivars will immensely help growers by enhancing the competitiveness of specialty crops through increased sales, increased consumption, and subsequently ensuring higher economic returns to the specialty crop growers of ND. Fruit yield, quality, and phytonutrient composition results will be disseminated to specialty stakeholders through field day presentations and public field tours, local specialty grower meetings and regional conference gatherings.

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SPECIALTY CROP BLOCK GRANT PROGRAM

FISCAL YEAR 2022 AWARDED PROJECTS



Agriculture Commissioner
Doug Goehring

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A Letter from the Commissioner

Greetings,

The North Dakota Department of Agriculture is pleased to support the specialty crop industry in the state through specialty crop block grants.

The USDA defines specialty crops as “fruits and vegetables, tree nuts, dried fruits, horticulture and nursery crops.” Specialty crops grown commercially in North Dakota include dry beans, dry peas, lentils, potatoes, confection sunflowers, grapes, honey and various vegetables.

Projects that enhance the competitiveness of specialty crops in ND are eligible for these grants.

Eligible applications include enhancing food safety; pest and disease control; developing new and improved seed varieties and specialty crops; and increasing child and adult nutrition knowledge and consumption of specialty crops. Projects that directly benefit specific, commercial products or profit a single organization, institution or individual are not eligible.

North Dakota receives funds based on a grant allocation formula that is based on the average of specialty crop cash receipts and specialty crop acreage in the state.

The North Dakota Department of Agriculture has been administering the Specialty Crop Block Grant Program since 2007. Since then, we have administered a total of 256 grants and have received more than \$30 million in funding through the past 18 annual funding opportunities; and an additional 28 grants and \$4.3 million in additional one-time funding through H.R. 133, the Consolidated Appropriations Act of 2020.

We encourage organizations, institutions and individuals to submit proposals on their own or in partnerships during open application periods. Questions may be directed to Deanna Gierszewski at 701-328-2191 or scbg@nd.gov.

Thank you for your interest in specialty crop block grants.

Sincerely,



Doug Goehring
Agriculture Commissioner



Agriculture
Commissioner
DOUG GOEHRING

ABOUT PROGRAM

The purpose of the Specialty Crop Block Grant Program (SCBGP) is to enhance the competitiveness of specialty crops. Specialty crops are defined as “fruits, vegetables, tree nuts, dried fruits, horticulture, and nursery crops (including floriculture).”

The Food, Conservation, and Energy Act of 2008 (Farm Bill) amended the Specialty Crops Competitiveness Act of 2004. Under the amended Act, the Secretary of Agriculture is directed to make grants to states for each of the fiscal years 2008 through 2012 to be used by state departments of agriculture to enhance the competitiveness of specialty crops. The American Taxpayer Relief Act of 2012 provided funding for fiscal year 2013, section 10010 of the Agricultural Act of 2014 provided funding for fiscal years 2014 through 2018 and section 10107 of the Agriculture Improvement Act of 2018 will provide funding for fiscal years 2019 through 2023.

To be eligible for a grant, the project(s) must “enhance the competitiveness of U.S. or U.S. territory grown specialty crops in either domestic or foreign markets.” Projects must also benefit more than one commercial product (e.g., ABC Company brand), organization, or individual.

Examples of enhancing the competitiveness of specialty crops include, but are not limited to: research, promotion, marketing, nutrition, trade enhancement, food safety, food security, plant health programs, education, increased consumption, increased innovation, improved efficiency and reduced costs of distribution systems and environmental concerns and conservation.

Grant funds are not awarded to projects that solely benefit a specific commercial product. It will not benefit products that provide a profit to a single organization, institution, or individual. Grant funds cannot be put toward capital expenditures (equipment, buildings, land). They also may not

be used to make improvements to capital assets that materially increase their value or useful life. Each project funded through the Specialty Crop Block Grant Program will be carried out over a two-year timeframe. The Specialty Crop Block Grant Program is funded through the United States Department of Agriculture’s Agricultural Marketing Service.

Number of Grants Awarded to the North Dakota Department of Agriculture: 1
Number of Sub-Awarded Projects: 21
Amount of Funds Awarded: \$3,309,650.39

These following funding breakdowns are for annual funding:

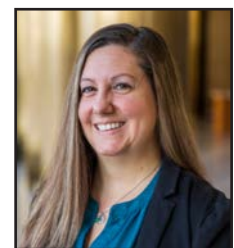
2022 Farm Bill funding (fiscal year 22-25):	
21 Projects	\$3,049,728.84
Direct	\$152,057.00
Indirect	<u>\$107,864.55</u>
Total	\$3,309,650.39

For more information, please visit the program’s website at <https://www.nd.gov/ndda/scbgp>.

SCBGP STAFF



KARA HAFF
Ag Marketing &
Business Development
Coordinator



DEANNA GIERSZEWSKI
Grant Administrator

2022 FARM BILL FUNDING



Research being done at the National Agricultural Genotyping Center

SUPPORTING SEED POTATO EXPORTS TO CANADA

North Dakota Department of Agriculture
Charles Elhard, Fargo

Project Budget: \$79,925

The North Dakota Department of Agriculture (NDDA) will support exports of seed potatoes grown in North Dakota to Canada by conducting a survey of Potato Cyst Nematodes or PCN (*Globodera pallida* and *G. rostochiensis*). A survey showing field specific negative results for PCN is required for shipments of seed potatoes into Canada. Results will be disseminated to participating potato growers. NDDA will partner with North Dakota State Seed Department (NDSSD) to complete this project.

INCREASING THE AVAILABILITY OF SSR GENOTYPING FOR VARIETY IDENTIFICATION IN CHICKPEA AND FIELD PEA

National Agricultural Genotyping Center
Zachary Bateson, Fargo

Project Budget: \$322,497

The National Agricultural Genotyping Center will develop two genotyping panels for variety identification in chickpea and field pea for the seed industry. Certification of field peas in North Dakota requires variety confirmation by genotyping, but upgrades to the existing diagnostic technology are needed to increase the efficiency and accuracy of variety identification.

HIGH-THROUGHPUT SCREENING FOR THE GENETIC MARKERS OF AFRICANIZED HONEYBEE COLONIES

National Agricultural Genotyping Center
Zachary Bateson, Fargo

Project Budget: \$118,426

The National Agricultural Genotyping Center (NAGC) will develop a high-throughput genetic test to survey colonies for a common marker associated with Africanized honeybees (AHB). The test will help apiary inspectors and beekeepers identify AHB and limit the further spread of aggressive colonies and AHB traits associated with reduced honey production.

INTERNATIONAL EXPORT EXPANSION OF ND SPECIALTY CROPS

North Dakota Trade Office
Amanda Nordick, Fargo

Project Budget: \$307,706

The North Dakota Trade Office (NDTO) seeks to increase the market share of North Dakota specialty crops by strategically expanding internationally. We plan to do this by providing up to six North Dakota companies the opportunity to exhibit at SIAL Paris, France, in 2022; Increasing the exposure of pulse crops for up to four North Dakota companies to the Middle East and North African Region by exhibiting at Gulfood 2023 in Dubai; United Arab Emirates; and executing an NDTO lead trade mission to India based on the market research to a promising region where up to five companies will meet with prescreened buyers and develop relationships for lasting success.

SCREENING FOR PEA ROOT ROT DISEASE RESISTANCE IN NEWLY-DEVELOPED NDSU BREEDING LINES AND GERmplasm

NDSU
Audrey Kalil, Williston

Project Budget: \$84,438

North Dakota State University Williston Research Extension Center will maintain *Aphanomyces* and *Fusarium* root rot breeding nurseries by infesting the soil with pathogen inoculum and growing susceptible host crops and screen North Dakota State University pea breeding lines for resistance to *Fusarium* and *Aphanomyces* root rot. Maintaining these nurseries will serve as a resource to the pulse breeding community for many years to come and screening NDSU breeding lines will aid in the development of root rot resistant varieties adapted to the North Dakota growing region.

NORTH DAKOTA SPECIALTY CROP EDUCATION SERIES

North Dakota Department of Agriculture
Kristine Kostuck, Bismarck

Project Budget: \$73,625.84

The North Dakota Department of Agriculture (NDDA) will offer a series of workshops around the state to educate producers in growing, preparing, marketing, and selling specialty crops. At the conclusion of these events, attendees will have gained knowledge about food safety and will learn new business practices to improve specialty crop production and distribution.



The North Dakota Department of Agriculture presents a seed-growing activity at a local farmers market

PROJECT SPOTLIGHT: POTATO



Russet skin potatoes from the variety trials

The North Dakota Department of Agriculture has long supported potato research through the Specialty Crop Block Grant Program. Here are a few interesting projects on potato that have been done in past years:

Potato Blight App

Potato blight is a devastating disease, so researchers at North Dakota State University (NDSU) developed an app for a potato blight model. The app allows North Dakota growers to put in their individual field locations and uses the nearest weather data from the North Dakota Agriculture Weather Network (NDAWN) to help predict when conditions are right for late and early blight. The app takes into account the temperature, humidity and other factors. Growers get notifications on their phone when severity levels are close to threshold and allow them to apply the appropriate protection at the right time, helping to decrease pesticide use, improve prevention and control of blight and make the best management decisions. There are approximately 200 potato growers in state and the app has been downloaded at least 400 times.

Yellow Potato Variety Trials

Demand has been increasing for yellow potatoes due to their good flavor. NDSU conducted variety trials on 30-40 varieties of yellow potatoes to find some that grow well in the Red River Valley, store well and pack well to help growers know where to place their money. Some examples of favorable varieties include: Melody, Musica, Paroli, Actrice and Columba.

Russet Potato Variety Trials

NDSU looked at russet skin potato varieties that fit our North Dakota environment better, use less nitrogen and are more sustainable from an environmental aspect as consumers demand these qualities and growers can spend less on inputs.

IMPROVING MANAGEMENT OF TWO IMPORTANT FOLIAR LEAF SPOTTING DISEASES OF POTATOES

NDSU

Julie Pasche, Fargo

Project Budget: \$197,715

Plant pathologists from North Dakota State University will conduct research to improve management recommendations for early blight and brown leaf spot of potato caused by *Alternaria* pathogens. Results from pathogen aggressiveness trials, fungicide efficacy evaluations and pathogen sequencing will increase our understanding of the brown leaf spot pathogen complex including the levels of SDHI fungicide resistance.

DEFINING VERTICILLIUM ON TUBERS WITH IMAGE ANALYSIS DURING BULKING

NDSU

Andrew Robinson, Fargo

Project Budget: \$141,392

North Dakota State University will develop improved grower recommendations, earlier diagnosis for *Verticillium dahliae*, and increase economic return by determining bulking rate of three russet potatoes. The purpose of this study is to understand the effects of planting dates on the develop of bulking rates and to define *V. dahliae* accumulation of Dakota Russet, Bannock Russet and Russet Burbank utilizing traditional laboratory methods and developing a new imaging analysis.



Andrew Robinson, NDSU, in a field of potatoes during the harvest portion of variety trials.

WEED CONTROL IN DRY PEA, LENTIL, AND CHICKPEA USING FALL COVER CROP AND HERBICIDES

NDSU

Brian Jenks, Minot

Project Budget: \$57,311

North Dakota State University will evaluate using a winter rye (*Secale cereale*) cover crop combined with fall-applied herbicides to control winter annual weeds and early spring-emerging weeds like kochia and Russian thistle. The project goal is to utilize the competitive shading ability of winter rye combined with fall-applied herbicides to reduce the density and size of weeds that compete with pulse crops.

IDENTIFYING DRY BEAN GERMLASM AND GENOMIC REGIONS WITH RESISTANCE TO NEW SOYBEAN CYST NEMATODE POPULATIONS

NDSU
Guiping Yan, Fargo

Project Budget: \$126,062

The Department of Plant Pathology at North Dakota State University (NDSU) will evaluate 250 dry bean cultivars, germplasm, and breeding lines for their resistance to the new virulent soybean cyst nematode (SCN) populations HG type 2.5.7 and HG type 1.2.5.7 detected in North Dakota and perform a genome wide association study (GWAS) for identifying genomic regions and genes associated with resistance to SCN in dry bean in cooperation with the Dry Bean Breeding Program at NDSU.

STRATEGIC MANAGEMENT OF DRY BEAN RUST: PATHOGEN SURVEILLANCE, HOST GENETICS, AND ECONOMICS OF RESISTANCE

NDSU
Upinder Gill, Fargo

Project Budget: \$192,347

North Dakota State University researchers propose a multifaceted rust management strategy that includes rust surveillance, evaluation of genetic resistance, and determination of the economic impact of that resistance when used by growers. Surveillance activities will involve identifying and characterizing rust races in North Dakota using traditional and genomics approaches. The newly released rust-resistant bean cultivars and new breeding lines from the NDSU dry bean breeding program will be screened against those pathogen races to determine the efficacy of genetic resistance and identify potential threats of resistance breakdown.

IDENTIFYING DRY BEANS AND RHIZOBIA THAT CAN WITHSTAND SOIL SALINITY AND WATERLOGGING

NDSU
Thomas DeSutter, Fargo

Project Budget: \$160,380

North Dakota State University aims to improve cultivar selection of dry beans for waterlogged and saline soil conditions, and to also determine how these conditions influence efficiency of BNF. The goals of this project will be accomplished by conducting waterlogging and salinity tolerance field and greenhouse experiments to isolate conditions, dry bean cultivars and breeding lines, to assess inoperable conditions for existing inoculum and to identify rhizobia within the nodules of bean plants growing under these two soil conditions and evaluate their potential for development as salinity and flooding-tolerant inoculants.



Bean research being conducted at NDSU Carrington Research Extension Center

PROJECT SPOTLIGHT: COMPOST



The DCB greenhouse manager prepares compost tea

Maintaining and improving soil health is important, but research has been limited on specialty cropping systems. Dakota College at Bottineau's (DCB) goal for the project was to research and demonstrate innovative and sustainable composting methods using biochar and wood chip from forestry waste as well as compost tea to improve specialty crop yield and enhance soil health with minimal chemical input.

Compost bays were created to test the different types of compost and composting techniques were disseminated and demonstrated to producers during two field days. After the field days, one producer was inspired to try a new technique not covered in the session which involved composting inside a high tunnel during the winter months to keep the compost active nearly year round.

Results of the composting were that biochar charged with compost tea resulted in less production than other composts. It is believed that biochar acts like a nutrient sponge and soaks and holds nutrients. DCB will continue the study to see what happens with production in biochar next year. Economical and environmental advantages to using compost were realized as DCB was able to use plant material waste from their gardens, high tunnels, greenhouse and lawns. They were also able to use food waste, mainly fruits and vegetables, as a soil nutrient. This reduced the cost of fertilizer needing to be applied to gardens and high tunnels. It also kept plant waste from going to the landfill. Overall the most significant result was to be able to utilize their own resources for improving soil health and increased plant production. Using their plant waste and materials as a resource was a good move toward sustainability.

While commercial fertilizers have high salt content, using compost and mitigating salt during the composting process reduced salt and improved soil health. After the field days, a number of producers have switched or are switching to compost. The project helped to show North Dakota small farm and specialty crop farmers how to compost effectively in their farming operations.

MOLECULAR APPROACHES TO IDENTIFY ASCOCHYTA RESISTANCE IN CHICKPEA

NDSU

Malaika Ebert, Fargo

Project Budget: \$312,883

Plant breeders and plant pathologists of North Dakota State University will work together to unravel the molecular aspects of *Ascochyta rabiei* – chickpea interaction and use this data to identify durable resistance of chickpea to the devastating disease *Ascochyta* blight.

NORTH DAKOTA GARLIC FROM FIELD TO FORK

NDSU

Julie Garden-Robinson, Fargo

Project Budget: \$86,019

North Dakota State University will establish an agreement relationship with the State Department of Agriculture to lead and execute the project that will work toward the increased

production of garlic in North Dakota and encourage consumers to use more garlic on their menus, especially to encourage vegetable and specialty crop consumption. We propose to conduct a garlic variety trial to evaluate garlic cultivars transplanted at three intervals for growth, development, yield, and quality when all other production variables remain constant.

EVALUATION OF WOODY ORNAMENTAL SHRUBS FOR NORTH DAKOTA

NDSU

Todd West, Fargo

Project Budget: \$71,635

North Dakota State University will conduct this project to provide information to growers and users (landscape companies and homeowners) for new ornamental woody shrubs for North Dakota landscapes. Increasing woody plant species for use in landscaping applications would have a significant impact on residents' specifically in North Dakota and throughout the region.

EVALUATING ARONIA FOR ORNAMENTAL AND EDIBLE USE FOR NORTH DAKOTA

NDSU

Todd West, Fargo

Project Budget: \$58,919

North Dakota State University will evaluate 21 different cultivars/unreleased accessions of Aronia and provide information to commercial small fruit growers and the North Dakota Greenhouse, Nursery and Landscape Association on cultivar use for edible and ornamental use. Recommendations will be made available through websites, newsletter articles and field day presentations.



Aronia research

FUMIGATION EFFECTS ON CARRYOVER OF HERBICIDES IN POTATO PRODUCTION

NDSU

Andrew Robinson, Fargo

Project Budget: \$132,368

North Dakota State University will determine the effects of fumigation on herbicide carryover in potato production systems. This project will determine the breakdown rate of herbicides when fumigated the fall after summer herbicide application. Research plots will be established to include different herbicides with and without fumigation. Soil samples will be taken and evaluated for herbicide residues to determine what effects fumigation has on the availability of these herbicides. Plants growth will be monitored and yield taken to be associated with soil samples.

ADDING PRE-BIOTICS TO PRO-BIOTICS: CHEMOATTRACTANTS SUPPORT RHIZOSPHERE BACTERIA, ENHANCING PLANT GROWTH AND DISEASE RESISTANCE

NDSU

Birgit Pruess, Fargo

Project Budget: \$190,007

Researchers at North Dakota State University are proposing the use of pre-biotic plant root exudates to support the pro-biotic inoculant rhizosphere bacteria that are currently being used for peas but are still in the research state for tomatoes and cucumbers. There is a growing body of evidence that plant beneficial pro-biotic bacteria use these substances to chemotax and swim through the soil towards the plant roots. The resulting symbiosis between plant and bacteria enhances plant growth and health, as well as disease resistance.



North Dakota field peas

OPTIMIZING THE DEPLOYMENT OF FUNGICIDES FOR MANAGEMENT OF FOLIAR DISEASES IN FIELD PEAS

NDSU

Michael Wunsch, Carrington

Project Budget: \$128,884

The North Dakota State University Carrington Research Extension Center, in cooperation with the NDSU North Central and Langdon Research Extension Centers, will conduct multi-location field trials to develop rigorous disease management recommendations for optimizing the deployment of fungicides for improved management of *Ascochyta* blight and powdery mildew in field peas.

**EVALUATING NEW BRASSICA CULTIVARS
YIELDS AND HEALTH ATTRIBUTES TO
INCREASE OPPORTUNITIES FOR LOCAL
FOODS**

NDSU
Harlene Hatterman-Valenti

Project Budget: \$105,095

North Dakota State University Agriculture Experiment Station will establish an agreement relationship with the State Department of Agriculture to lead and execute the project to evaluate new broccoli (*Brassica oleracea* var. *italica*), and cauliflower (*Brassica oleracea* var. *botritis*) cultivars for floret yield, quality, composition, and health benefit attributes compared to commonly grown broccoli and cauliflower cultivars.



North Dakota bees

**HONEYBEE VIRUS AND PATHOGEN SURVEY
AND RESEARCH PUBLICATION**

North Dakota Department of Agriculture
Samantha Brunner, Bismarck

Project Budget: \$102,094

The North Dakota Department of Agriculture (NDDA) will document the presence or absence of various honeybee pests and pathogens through a comprehensive survey and provide outreach and education to the beekeeping industry and the general public. NDDA will also publish a booklet with all the previously funded research projects funded by various grant programs that NDDA administers.



NORTH DAKOTA DEPARTMENT OF AGRICULTURE

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AGRICULTURAL PRODUCTS UTILIZATION COMMISSION

GRANT REPORT 2021-2022



Agriculture Commissioner
Doug Goehring

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ADMINISTRATION

APUC COMMISSIONERS



DAN KALIL, CHAIRMAN
Commissioner's Appointee



RACHEL RETTERATH, VICE CHAIR
Commissioner's Appointee



MATTHEW GLESSNER
Commissioner's Appointee



KEITH PELTIER
Commissioner's Appointee



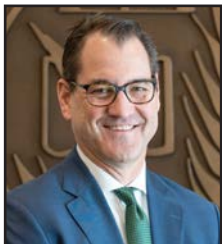
BILL ONGSTAD
Commissioner's Appointee



WADE BOESHANS
Governor's Appointee



DOUG GOEHRING
Agriculture Commissioner



DAVID COOK
NDSU President



KEVIN SONSALLA
Commerce Designee

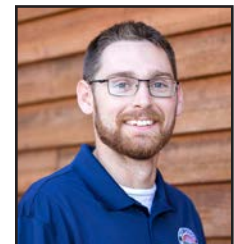
The North Dakota Agricultural Products Utilization Commission (APUC) consists of nine board members. The Agriculture Commissioner appoints five members and the Governor appoints one member.

The board also includes three statutory members: the North Dakota Agriculture Commissioner, the Director of the Department of Economic Development & Finance, and the President of North Dakota State University, or their designees.

APUC STAFF



JOHN F. SCHNEIDER
Business, Marketing
& Information Division
Director



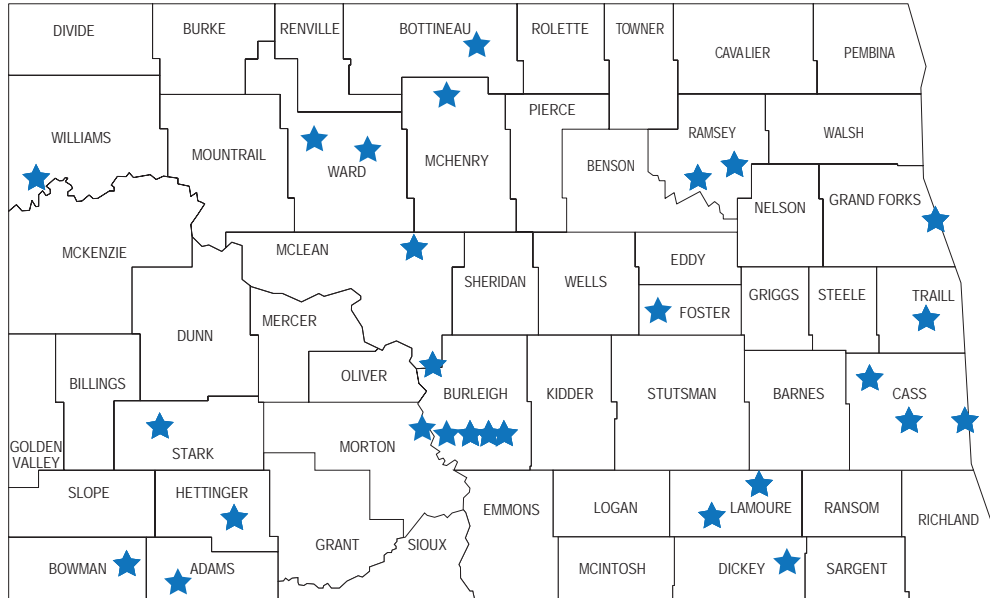
BRADLEY DEAN
Administration



BETTY SCHNEIDER
Administration

PROJECT MAP

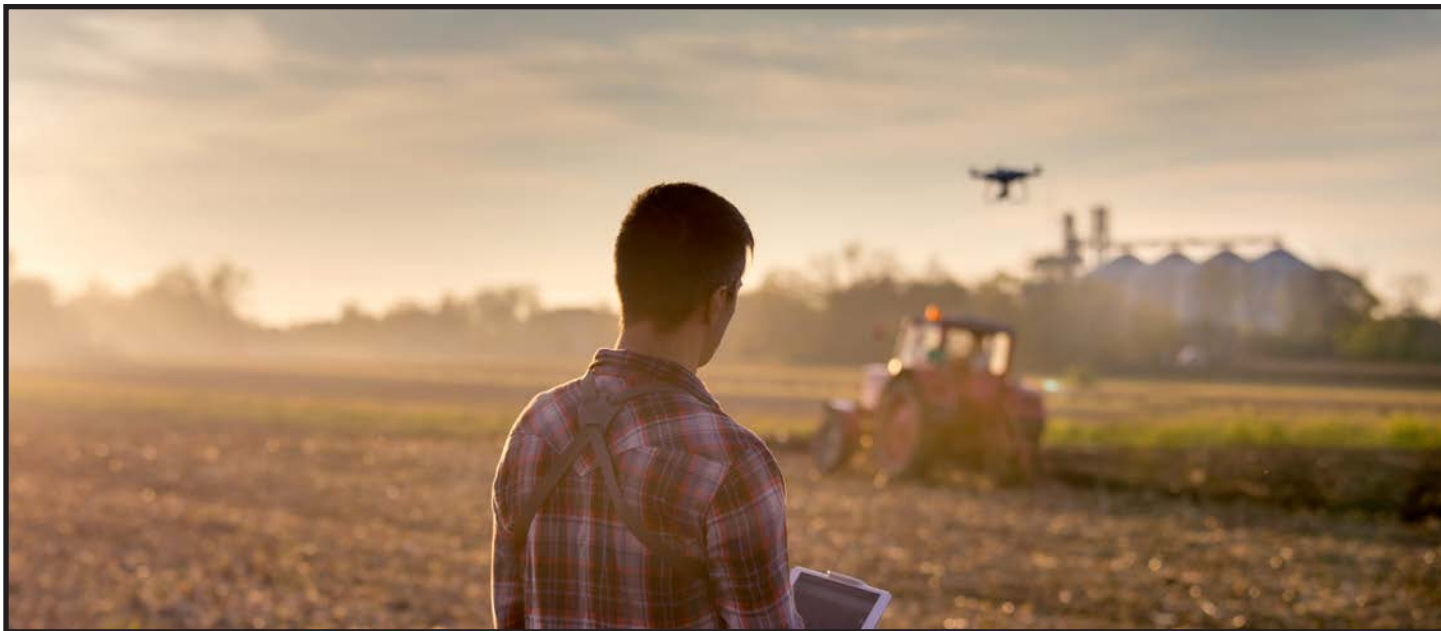
Between December 2020 and December 2022, APUC funded 55 projects in 27 North Dakota communities or statewide, totaling over \$4 million in grants and sponsorships.



APUC is a program within the North Dakota Department of Agriculture.

- Berthold - Genesis Seed Solutions
- Bismarck - Burnt Creek Events
- Bismarck - Homeland Hempcrete
- Bismarck - My Joy Bakery LLC
- Bismarck - North Dakota Dept. of Agriculture
- Bottineau - Pride Dairy Inc.
- Carrington - NDSU Carrington Research Extension Center
- Casselton - Tharaldson Ethanol Plant I LLC
- Casselton - Chapul Farms (2)
- Casselton - Great Plains Greens
- Devils Lake - Aasmundstad Farms
- Devils Lake - CoJack Snack and Pack LLC
- Dickinson - Key-Lix LLC
- Edgeley - Butchers Edge, LLC
- Fargo - 701x Inc.
- Fargo - National Agricultural Genotyping Center
- Fargo - Valley Fiber Processing
- Fargo - NDSU Dept. of Agriculture and Biosystems Engineering (2)
- Fargo - NDSU Dept. of Microbiological Sciences, Dept. 7690
- Fargo - NDSU Dept. of Coatings and Polymeric Materials, Dept. 2760 (2)
- Fargo - NDSU Dept. of Plant Sciences
- Fargo - Prototype Garage, LLC
- Grand Forks - NHS Investments, LLC
- Grand Forks - Red River BioRefinery LLC
- Grand Forks - UND Dept. of Mechanical Engineering (2)
- Grand Forks - Vertical Malt
- Grand Forks - SafetySpect Inc.
- Hettinger - Texas Bee Supply, LLC
- Hillsboro - Agassiz Sustainable LLC
- Mandan - North Dakota Rural Electric Cooperative Foundation
- Marion - Enger Grain & Livestock
- Max - Guardian Grains, LLC
- McKenzie - Black Leg Brewery, LLC
- Menoken - Glimpse of the Prairie
- Minot - Memories of Home by Becky LLC
- Mott - South 40 Farms LLC
- Mott - Merwin Quality Lamb LLC
- Oakes - Dyna-Flo Pump Co.
- Oakes - Hearthside LLC
- Page - InvisionIT LLC (2)
- Scranton - Scranton Equity Exchange
- Statewide - Cloud Agronomics Inc.
- Statewide - LandTrust, Inc.
- Statewide - BASS Genetics Inc.
- Southam - ND Flax Works LLC
- Sterling - Black Leg Ranch Meats
- Trenton - AIC Energy Corp. (2)
- Upham - 1481 Meats
- Wilton - Pearsons Green Acre Meats

BASIC & APPLIED RESEARCH



Agricultural drone

Basic & Applied Research Grants assist in research for processing agricultural products and byproducts in North Dakota. These grants cannot be aimed at business expansion or creation without regard to agricultural products, must not include research that cannot reasonably be expected to result in a marketable product, or cannot have been duplicated by other research efforts.

ND SOIL ORGANIC CARBON RESEARCH

Cloud Agronomics Inc.
James Kellner, Boulder

Grant Amount: \$93,531

Cloud Agronomics has developed a novel soil organic carbon quantification approach using the latest remote sensing and artificial intelligence technology. This project will help Cloud Agronomics localize that technology to the soils of North Dakota. Once localized, Cloud's technology will be used in a joint pilot program with ADM in North Dakota. Farmers and ranchers in North Dakota will be able to enroll their fields into the pilot, understand their baseline soil carbon, and see how that baseline changes over time. Cloud's technology vastly improves the cost and ease of participating in sustainability programs, creating a better experience for farmers and agribusinesses alike.

EVALUATION OF GROUND HYBRID RYE ON THE EFFICIENCY OF GAIN AND CARCASS TRAITS IN BACKGROUNDING AND FINISHING ND STEERS

NDSU Carrington Research Extension Center
Colin Tobin, Carrington

Grant Amount: \$27,966

Research comparing rye to other grains has been limited. Increases in rye production due to hybrid creation and changes in crop rotations has provided the ability to source rye, as grain, locally. Previous research has demonstrated dry-rolled rye is nearly equivalent to dry-rolled corn when fed up to 20% dry matter basis of the diet. Research is needed to determine the effects of hybrid rye as the sole grain source in comparison to corn in a backgrounding diet and as a partial replacement for corn in finishing diets. The proposed research could be very applicable for producers as it follows grain harvesting schedule

in the state of North Dakota.

DEMONSTRATE THE USE OF UAVS TO PLANT COVER CROP SEEDS

NDSU Department of Agriculture and Biosystems Engineering
John Nowatzki, Fargo

Grant Amount: \$53,753

The primary aim of this project is to demonstrate the feasibility of distributing multiple seed types for cover crops and erosion prevention, as well as conservation with woodland restoration, in North Dakota from unmanned aerial vehicles (UAVs). This is the first step in research to demonstrate the efficacy of this method of seed distribution, using a patented method for difficult-to-flow seeds. Follow-up research will prototype optimal methods for this distribution, by seed type, which will be used to test the germination and confirm the economics for the North Dakota farmer and land management specialist.



Soil sampling

TESTING NOVEL FOOD ANTIMICROBIALS ON TOMATOES

NDSU Department of Microbiological Sciences,
Dept. 7690
Birgit Pruess, Fargo

Grant Amount: \$47,620

To expand the foods that our novel food anti-microbial has been tested on and the ultimate goal of commercialization a patented new technology, NDSU will test the efficacy of ethyl acetoacetate against Salmonella on tomatoes. Tomatoes will be spot inoculated with bacterial suspensions of two Salmonella strains and washed with a solution of EAA in water. Bacteria will be enumerated on selective agar. The request to expand the collection of foods that we test our anti-microbial on was made by companies as part of our commercialization efforts.

A NOVEL SOYBEAN SORTING TECHNOLOGY FOR PRODUCING HIGH-QUALITY TOFU PRODUCTS

NDSU Department of Plant Sciences
Minwei Xu, Fargo

Grant Amount: \$38,299

This research project will focus on the core technology of a novel sorting machine, which could sort soybeans based on their physicochemical composition and improve the quality of final products, such as tofu in this project. Hyperspectral imaging (HSI) will be employed for profiling either whole or dehulled soybean seeds. The predictive model between HSI of soybean seeds and tofu quality, such as protein content, color, and texture, will be developed based on the multivariate and machine learning analysis. To verify, the individual soybean seeds will be sorted based on the predictive model for improving the quality of tofu.

This project will finally sort and grade soybean for different usage and result in a price range of different soybean seeds. The success of this technology would initiate a revolution in the sorting and grading system in the whole grain industry.

OPTIMIZING THE DRYING AND STORAGE CONDITIONS OF CANNABIDIOL HEMP GROWN IN ND

NDSU Department of Agriculture and Biosystems Engineering
Ewumbua Monono, Fargo

Grant Amount: \$35,462

Growing and processing hemp in North Dakota is still new and many farmers and processors lack suitable infrastructure, equipment, and processing information or data to help guide their practices and produce a consistent high-quality product. There are many different cultivars with different growing challenges. Selecting the best cultivars suitable for our ND climate is important. Studies have shown that the quality of hemp is sensitive to environmental conditions such as temperature, oxygen, and light. Since processing (harvesting and drying) of the hemp is usually done in the fall after flowering and when temperatures may fluctuate greatly, it is important to study the best drying and storage conditions over a 1-year period. The expectation is that the results will provide science-based data to farmers and processors on how to manage the drying and storage processes, especially as they scale up their process.

BIO-BASED PRESSURE-SENSITIVE ADHESIVES FOR MULTISUBSTRATE APPLICATIONS

NDSU Department of Coatings and Polymeric Materials, Dept. 2760
Andriy Voronov, Fargo



Testing tomatoes

Grant Amount: \$43,693

The goal of this project is to employ soy and corn derivatives, including soybean oil- and corn oil-based vinyl monomers (SBM and CBM, developed at NDSU) in making biodegradable PSAs which can be applied for tapes, labels, graphics etc. in food packaging and/or medical industries. The long term goal is to provide soy-based biodegradable PSAs and test them at industrial partner facilities to evaluate perspectives of this new product commercialization.

CONVENTIONAL (NON-GMO) CORN HYBRID DEVELOPMENT

BASS Genetics Inc.
Patrick Baumgartner, Olivia

Grant Amount: \$53,662

BASS Genetics is expanding its testing focus on natural characteristics in corn, such as insect and drought tolerance, to continue to create highly competitive non-GMO hybrids to compete

with more expensive GMO corn and their traits. Bass Genetics will be combining these natural characteristics with tillage and other agronomic techniques, proven in numerous plot trials, to cover most any condition a farmer may have. This will give the farmer confidence and information to be more effective and economical in producing non-GMO corn on their farm. Non-GMO hybrids will open additional markets to the farmers as non-GMO demands grow worldwide.



Corn stalks and chaff (biomass)

DESIGN OF BIOMASS-BASED MATERIALS FOR INFRASTRUCTURE-BASED APPLICATIONS

UND Department of Mechanical Engineering
Surojit Gupta, Grand Forks

Grant Amount: \$56,089

North Dakota is an important source of biomass from different farm-based products like flax, sunflower, hemp, wheat etc. Currently, the excess farm waste is burnt which creates a different environmental issue. The aim of this proposal is design different types of infrastructure-

based materials which can be used for further commercialization. Currently, infrastructure-based materials are designed from Portland cement based compositions which also cause carbon emissions. The new generation of materials designed from biomass will sequester biomass in building-based products and increase the valuation of biomass which will give the esteemed farmers an additional source of income. In addition, different students will be trained in materials and manufacturing who will further enrich the productivity of the state.

EFFICIENCY AND SAFETY EVALUATION OF ENGINEERED AGROCHEMICAL DELIVERY SYSTEMS DERIVED FROM NORTH DAKOTA

NDSU Department of Coatings and Polymeric Materials

Mohiuddin Quadir, Fargo

Grant Amount: \$60,000

NDSU will develop a two-pronged nanotechnology-powered solution to control Sclerotinia fungi that is severely affecting canola plant across the state of ND and nation. We will use biopolymers, such as cellulose or lignin, derived from ND agricultural resources, to prepare bio-based nanoparticles. These particles will be engineered with chemical modalities that can sense and destroy fungi as they start inoculating the canola plant. Successful completion of the project will enable the development of an effective and innovative strategy to control Sclerotinia attack on canola plants and can be translated for other economic crops. Therefore, we anticipate that the proposed product will support growers of economic crops, thus supporting nation's agricultural products. Commercialization efforts will be mediated via ND Department of Commerce and APUC to find out suitable industry partners.

FARM DIVERSIFICATION



Whole wheat rotini

Farm Diversification Grants give priority to projects dealing with the diversification of a family farm to non-traditional crops, livestock, or on-farm, value-added processing of agricultural commodities. Traditional crops and livestock are generally defined as those that the North Dakota Agricultural Statistics Service maintains statistics on. The project must have the potential to create additional income for the farm unit.

LAKEVIEW BOERS

Aasmundstad Farms
Taylor Aasmundstad, Devils Lake

Grant Amount: \$16,209.77

Aasmundstad farms will diversify their operation with the addition of meat goats. The land utilized for raising the goats is currently unproductive land. Goats will assist in restoring the land as well as adding additional income to the farming operation. Initially, 30 does will be utilized with plans to grow the herd to 500 and produce 1,000 market kids per year.

BEEF CATTLE FINISHING BARN

Enger Grain & Livestock
Delray Enger, Marion

Grant Amount: \$23,361

Enger Grain and Livestock is expanding their livestock on feed with the construction of a new state-of-the-art finishing facility. The new facility will increase the capacity of the operation from 1,000 head of cattle to finish to 3,000 head of cattle to finish. The additional increase in capacity will add employment opportunities as well as other economic benefits to the community.

GUARDIAN GRAINS HERITAGE PASTA AND STONE MILL

Guardian Grains, LLC
Deanna Lozensky, Max

Grant Amount: \$40,372

Guardian Grains, in conjunction with Northern Crops Institute (NCI) and Tuttle Rural Innovation Center (TRIC), will develop two whole wheat pastas using 2 heritage wheat varieties: Rouge

De Bordeaux and Einkorn. These ancient whole grains can be easier to digest than pasta made from modern wheats. The pastas will be available through www.guardiangrains.com and select retailers across the state of North Dakota. The grains used in pasta production are grown using soil care principles and people can be assured that their purchase of these pastas will benefit our planet's health and human health. Consumers can actively support our climate by buying products that are produced using regenerative farming practices. In addition to pasta, Guardian Grains will offer fresh stone milled flour to the surrounding communities.

BLACK LEG BREWERY, LLC

Black Leg Brewery, LLC
Jay Doan, McKenzie

Grant Amount: \$66,000

Black Leg Brewery is developing a regional marketing strategy and longterm partnership with North Dakota State University and Learfield. This partnership will be directed specifically towards BISON beer and NDSU's agriculture program. A portion of all packaged products will be given to an educational scholarship fund towards NDSU's agriculture department. The grant funds will be directed to Norland International for their guidance and expertise in the beverage industry. Norland International is a world class leader in offering business solutions and producing state-of-the-art equipment for the beverage industry. Norland International's subsidiary company, American Beer Equipment, will offer their consulting services along with custom engineered design work. Their technicians will also train on key equipment during the start-up process as well as on-going strategies. Our product brand development will focus on healthier, finished products using North Dakota raw materials.

COMMERCIAL KITCHEN AND EVENT SPACE

Glimpse of the Prairie
Kara Winkler, Menoken

Grant Amount: \$90,000

Glimpse of the Prairie will build a facility on the farm to provide a commercial kitchen and event space. This project will allow for more foods made with local ingredients to be available to customers. Products will be sold at BisMarket farmer's market, on their website, BisMan Food Co-op, served at their events, and for catering events off the farm.

BLACK LEG RANCH MEATS

Black Leg Ranch Meats
Jayce Doan, Sterling

Grant Amount: \$20,000

Black Leg Ranch Meats provides premium beef and bison meat to consumers and businesses. The meat includes a variety of high-quality and custom cuts sourced from animals, raised for their entire lifespan, on their ranch, Black Leg Ranch. This project will help establish the branding of Black Leg Ranch Meats by developing resources to market their product through social media, YouTube, and printed materials.

MARKETING & UTILIZATION



North Dakota companies at the Americas Food and Beverage Show in Miami

Marketing & Utilization Grants provide necessary assistance to the research and marketing needs of the state by developing new uses for agricultural products and by-products, and by seeking efficient systems for processing and marketing these products. These grants are also used to promote efforts that increase productivity, provide added value to agricultural products, stimulate and foster agricultural diversification and encourage processing innovations.

FOOD GRADE PROCESSING AND PACKAGING EXPANSION

Genesis Seed Solutions
Harry Kassian Jr, Berthold

Grant Amount: \$79,577.25

Genesis Seed Solutions is seeking certification to be SQF, HCCP, Non-GMO and Halla compliant to expand their sales market access, allowing Genesis to sell directly into food grade processing facilities.

MY JOY BAKERY TUTTLE PROJECT

My Joy Bakery LLC
Prince Owusu, Bismarck

Grant Amount: \$15,000

My Joy Bakery will hire a consulting firm to

perform business planning and the launch of the new My Joy Bakery LLC commercial bakery operations in Tuttle, ND.

SCALING THE INDUSTRIAL HEMP SUPPLY CHAIN IN ND

Homeland Hempcrete
Matt Marino, Bismarck

Grant Amount: \$13,200

Industrial hemp is already being grown in North Dakota, but there are potentially millions of dollars being left in the field that could go directly to our farmers. Homeland Hempcrete is set to change that. The company has been building with hempcrete, a building product made from the hemp stalk, since 2019. They have transitioned to a manufacturing setting and are scaling the business to make it more feasible to justify the

cost of a processing facility for raw materials from farmers. A facility is planned in ND for this year. Homeland Hempcrete's target is to be able to buy at least 50% of the facilities capacity once they have established their production process.

DOMESTIC AND INTERNATIONAL PROMOTION OF NORTH DAKOTA AGRICULTURAL PRODUCTS

North Dakota Department of Agriculture
Kara Haff, Bismarck

Grant Amount: \$56,000

The North Dakota Department of Agriculture is offering a reimbursement project for North Dakota companies, producers, processors, and producer associations attending domestic trade shows and international trade missions marketing raw and value added agricultural products produced in North Dakota.

PRIDE DAIRY NOVELTY ICE CREAM MARKETING PROJECT

Pride Dairy Inc.
Kriss Allard, Bottineau

Grant Amount: \$100,000

Pride Dairy will implement a comprehensive brand strategy to build a foundation and direction for a renewed Pride Dairy identity and development of a brand for Pride Dairy's new product...an ice cream sandwich. Pride Dairy is moving deeper into the novelty ice cream niche, with the creation of their new ice cream sandwich. The ice cream sandwich is created with a specially created stroopwafel with flowing caramel. During years one and two, R&D work and sales discussion with resellers will be critical. By year three, Pride would like to be running the ice cream sandwich production line three times per month. This will add an additional 1.5 million

to their sales and add six positions within the business structure.

DISTILLERS CORN OIL CLEANUP PROJECT

Tharaldson Ethanol Plant I LLC
Rhan Carter, Casselton

Grant Amount: \$110,000

Tharaldson Ethanol is located in Casselton, ND, and would like to purchase manufacturing machinery, equipment, and engineering services for a distillers corn oil (DCO) cleanup project. This project will allow Tharaldson to purify their corn oil production to remove phosphorus and other components to meet the specs for renewable diesel. One-hundred percent of this final product will be sold to Dickinson Oil, a North Dakota Renewable Diesel Plant. This project, once completed, is estimated to bring an additional \$5,000,000 in revenue and annual expenses of \$900,000 each year. Tharaldson has not produced renewable diesel in its past, so this project will allow them to produce ethanol, as well as renewable diesel, for renewable fuels.

INSECT AG TECHNOLOGY APPLICATIONS TO NORTH DAKOTA ECONOMY

Chapul Farms
Patrick Crowley, Casselton

Grant Amount: \$52,000

This project is to accelerate the development of insect agriculture infrastructure to enhance the agricultural economy of North Dakota. The steps taken in this project will move from an initial feasibility analysis, to site and project specific design and engineering of an industrial scale insect farm. The premise of an insect farm is to use under-valued agricultural by-products as upstream feed inputs to the farm. The result is an expedition bio-processing of these materials

PROJECT SPOTLIGHT: PRIDE DAIRY



L to R: The refreshed branding for the signature Pride Dairy brand and the Oh! premium branding

Pride Dairy has been around since the 1930s and is the last small town creamery in the state of North Dakota. They have grown from making milk and butter to manufacturing and selling numerous products, including ice cream shakes, malts, caramels, syrups, toppings and signature dishes.

Owners Kriss and Tonya Allard needed a comprehensive brand strategy to build a foundation and direction for newly-developed products including ice cream sandwiches and ultra-premium pints, as well as a refresh of the signature brand. With funding from APUC, they partnered with The Good Kids brand studio to accomplish these goals, while keeping the history of Pride Dairy. The new Oh! brand for the ice cream sandwiches and ultra-premium pints embodies a timeless malt shop vibe in which its products are sure to dish out smiles with every serving. The refreshed Pride Dairy branding makes it easier for customers to identify the Pride Dairy brand and flavor no matter how the store displays it and the new cardboard packaging is more sustainable.

The new branding has been launched on social media and has been well received and loyal retailers are excited about it. Packaging is anticipated to be ready by end of January 2023.

The Allards' goals are to become a household name, not only in North Dakota, but in the upper Midwest. They are slowly growing outside state lines and hope to eventually become a national brand.



Owners Kriss and Tonya Allard inside their business Pride Dairy of Bottineau

into two products: 1) healthy fats and proteins (insect larvae), and 2) high-value soil fertilizer amendments (insect frass manure). Markets for both of these products exist in North Dakota and are supplied by international imports. This project is a model for sustainability, circular economies, and ag tech job creation in the state.

THE YEAR OF POPCORN AND BEANS

CoJack Snack and Pack LLC
Chase Engstrom, Devils Lake

Grant Amount: \$100,000

CoJack Snack and Pack is a farm to table North Dakota dry bean packaging company. CoJack will develop brand recognition for their bean and popcorn lines by utilizing OMNI marketing. They will also work with distributors to wrap vehicles. Additionally they will increase their social media marketing by creating digital ads.

KEY-LIX NORTH DAKOTA FACILITY

Key-Lix LLC
Jed Archibald, Dickinson

Grant Amount: \$88,625

Key-Lix LLC is looking to expand its livestock supplement manufacturing operation with a new production facility in Dickinson, ND. They are in the process of purchasing land, constructing a new building, and purchasing the necessary equipment to build this facility. This funding will support some of the startup costs that will be incurred in the early phases of this project.

BUTCHER'S EDGE, LLC

Butcher's Edge, LLC
Jay Mathern, Edgeley

Grant Amount: \$61,500

For the past few decades, North Dakota and most other rural areas across the U.S. have experienced a continual decline in the number of local meat slaughter and processing facilities. In the summer of 2020, average wait time for processing was about 10.5 months within a 100-mile radius. The closest multi-species plant is in Oakes, ND - 40 miles from Edgeley - and it is operating at full capacity with a wait list of more than 12 months. The nearest USDA inspected plant is 75 miles from Edgeley (Valley City) and the nearest state inspected plant is also 75 miles from Edgeley (Enderlin). Producers are looking for more options. Butcher's Edge, LLC will be a state inspected meat processing facility that will provide custom slaughter, processing and retail to Edgeley, ND, and the surrounding communities in southeast North Dakota.

701X REGIONAL MARKETING CAMPAIGN AND INITIAL SALES LAUNCH

701x Inc.
Traci Jacobson, Fargo

Grant Amount: \$150,000

701x provides a livestock management system that comprises of a record keeping software and an electronic livestock ear-tag that tracks the location and behavior activities of the animal. The electronic ear-tag transmits the livestock's data to a cloud based database, simplifying the data entry process. The software also analyzes the data and provides alerts to authorized company users if the livestock gets outside the geo-fenced area or an unusual behavior exists that could be a potential health issue. 701x will launch a regional marketing campaign beginning October 1, 2021, to promote 701x and its products in North Dakota, South Dakota, and Minnesota. Campaign efforts will be focused towards owners of high valued cattle, such as animals registered with breed associations, bulls, and Wagyu.

THE SUCCESSFUL MARKETING OF THE NAGC

National Agricultural Genotyping Center
Missy Berry, Fargo

Grant Amount: \$25,000

The Successful Marketing of the National Agricultural Genotyping Center (NAGC) is a project geared towards developing and executing various strategies, tactics, and campaigns to promote NAGC and the available services to the local agricultural community hereby providing solutions to farming challenges. This project will focus on updating social media to increase brand awareness, become a thought leader within agriculture production and research, generate high-quality leads, increase customer value, and improve search engine optimization. This proposal focuses on creating awareness of the services offered by NAGC that benefit North Dakota's agriculture community. It will also focus on ways to expand current relationships in order to meet the changing needs of existing customers. This includes, but is not limited to, updating the current website and social media involvement, as well as the hiring of external consultants to accomplish these tasks.

REAL GOOD COOKIES-MARKETING GROWTH AND COMMERCIAL KITCHEN

NHS Investments, LLC
Sarah Horak, Grand Forks

Grant Amount: \$42,000

Real Good Cookies was created at Brick & Barley in Grand Forks, ND. We had been selling our popular, house made salted bittersweet chocolate chip cookies since 2019. They are made with flours from the North Dakota State Mill, sugars from American Crystal Sugar and other ingredients purchased almost exclusively locally. Brick and Barley closed in March 2020 due to COVID, and had to get creative for the

business to survive. When they were able to re-open for take out only, they created a super small menu and decided to put cookies on the menu, with the hope that this would be an easy upsell to customers and would increase each ticket price slightly. Customers started ordering more and more cookies. To increase sales, Real Good Cookies will hire professional graphic designers to update branding and create logos, social media graphics, shipping graphics, flyers, outreach materials, and more. They will also advertise through Instagram, YouTube, TikTok, and Facebook.

WHEAT BIOREFINING FEASIBILITY STUDY

Red River BioRefinery LLC
Keshav Rajpal, Grand Forks

Grant Amount: \$80,000

The Red River Biorefinery is assessing the feasibility of processing wheat to produce gluten and starches with a zero carbon footprint. The project will look at integration of energy and waste processing to minimize carbon in the production process and produce additional biofuels and renewable natural gas to help power the facility.

CBS - NORTH DAKOTA FIRST STRATEGIC PLAN

Texas Bee Supply, LLC
Lyndon Shook, Hettinger

Grant Amount: \$85,000

North Dakota is the largest honey producer in the United States; however, the nearest store offering products and services to the industry is over 500 miles away. Texas Bee Supply has established a retail business in Hettinger to serve the beekeeping industry. The project will assist in a direct mailing campaign to beekeepers in North Dakota. It will also assist in developing a trade

show booth and attending trade shows to drive business to North Dakota.

AGASSIZ SUSTAINABLE PULPING AND MOLDING

Agassiz Sustainable LLC
Hua Sun, Hillsboro

Grant Amount: \$100,000

Agassiz Sustainable LLC (AGS) is building a vertically integrated wheat straw pulping and molding operation that converts wheat straw into compostable containers for use in the food and beverage industry. Emerging regulations in major developed countries, including government entities at various levels (municipal to federal) in the U.S. and China, are banning single use plastic food containers. This is driving up the demand for compostable and biodegradable products for the food and beverage industry. Wood pulp, which has been the traditional source of pulp in the U.S., is less environmentally friendly than AGS's wheat straw pulp. The company is using patented agricultural biotechnology to make pulp from wheat straw. AGS's process consumes significantly less water, energy, and chemicals, than competing pulping processes. Finished molded products, including a variety of trays, bowls, lids, and containers, will primarily be sold through distributors.

FEASIBILITY OF A MULTI-SPECIES PROCESSING FACILITY IN SE NORTH DAKOTA

North Dakota Rural Electric Cooperative
Foundation
Lori Capouch, Mandan

Grant Amount: \$30,000

This project is led by a group of farmer/ranchers in southeastern North Dakota who intend to conduct a study to determine the feasibility of

constructing a meat processing facility located within Cass or Richland County. The plant intends to have the capacity to process up to 30 large animal units per week and employ up to 10 people.

Funds will be used to contract with Dakota Global Consulting, LLC, a North Dakota consulting firm that specializes in livestock and food production, to conduct the study. Dakota Global Consulting will subcontract Process Systems Co., LLC (Omaha, NE) to develop a facility plan that includes layout and equipment.



Beef waiting to be further processed at South 40 Beef

MARKETING ND BEEF

South 40 Farms LLC
John Roswech, Mott

Grant Amount: \$75,000

This project will ramp up marketing on social media to export North Dakota beef to the coasts. South 40 is mostly wholesaling and retailing but

would like to expand outside of North Dakota. In order to achieve this goal they need to ramp up their advertising efforts. The objectives of the project are to increase brand awareness, drive sales, generate leads, and create a community around South 40 Beef.

MERWIN QUALITY LAMB

Merwin Quality Lamb LLC
David Merwin, Mott

Grant Amount: \$30,000

This project will focus on the feasibility and site planning of a fully confined lambing operation. If successful the plan will be to establish a large lamb processing facility constructed in southwest North Dakota with the capacity to process 2,000 head per week.

DYNA-FLO: ESTABLISHING A DEALER NETWORK

Dyna-Flo Pump Co.
Dana Rosendahl, Oakes

Grant Amount: \$46,375

Dyna-Flo Pump Co. will be traveling through regions of the USA stopping at irrigation dealerships. The goal is to establish a solid dealer network for Dyna-Flo Pumps. A consignment program will be issued allowing dealers to display a pump for 8 weeks. Then the dealer will deliver the pump to another dealer within the state. Dyna-Flo pumps can be used for flood control, flood irrigation, water transfer, city clean-up, feedlot water control, and more.

BULK CARGO PENDULUM CAMERA MARKETING PLAN

INVISIONit LLC
Steve Johnson, Page

Grant Amount: \$80,000

Phase one has been completed and involves INVISIONit LLC developing a mechanical device to house a video camera to be used in conjunction with an electronic tarp system mounted on a bulk semi trailer. Phase two was to obtain a patent for the device and a patent has been approved and awarded to INVISIONit LLC. Phase three is complete and involves procuring a manufacturer for the device and a video-camera supplier. Both the manufacturer and the camera supplier are located in rural areas of North Dakota. Purchase orders have already been issued to the manufacturer and camera supplier for a first run of 200 of the complete apparatuses. Phase four is the purpose of this grant. A website will be built but will not be published until just prior to receiving finished products for sale. A marketing company has already been retained to help with creation of a budget and to create and implement a marketing plan. Internet search engines and social media influencers will also be utilized to increase market presence. Promotional items, apparel, business cards, flyers, and mailings will be used to create brand awareness and recognition in an effort to grow sales.

FEASIBILITY OF LOCAL CROP PROCESSING FACILITY

Scranton Equity Exchange
Josh Weakly, Scranton

Grant Amount: \$52,500

Scranton Equity's project will evaluate the feasibility of a mechanical oilseed crushing facility near Scranton, ND, to produce crude oil and meal from sunflowers, canola, and/or other feedstocks.

SUSTAINABLE AVIATION FUEL BIO-REFINERY

AIC Energy Corp.
John Melk, Trenton

Grant Amount: \$272,000

AIC Energy is developing a state-of-the art bio-refinery, which will produce 90 to 100 million gallons per year of sustainable aviation fuel. These renewable fuels are formulated to be a direct “drop-in” replacement for fuels produced from petroleum crude oil. The primary feedstock for the bio-refinery is expected to be soybean oil, although canola oil and other regionally-grown agricultural products are capable of being used as feedstock. The feedstock oil intake capacity of the facility will be 90 to 100 million gallons per year, or about 273,000 gallons per day. The bio-refinery will be located on an 87 acre site southwest of Trenton, ND. The total design build-out cost is estimated at \$318 million. AIC Energy Corp’s bio-refinery is expected to create 300 union-scale jobs, more than 100 long-term jobs, plus additional jobs for truckers, vendors, rail workers, and supplies.

1481 MEATS

1481 Meats
Kelani Welstad, Upham

Grant Amount: \$69,625.43

1481 Meats will provide north central North Dakota with a state inspected slaughter facility. The label of “state inspected” allows producers to resale the products they have raised. The plant will provide custom slaughter, state inspected slaughter, and retail of fresh and frozen products.

PURE ADVANTAGE NATIONAL MARKETING CAMPAIGN

ND Flax Works LLC
Angie Wolfe, Southam

Grant Amount: \$150,000

ND Flax Works LLC is a startup company that sells agriculture value-added products of hemp bedding and cold milled flax feed supplement locally and nationally. This project will design and produce all necessary labels, brochures, retail store signage and marketing literature. It will also assist in trade show booth set up and marketing materials for national trade shows.

VERTICAL MALT EXPANSION - PHASE 1 - DRUM MALTING

Vertical Malt
Adam Wagner, Grand Forks

Grant Amount: \$250,000

Vertical Malt is a craft malthouse that puts brewers, bakers, millers and distillers in direct contact with the people who grow and malt the grains by vertically integrating the growing and malting processes. Operating today at pilot scale, Vertical Malt is currently capacity limited. Interest in Vertical Malt has grown to the point we can no longer satisfy demand at current production levels. This has prompted plans to greatly expand capacity allowing us to serve a wider market. The first phase of this plan is the rapid deployment of new “drum” style malting vessels to ease our existing capacity bottleneck allowing us to maintain momentum and growth in the near term. Vertical Malt sells directly to millers, craft brewers and distillers enabling a traceable field-to-table supply chain for our customers while giving us leverage over pricing and flexibility in our ability to promote and market Vertical Malt. This emphasis on local production and tight supply chain highlights the “Vertical” part of Vertical Malt.

HEARTHSIDE LLC ARCHITECTURE AND PLANNING PROJECT FOR WINERY FACILITY

Hearthside LLC
Haley Moen, Oakes

Grant Amount: \$84,500

This project will help Hearthside LLC grow in the grape and wine industry in the state. They will seek to elevate the industry by creating the largest and most known winery in the state. They will do this through a carefully crafted plan for facility and site needs. By facilitating this plan, they will advocate and elevate the agri-tourism industry, the grape and wine industry, and the value added ag industry in North Dakota.

MEMORIES OF HOME BY BECKY EXPANSION

Memories of Home by Becky LLC
Becky Zahn Walcker, Minot

Grant Amount: \$42,033.75

This project will expand the Memories of Home by Becky commercial kitchen. The addition will include a bakery garage addition (30x24) where all the goods will be produced and packaged. This space will hold all the commercial baking equipment, work tables, refrigeration, convection oven, ranges and some shelving for supplies. This space allows for more commercialization of goods in a shorter amount of time. This space will allow me to take on larger orders plus take on a distributor for some of the goods. The new addition will also have a bakery storage room attached to the bakery garage (27x16) which will house all the shelving units needed to store all the supplies to make product, and all the completed canned good products. There will also be a bakery “drive in” garage (27x16) attached to the bakery storage space that will be utilized for order pickups, deliveries and miscellaneous business storage. Will possibly use shelving unit in this space to store supplies, freezers and

equipment.

INSECT AG TECHNOLOGY COMING TO NORTH DAKOTA

Chapul Farms
Patrick Crowley, Casselton

Grant Amount: \$197,500

This project is to accelerate the development of insect agriculture infrastructure to enhance the agricultural economy of North Dakota. The steps taken in this project will move from an initial feasibility analysis, to site and project specific design and engineering of an industrial scale insect farm. The premise of an insect farm is to use under-valued agricultural by-products as upstream feed inputs to the farm. The result is an expedition bio-processing of these materials into two products: 1) healthy fats and proteins (insect larvae), and 2) high-value soil fertilizer amendments (insect frass manure). Markets for both of these products exist in North Dakota and are supplied by international imports. This project is a model for sustainability, circular economies, and agtech job creation in the state.

PEARSONS GREEN ACRE MEATS LAUNCH

Pearsons Green Acre Meats
Debbie Pearson, Wilton

Grant Amount: \$75,600

This project will focus on the launch of a new state inspected meat processor in Wilton, North Dakota. Funding for the project will go toward marketing efforts for the plant. The advertising will focus mainly on TV, radio, and boosted and sponsored posts on social media.

NATURE-BASED TOURISM



The historic barn at Burnt Creek Events

Nature-Based AgriTourism Grants are for enterprises which seek to attract visitors to a working farm or ranch, or any agricultural, horticultural or agribusiness operation to enjoy, be educated or be involved in activities. Eligible projects include but are not limited to farm or ranch tours, hands-on chores, self-harvesting of produce, hunting operations, fishing operations located on applicants' land, bird watching, trail rides and corn mazes.

BURNT CREEK EVENTS

Burnt Creek Events
David Lehman, Bismarck

Grant Amount: \$88,125

Burnt Creek Events is a farmstead with a historic background. The land was procured as a Timber Culture Act patent in 1890. Most of the original buildings on this historic property are still intact. The property is currently undergoing a full restoration in the interest of preserving and educating the general public about North Dakota's rich ag history. This project covers the first stage of incorporating a cidery (with pizzeria and event space) and U-Pick orchard into this historic farmstead. By adding these attractions, it is an opportunity to provide a rural experience and ag education to those that maybe otherwise wouldn't have the opportunity.

LANDTRUST ND MARKET LAUNCH

LandTrust, Inc.
Mark Young, Bozeman

Grant Amount: \$65,000

LandTrust connects landowners with outdoor enthusiasts seeking recreational land access in an easy to use online marketplace. With over 1 million acres of private recreational lands, they are a leading recreation access network that brings people together to create income for landowners and opportunity for outdoor enthusiasts. LandTrust is now officially launching into North Dakota, partnering with ND Farm Bureau and hiring regional success managers to work with farmers and ranchers to offer exciting new agritourism activities. Outdoor enthusiasts looking to experience ND will now have new opportunities, helping to keep agricultural producers profitable, drive conservation of habitat, and contribute to the economic wellbeing of North Dakota's rural communities.

PROJECT SPOTLIGHT: BURNT CREEK EVENTS



An orchard was planted at Burnt Creek Farm with nearly 500 trees and vines

Burnt Creek Farm is a historic farmstead dating back over 140 years and was one of the few farms established under the Timber Culture act of 1878. Over 27,000 trees were planted on the property in the 1880s by a Bohemian immigrant in return for the quarter of land. Title to the land was granted in 1889, the year North Dakota was granted statehood. Constructed in 1922, Burnt Creek Farm was one of the first farms in the state with electricity and running water. The farm is said to have been designed in part by the North Dakota Agricultural College (NDAC/NDSU) and has ties to the Non-Partisan League (NPL) responsible for putting in place the state bank, mill and elevator. A noteworthy neighbor was Linda Slaughter who played a large role in the development of the region and state.

Burnt Creek Farm's owner Dave Lehman says the main goal of this project is to preserve North Dakota's ag history and educate others about agriculture in North Dakota. There are relatively few fully intact farmsteads in North Dakota from the 1920s. This was a very transformational period in time as horse power transitioned to tractor power. This is also the era North Dakota put into place the nation's only state-owned bank, mill and elevator. Burnt Creek Farm has very strong ties to all of this history and the historic buildings are still intact and relatively unchanged.

APUC funds were used for site and orchard development, consultant fees for site design and facility analysis and ADA-compliant guest restroom facilities. The grant has been a major factor in getting the grounds and facilities to the point to where they can accommodate ag history tours and small events. It has also started the clock on getting the orchard planted and established in order to eventually support a cidery and U-Pick operation.

Farm tours focused on the history of the farm and agriculture in North Dakota have been given and feedback from the tours has been overwhelmingly positive regarding the history, ambiance and work that has been done to restore the farm and prepare it to accommodate these types of activities.



A field of North Dakota hemp

APUC provides grants in two areas of agricultural innovations: Prototype Development & Technology Grants. A huge array of equipment can be useful in conducting business in rural living and agricultural economics. Prototype Grants are restricted to inventions improving the operations of food processing equipment and agricultural equipment. Technology Grants are to encourage innovation and APUC maintains a broad view of technology, such as hardware, software, devices or processes. Biotechnology will be considered as long as those advances improve agricultural product utilization such as food, feeds, fuels and fiber.

GREAT PLAINS GREENS

Great Plains Greens
Jon Wyffels, Casselton

Grant Amount: \$75,000

Great Plains Greens will purchase and operate a prototype hydroponic vertical farm that is retrofitted from a shipping container. With the flexibility and mobility of a container farm, they can grow 100% organic produce within minutes from the end consumer giving a significant advantage and providing the freshest produce. The farm is fully capable of growing 500 different varieties of plants and can support over 8,000 plants from seedling to full stage growth.

SCO2 RECLAMATION PROJECT

Prototype Garage, LLC
Jacob Knoll, Fargo

Grant Amount: \$100,000

Prototype Garage, LLC has developed and patented SC02 Extraction Technology, a novel methodology for the extraction of materials using supercritical CO2. There is active interest in utilizing SC02 technology for the extraction of DOG (Dried Distiller's Grains) oil, both pre- and post-ethanol milling. The applications can benefit animal feed, ethanol production, and corn oil production. Due to the high volume of DDG's that would be processed, a CO2 reclamation and reformation device is essential to the efficiency of the system. Positive results from these tests will be the catalyst for engaging with NDSU

and the EERC to explore and develop new applications and efficiency improvements to benefit agriculture and energy production, as well as bringing more manufacturing to North Dakota.

HEMP PRODUCT PROTOTYPES

Valley Fiber Processing
Justin Berg, Fargo

Grant Amount: \$101,000

Valley Fiber Processing will develop and prove out three industrial hemp hurd based prototypes. To house the equipment and inventory needed, Valley Fiber Processing has identified a 4,500 square foot facility in Wahpeton. This project will demonstrate the manufacturing of three different industrial hemp-based prototypes for proof-of-concept and scaling of Valley Fiber Processing's decortication business located in Wahpeton, ND.

DESIGN AND DEVELOPMENT OF BIOFOAMS FOR FUNCTIONAL APPLICATIONS

UND Dept. of Mechanical Engineering
Surojit Gupta, Grand Forks

Grant Amount: \$42,420

Biomass has emerged as an important source of raw material for designing valuable materials which can be commercialized. The United States has the potential to produce over 1 billion dry tons of biomass which can be potentially used for manufacturing valuable materials, products, and other derivatives for different high-end applications. In other words, we can create a win-win situation by significantly valorizing biomass which will increase consumption of environmentally friendly materials and will concomitantly increase the income for farmers. This project will perform applied research to formulate biofoam compositions by using agricultural feedstock. Thereafter, these biofoams

will be studied for application in membrane related applications like water filtration, oil-water separation, and construction applications like thermal insulation. In the future, they will partner with local companies to commercialize the prototypes designed during this study.

BULK CARGO PENDULUM CAMERA

INVISIONit LLC
Steve Johnson, Page

Grant Amount: \$15,000

Phase one has already begun and involves INVISIONit LLC developing a mechanical device to house a smart phone friendly video camera to be used in conjunction with an automated tarp system. This device will make it much easier and safer to monitor the loading and unloading of grain trailers, seed tenders or any bulk container equipped vehicle from the drivers seat or cab that have a motorized tarp covering/retracting system on it without having to leave the safe confines of the drivers seat or cab of the vehicle. There are two prototypes being manufactured



Hydroponic vertical farm

and “real world” trials will be performed for 30 days to prove the utility of the device while patents are being filed. Phase two will begin when the patent process has been completed and patents have been obtained. INVISIONit will begin the manufacture, marketing and commercialization of the product. A website is already being built but will not be published until a patent is approved. Internet search engines and social media influencers will also be utilized to increase market presence. A sales force will need to be hired as well for point of contact sales and customer service. INVISIONit LLC will then pursue additional grant monies for the marketing and commercialization of the patented product.

SafetySpect, Inc. proposes to employ its proprietary multimode imaging technology and edge computing to develop a multimode imaging system that can be mounted on drones for agricultural applications. The technology can be commercialized and sold to individual farmers, applicators, agricultural co-ops, or other users. The technology will be scalable to address any desired field size and agricultural product. Current farming practices use the preventative application of fungicide or insecticide to suppress common plant diseases such as rust, root rot, stem rot, or leaf blight caused by pathogens. SafetySpect proposes to use hyperspectral imaging technology mounted permanently or attached to drones to watch for and automatically identify such plant diseases. The affected crops can then be treated as needed as an alternative to the current practice which will greatly reduce farm input costs.



Drone in a wheat field

HYPERSPECTRAL IMAGING OF PLANT PATHOGENS IN NORTH DAKOTA USING FIXED-IN-PLACE CAMERAS AND DRONES

SafetySpect Inc.
Joe Vacek, Grand Forks

Grant Amount: \$149,700

FUNDING SOURCES

APUC's appropriation for the 2021-2023 biennium totaled \$5,858,810.27 and was provided from the following sources:

- \$2,7000,000 from Bank of North Dakota
- \$733,889.47 from the North Dakota Mill and Elevator
- At the beginning of the biennium, an additional \$2,424,920.80 authorized as carry-over authority from the previous biennium.
- No funding was appropriated directly from the state general fund.

Financials as of October 31, 2022

Total Operating Expenditures	\$23,502.63
Total Grant Expenditures	\$1,746,031.84
Grant Commitments	\$1,143,376.11
Remaining Appropriation	\$2,889,923.07

**Includes current plus carry-over commitments*

NORTH DAKOTA DEPARTMENT OF AGRICULTURE

Agriculture Products Utilization Commission

600 E. Boulevard Ave., Dept. 602

Bismarck, ND 58505-0020

701-328-2231

800-242-7535

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BIOSCIENCE INNOVATION GRANTS GRANT REPORT 2021-2023

Agriculture Commissioner
Doug Goehring

The North Dakota Legislature created a bioscience innovation grant program to support biotechnology innovation and commercialization in areas including crop genetics, biofuels, biomaterials, biosensors and biotechnology. A total of \$5.5 million in grant funding was awarded to projects to develop the bioscience industry in North Dakota for the 2021-2023 biennium.

10 grants
awarded

\$5.5 million

Genovac Antibody Discovery

\$1.45 million to purchase enabling technology that will support the development and production of antibodies and other biological and agricultural products.

SafetySpect Inc.

\$1 million to move from a minimum viable product beta unit to a commercial device for their Contamination Sanitation Inspection and Disinfection system.

Lincoln Therapeutics, LLC

\$712,000 to develop intranasal ketamine as a safer, fast acting, non-addicting analgesic to improve battlefield pain management.

Checkable Medical

\$300,000 to run a clinical study to support the first over-the-counter test for Strep A.

Krampade

\$200,000 to manufacture a high protein, high potassium powdered drink mix; a high protein, high fiber powdered drink mix and a high potassium bar.

National Agriculture Genotyping Center

\$125,000 to upgrade the current biotechnology used for variety identification and certification of spring wheat and barley.

CorVent Medical, Inc.

\$113,000 to incorporate new features into an existing ventilator product that can be built into a prototype for testing and validation. Following the prototype, CorVent Medical will build a product for FDA submission.

WoundExam Corp

\$100,000 to develop WoundAssure, a multi-mode imaging technology that will monitor changes in wounds in patients at high risk of complications from diabetic ulcers.

Bioscience Association of North Dakota

\$600,000 to bring entrepreneurs and innovators together with companies to form collaborations that will result in products that not only utilize raw materials from North Dakota but will result in commercialization of those products leading to the creation of new biotechnology industries in North Dakota.

Agathos Biologics

\$900,000 to create new materials and methods for research and biomanufacturing and use them for drug development to address unmet medical needs and increase the availability of genetic medicines to more patients.



Agriculture Commissioner
Doug Goehring

CARES ACT BIOSCIENCE INNOVATION GRANTS GRANT REPORT 2020

The CARES Act Bioscience Grant Fund was used to support biotechnology innovation and commercialization, promote the creation of bioscience jobs in the state, and promote bioscience research and development in North Dakota in the area of coronavirus research. A total of \$5 million in grant funding was awarded for these projects in 2020.

8 grants
awarded

\$5 million

SafetySpect Inc.

\$1.5 million to develop and manufacture a contamination, sanitation inspection, and disinfection system for use in the food processing and service industry.

Core Health Strategies

\$30,000 to address the ability to create a large source of bovine interleukin-10 (IL-10) which has application in the immune response in the human COVID-19 patient.

Checkable Medical

\$40,000 to generate clinical performance data to meet FDA criteria for their at-home Rapid Antibody Test through a study.

Core Health Strategies

\$50,000 to perform a 4 week naturopathic supplantation program with the intent of protecting against SARS-CoV-2 infections in the supplemented population.

Biomed Protection ND

\$45,000 to produce peptides and test animal and human serum samples for the presence of anti-interferon antibodies.

ImmunoPrecise Antibodies

\$1.5 million to formulate a therapeutic that retains efficiency, even as SARS-CoV-2 evolves.

Biomed Protection ND

\$1,422,200 to develop a platform based on electronic biology to allow rapid and accurate real-time monitoring of genetic changes to coronaviruses. Information gained is used to design proteins for production of vaccine candidates or immunotherapies.

Genovac Antibody Discovery

\$412,800 to develop SARS-CoV-2 antibodies and therapeutics for diagnostics and developed nanodisc-based vaccine candidates for active immunization, in collaboration with Harvard Medical School.



WIND ENERGY RESTORATION AND RECLAMATION OVERSIGHT PROGRAM

The North Dakota Department of Agriculture, in cooperation with the Public Service Commission, connects property owners experiencing wind energy reclamation and restoration issues with an independent ombudsman, a third party resource to help reach a reasonable resolution.

The program also provides educational outreach to help property owners consider things such as site development, location and route of electrical distribution lines, site restoration after decommissioning and other issues before signing contracts.

Vision Statement

The ombudsmen are the recognized lead facilitators for promoting fairness when resolving wind energy reclamation and restoration issues, concerns, and disputes.

Mission Statement

To enhance property owner trust and cooperation in North Dakota's energy development future by providing timely, effective, and impartial complaint management between property owners and wind energy developers.

Values

These values guide activities and actions of the program. They demonstrate the agriculture commissioner's belief that the manner in which the program is administered must be purposeful in progressing the goals North Dakota is trying to achieve by creating the program.

The program values:

- Fairness
- Integrity
- Respect
- Equity

This program also values a working environment that fosters innovation and collaboration.



Agriculture Commissioner
Doug Goehring



PROGRAM PROCESS

The ombudsmen proceed by way of independent and impartial examinations initiated upon complaints by property owners. The ombudsman's objective is to develop a service culture characterized by fairness, dedication, openness, and accountability. The ombudsmen may use informal facilitation or recommend mediation to avoid actions that can be costly and damaging to the property owner and the wind energy developer.

NDDA and PSC will:

Establish methods for property owners to issue complaints

Complaints will be taken by:

Phone

Email

Web

Personal interview

Establish a method to track and assign complaint cases to an ombudsmen

Prepare periodic reports to the agriculture commissioner and the Public Service Commission regarding program activity

Contract with qualified ombudsmen

The ombudsman will:

Make initial contact with the property owner within 48 hours of receiving the complaint

Conduct a site examination with the property owner and document all issues associated with the complaint

Meet with property owner and wind developer on site to review reclamation/restoration issues

Work with property owner and wind developer to develop a plan and timeline to address the complaint

Periodically monitor agreed upon reclamation/restoration site work

Provide final report to the agriculture commissioner and the Public Service Commission



The ombudsman will not:

Provide legal counsel or assistance in negotiating an easement

Interfere with or supersede any agreements between property owners and wind developers

Conduct any regulatory functions

THE OMBUDSMAN

Ombudsman

Noun [om•buds•man]

Definition: One who investigates, reports on, and helps settle complaints.

The ombudsman will manage complaint cases by receiving, reviewing, and attempting to resolve complaints from property owners. In addition, the ombudsman will analyze complaint data and provide the agriculture commissioner and the Public Service Commission with recommendations for the improvement of the program. The ombudsman will have frequent contact with property owners, and representatives from wind developers by conducting outreach and managing complaints.

Knowledge, Skills, and Abilities

To be an effective ombudsman, the individual must have the following attributes:

- Concern for fairness
- Effective consensus-building and facilitator skills
- Good listening skills
- Established analytical ability
- Effective stress management skills
- General knowledge of subject matter
- Keep professionally current by pursuing continuing education and training

Primary Functions

An ombudsman has the following primary functions:

- Problem prevention
- Conflict resolution
- Communication facilitation

Functional Description

The ombudsman will:

- Serve as a designated neutral resource for property owners to raise concerns and request assistance to informally resolve conflicts and problems
- Monitor and track inquiries, complaints, and disputes
- Seek to provide effective and equitable conflict resolution
- Focus on customer service to provide an identifiable and accessible process for receiving complaints and resolving disputes
- Direct property owners to the correct process or agency (outside the ombudsman program) when appropriate
- Make recommendations to the agriculture commissioner and the Public Service Commission if a general problem trend is identified

PROGRAM GOALS

1 Recognized Resource
We are a resource that can assess issues and identify options after an impartial review of the complaint

2 Create Trust
Create property owner trust in working with wind developers by creating a venue to address concerns and enhance communication

3 Save Resources
Save valuable resources by preventing disputes and resolving them in a timely manner in place of costly litigation

4 Balanced Approach
Support property owners and the energy industry by using a non-regulatory approach to balance land use needs and foster the relationship between land stakeholders

PROGRAM OBJECTIVES

- Wind energy reclamation and restoration problems addressed in the early stages have a higher degree of resolution and can often be resolved before further erosion of confidence by the property owner and a loss of productivity exists
- Effective education of key stakeholders regarding the goals of the program will create buy-in and cooperation
- The ombudsman does not necessarily have to identify the solution to a problem but will be most successful by helping property owners and wind developers identify and carry out solutions
- The ombudsman must be an effective consensus-builder and facilitator

PROGRAM ASSESSMENT

NDDA will use customer satisfaction surveys and stakeholder interviews to complete an annual program assessment.

FOR FURTHER INFORMATION

North Dakota Department of Agriculture
600 E. Boulevard Ave., Dept. 602
Bismarck, ND 58505-0020
701-328-2231 or 800-242-7535
www.nd.gov/ndda

Public Service Commission
600 E. Boulevard Ave., Dept. 408
Bismarck, ND 58505-0480
701-328-2400 or 877-245-6685
www.psc.nd.gov



The North Dakota
Department of Agriculture
and the
Public Service Commission
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employers and providers.

Sept. 2018



PIPELINE RESTORATION AND RECLAMATION OVERSIGHT PROGRAM

The North Dakota Department of Agriculture’s pipeline restoration and reclamation oversight program connects landowners and tenants experiencing pipeline reclamation and restoration issues with an independent ombudsman, a third party resource to help reach a reasonable resolution.

The program also provides educational outreach to help landowners/tenants consider things such as pipeline pathways, type of pipeline installation, soil impacts, type of vegetation being reestablished, timelines and other issues before signing agreements.

Vision Statement

The ombudsmen are the recognized lead facilitators for promoting fairness when resolving pipeline reclamation and restoration issues, concerns, and disputes.

Mission Statement

To enhance landowner trust and cooperation in North Dakota’s energy development future by providing timely, effective, and impartial complaint management between surface owners/tenants and pipeline companies.

Values

These values guide activities and actions of the program. They demonstrate the agriculture commissioner’s belief that the manner in which the program is administered must be purposeful in progressing the goals North Dakota is trying to achieve by creating the program.

The program values:

- Fairness
- Integrity
- Respect
- Equity

This program also values a working environment that fosters innovation and collaboration.



Agriculture Commissioner
Doug Goehring

PROGRAM PROCESS

The ombudsmen proceed by way of independent and impartial examinations initiated upon complaints by surface owners/tenants. The ombudsman's objective is to develop a service culture characterized by fairness, dedication, openness, and accountability. The ombudsmen may use informal facilitation or recommend mediation to avoid actions that can be costly and damaging to the surface owner/tenant and the pipeline company.

NDDA will:

Establish methods for surface owners/tenants to issue complaints

Complaints will be taken by:

Phone

Email

Web

Personal interview

Establish a method to track and assign complaint cases to an ombudsmen

Prepare periodic reports to the agriculture commissioner regarding program activity

Contract with qualified ombudsmen

The ombudsman will:

Make initial contact with the surface owner/tenant within 48 hours of receiving the complaint

Conduct a site examination with the surface owner/tenant and document all issues associated with the complaint

Meet with surface owner/tenant and pipeline company on site to review reclamation/restoration issues

Work with surface owner/tenant and pipeline company to develop a plan and timeline to address the complaint

Periodically monitor agreed upon reclamation/restoration site work

Provide final report to the agriculture commissioner



Site prior to reclamation



Same site after reclamation

NDDA will not:

Release the names of surface owners or tenants who receive assistance through this program

The ombudsman will not:

Provide legal counsel or assistance in negotiating an easement

Interfere with or supersede any agreements between surface owners/tenants and pipeline companies

Conduct any regulatory functions

Investigate any pipeline installed before January 1, 2006

Investigate any pipeline regulated by the Public Service Commission under North Dakota Century Code Title 49

THE OMBUDSMAN

Ombudsman

Noun [om•buds•man]

Definition: One who investigates, reports on, and helps settle complaints.

The ombudsman will manage complaint cases by receiving, reviewing, and attempting to resolve complaints from surface owners/tenants. In addition, the ombudsman will analyze complaint data and provide the agriculture commissioner with recommendations for the improvement of the program. The ombudsman will have frequent contact with surface owners/tenants, and representatives from pipeline companies by conducting outreach and managing complaints.

Knowledge, Skills, and Abilities

To be an effective ombudsman, the individual must have the following attributes:

- Concern for fairness
- Effective consensus-building and facilitator skills
- Good listening skills
- Established analytical ability
- Effective stress management skills
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- Make recommendations to the agriculture commissioner if a general problem trend is identified

PROGRAM GOALS

1 Recognized Resource
We are a resource that can evaluate issues and identify options after an impartial review of the complaint

2 Create Trust
Create surface owner/tenant trust in working with pipeline companies by creating a venue to address concerns and enhance communication

3 Save Resources
Save valuable resources by preventing disputes and resolving them in a timely manner in place of costly litigation

4 Balanced Approach
Support surface owners/tenants and the energy industry by using a non-regulatory approach to balance land use needs and foster the relationship between land stakeholders

PROGRAM OBJECTIVES

- Pipeline reclamation and restoration problems addressed in the early stages have a higher degree of resolution and can often be resolved before further erosion of confidence by the surface owner/tenant and before loss of productivity by both parties
- Effective education of key stakeholders regarding the goals of the program will create buy-in and cooperation
- The ombudsman does not necessarily have to identify the solution to a problem but will be most successful by helping surface owners/tenants and pipeline companies identify and carry out solutions
- The ombudsman must be an effective consensus-builder and facilitator

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Sept. 2018

Agriculture Commissioner - Budget No. 602
Senate Bill No. 2009
Base Level Funding Changes

Prepared for: 3/30/2023

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	79.00	\$13,459,712	\$24,110,775	\$37,570,487	79.00	\$13,459,712	\$24,110,775	\$37,570,487	0.00	\$0	\$0	\$0
2023-25 Ongoing Funding Changes												
Base payroll changes		(\$47,344)	(\$275,703)	(\$323,047)				\$0		\$47,344	\$275,703	\$323,047
Adds funding for the cost to continue salary increases		65,314	49,755	115,069		\$65,314	\$49,755	115,069				0
Salary increase		606,203	412,980	1,019,183		453,936	309,206	763,142		(152,267)	(103,774)	(256,041)
Health insurance increase		233,922	183,910	417,832		239,303	188,141	427,444		5,381	4,231	9,612
Adds funding for a salary equity increase for the Agriculture Commissioner				0		2,535		2,535		2,535		2,535
Adds funding for an FTE project manager and systems coordinator position	1.00	180,326		180,326	1.00	180,326		180,326				0
Adds funding for an FTE marketing specialist position	1.00	316,230		316,230	1.00	316,230		316,230				0
Adds funding for IT rate increases		17,565	12,568	30,133		17,565	12,568	30,133				0
Adds funding for IT data processing, communications, and services		10,078	215,059	225,137		10,078	215,059	225,137				0
Adjusts funding for travel, operating fees and services, and other operating expenses		47,266	(659,851)	(612,585)		47,266	(659,851)	(612,585)				0
Adds funding for a new Capitol space rent model		198,136		198,136		198,136		198,136				0
Adds funding for a post-production royalty oversight program				0			500,000	500,000			500,000	500,000
Adds federal funding for the plant and potato cyst nematode program				0			26,000	26,000			26,000	26,000
Adds federal funding for the local food purchase assistance program				0			978,000	978,000			978,000	978,000
Adjusts funding for capital assets		(10,000)	2,000	(8,000)		(10,000)	2,000	(8,000)				0
Adds funding for noxious weeds grants			118,695	118,695			198,695	198,695			80,000	80,000
Reduces funding for the waterbank program			(200,000)	(200,000)			(200,000)	(200,000)				0
Adds federal funding for speciality crop block grants			4,555,500	4,555,500			1,055,500	1,055,500			(3,500,000)	(3,500,000)
Adds funding for APUC			350,000	350,000			350,000	350,000				0
Reduces federal funding for the Board of Animal Health			(170,500)	(170,500)				0			170,500	170,500
Adds funding for aerial contract services for the Wildlife Services program		200,000		200,000		200,000		200,000				0
Total ongoing funding changes	2.00	\$1,817,696	\$4,594,413	\$6,412,109	2.00	\$1,720,689	\$3,025,073	\$4,745,762	0.00	(\$97,007)	(\$1,569,340)	(\$1,666,347)
One-Time Funding Items												
Adds funding for bioscience innovation grants			\$5,500,000	\$5,500,000				\$0			(\$5,500,000)	(\$5,500,000)
Adds one-time funding for APUC			3,000,000	3,000,000			\$3,000,000	3,000,000				0
Adds one-time funding for the North Dakota Trade Office		\$500,000		500,000		\$500,000		500,000				0
Total one-time funding changes	0.00	\$500,000	\$8,500,000	\$9,000,000	0.00	\$500,000	\$3,000,000	\$3,500,000	0.00	\$0	(\$5,500,000)	(\$5,500,000)
Total Changes to Base Level Funding	2.00	\$2,317,696	\$13,094,413	\$15,412,109	2.00	\$2,220,689	\$6,025,073	\$8,245,762	0.00	(\$97,007)	(\$7,069,340)	(\$7,166,347)
2023-25 Total Funding	81.00	\$15,777,408	\$37,205,188	\$52,982,596	81.00	\$15,680,401	\$30,135,848	\$45,816,249	0.00	(\$97,007)	(\$7,069,340)	(\$7,166,347)
<i>Federal funds included in other funds</i>			\$16,900,416				\$14,496,568				(\$2,403,848)	
<i>Total ongoing changes as a percentage of base level</i>	2.5%	13.5%	19.1%	17.1%	2.5%	12.8%	12.5%	12.6%				
<i>Total changes as a percentage of base level</i>	2.5%	17.2%	54.3%	41.0%	2.5%	16.5%	25.0%	21.9%				

Other Sections in Agriculture Commissioner - Budget No. 602

Transfer - Strategic investment and improvements fund to bioscience innovation grant fund

Executive Budget Recommendation
 Section 11 would identify \$5.5 million in the estimated income line item is from a transfer from the strategic investment and improvements fund to the bioscience innovation grant fund for the bioscience innovation grant program.

Senate Version
 Section 3 provides for a transfer of \$5.5 million from the strategic investment and improvements fund to the bioscience innovation grant fund for the bioscience innovation grant program. The Agriculture Commissioner has continuing appropriation authority for the bioscience innovation grant fund.

Other Sections in Agriculture Commissioner - Budget No. 602

	Executive Budget Recommendation	Senate Version
Transfer - Legacy earnings fund to bioscience innovation grant fund		Section 4 provides for a transfer of \$6.5 million from the legacy earnings fund to the bioscience innovation grant fund for the bioscience innovation grant program to provide a total of \$12 million for the program for the 2023-25 biennium. The Agriculture Commissioner has continuing appropriation authority for the bioscience innovation grant fund.
Transfer - Environment and rangeland protection fund to environmental impact mitigation fund		Section 5 provides for a transfer of \$250,000 from the environment and rangeland protection fund to the environmental impact mitigation fund for the environmental impact mitigation program. The Agriculture Commissioner has continuing appropriation authority for the environmental impact mitigation fund.
Estimated income - Transfer - Department of Water Resources - Wildlife Services program	Section 6 would identify \$125,000 in the estimated income line item is from the Department of Water Resources, which the department shall transfer to the Agriculture Commissioner for the Wildlife Services program.	Section 6 identifies \$125,000 in the estimated income line item is from the Department of Water Resources, which the department shall transfer to the Agriculture Commissioner for the Wildlife Services program.
Transfer - Environment and rangeland protection fund to minor use pesticide fund	Section 3 would require the Agriculture Commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund.	Section 7 requires the Agriculture Commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund.
Estimated income - Environment and rangeland protection fund	Section 4 would identify \$7,104,225 in the estimated income line item is from the environment and rangeland protection fund for various Department of Agriculture programs.	Section 8 identifies \$7,344,029 in the estimated income line item is from the environment and rangeland protection fund for various Department of Agriculture programs.
Estimated income - Game and Fish Department operating fund	Section 5 would identify \$661,270 in the estimated income line item is from the Game and Fish Department operating fund for various Department of Agriculture programs.	Section 9 identifies \$648,228 in the estimated income line item is from the Game and Fish Department operating fund for various Department of Agriculture programs.
Estimated income - Transfer - Bank of North Dakota profits - APUC	Section 12 would identify \$3 million in the estimated income line item is from funding transferred from Bank of North Dakota profits to the Agriculture Commissioner for deposit in the APUC fund for the APUC program.	Section 10 identifies \$3 million in the estimated income line item, which is from funding transferred from Bank of North Dakota profits to the Agriculture Commissioner for deposit in the APUC fund for the APUC program.
Estimated income - Abandoned oil and gas well plugging site reclamation fund	Section 8 would identify \$200,000 in the estimated income line item is from the abandoned oil and gas well plugging and site reclamation fund for the pipeline restoration and reclamation program.	Section 11 identifies \$700,000 in the estimated income line item is from the abandoned oil and gas well plugging and site reclamation fund, of which \$200,000 is for the pipeline restoration and reclamation program and \$500,000 is for the post-production royalty oversight program.
North Dakota Trade Office - Matching funds requirement	Section 10 would identify \$2.1 million of the funding appropriated from the general fund in Section 1 is for the North Dakota Trade Office. The Agriculture Commissioner may spend 60 percent of this amount without requiring any matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for every \$1 provided by the Agriculture Commissioner. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, to provide training, and to buy computer equipment as part of the North Dakota Trade Office's export assistance program.	Section 12 identifies \$2.1 million of the funding appropriated from the general fund in Section 1 is for the North Dakota Trade Office. The Agriculture Commissioner may spend 60 percent of this amount without requiring any matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for every \$1 provided by the Agriculture Commissioner. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, to provide training, and to buy computer equipment as part of the North Dakota Trade Office's export assistance program.
Waterbank program - Matching funds requirement	Section 7 would identify of the amount appropriated in the salary and wages line item, the Agriculture Commissioner may use up to \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.	Section 13 identifies of the amount appropriated in the salary and wages line item, the Agriculture Commissioner may use up to \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.

Other Sections in Agriculture Commissioner - Budget No. 602

Executive Budget Recommendation

Section 9 would provide the statutory changes necessary to increase the Agriculture Commissioner's salary. The Agriculture Commissioner's annual salary would increase from the current level of \$123,984 to \$131,423 effective July 1, 2023, and to \$136,679 effective July 1, 2024, to reflect the 6 percent and 4 percent annual recommended salary increases.

Senate Version

Section 14 provides the statutory changes necessary to increase the Agriculture Commissioner's salary. The Agriculture Commissioner's annual salary would increase from the current level of \$123,984 to \$130,000 effective July 1, 2023, and to \$135,200 effective July 1, 2024, to reflect a 4 percent salary increase and a salary equity increase in the 1st year of the biennium and a 4 percent salary increase in the 2nd year of the biennium.

Agriculture Commissioner salary

Post-production royalty oversight program

Section 15 creates a new section to Chapter 4.1-01 to establish a post-production royalty oversight program, allowing the Agriculture Commissioner to contract for ombudsmen to assist mineral owners, lease owners, and mineral companies in royalty payment issues.

Environmental impact mitigation fund

Sections 16, 17, and 18 amend Sections 4.1-01-21.1, 49-22-09, and 49-22-09.2 relating to the environmental impact fund, factors to be considered in evaluating applications and designation of sites, corridors, and routes, and mitigating direct and indirect environmental impacts.

Wildlife Services program - Indirect costs

Section 19 provides the funding appropriated in the wildlife services line item may not be used to pay indirect costs as part of the United States Department of Agriculture Animal and Plant Health Inspection Service Wildlife Services program.

Exemption - COVID-19 specialty crop block grant program

Section 20 provides an exemption to authorize the Agriculture Commissioner to continue funding appropriated for the 2019-21 biennium and continued into the 2021-23 biennium for the COVID-19 specialty crop block grant program into the 2023-25 biennium. The 2021 Legislative Assembly appropriated \$5 million for the program. Of this amount, the Agriculture Commissioner anticipates approximately \$3.5 million is needed to continue into the 2023-25 biennium.

WILDLIFE SERVICES HISTORIC FUNDING					
Biennium	Game and Fish Funds	EARP Funds	Water Comm Funds	General Funds	Total State Funds
1997-1999				\$ 779,694	\$ 779,694
1999-2001	\$ 100,000			\$ 779,694	\$ 879,694
2001-2003	\$ 400,000			\$ 375,707	\$ 775,707
2003-2005	\$ 550,000			\$ 250,000	\$ 800,000
2005-2007	\$ 680,000			\$ 250,000	\$ 930,000
2007-2009	\$ 680,000			\$ 240,000	\$ 920,000
2009-2011	\$ 968,800			\$ 298,600	\$ 1,267,400
2011-2013	\$ 868,800	²	\$ 250,000	\$ 298,600	\$ 1,417,400
2013-2015	\$ 384,400	\$ 384,400	\$ 250,000	\$ 398,600	\$ 1,417,400
2015-2017	\$ 384,400	\$ 384,400	\$ 250,000	\$ 398,600	\$ 1,417,400
2017-2019	\$ 500,000	\$ 384,400	\$ 125,000	\$ 398,600	\$ 1,408,000
2019-2021	\$ 500,000	\$ 433,800	\$ 125,000	\$ 398,600	\$ 1,457,400
2021-2023	\$ 500,000	\$ 433,800	\$ 125,000	\$ 398,600	\$ 1,457,400
2023-2025	\$ 500,000	\$ 433,800	\$ 125,000	\$ 598,600	\$ 1,657,400
					³ Senate Version
¹ Does not include \$159,000 (EARP & Sunflower Council funds) appropriated for blackbird research.					
² Legislature transferred \$300,000 general funds to Game and Fish to replace Game and Fish funds going to the BOAH (\$199,461) and some of the Wildlife Services funding (\$100,539).					
³ The Department submitted an optional budget request for \$200,000 general funds to offset increased aerial costs.					

SECTION XX. LEGISLATIVE MANAGEMENT STUDY – TRANSFER OF AGRICULTURAL EDUCATION DIVISION OF THE DEPARTMENT OF CAREER AND TECHNICAL DEVELOPMENT TO THE AGRICULTURE COMMISSIONER. During the 2023-24 interim, the legislative management shall consider studying the transfer of the agricultural education division of the department of career and technical development to the agriculture commissioner. The study must include an analysis of the feasibility and desirability of the transfer of function duties and responsibilities, resource and administrative operational efficiencies obtained through the transfer, and corresponding staffing and equipment requirements. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-ninth legislative assembly.

SECTION 16. AMENDMENT. Section 4.1-01-21.1 of the North Dakota Century Code is amended and reenacted as follows:

4.1-01-21.1. Environmental impact mitigation fund - Report to legislative management - Continuing appropriation.

1. There is created in the state treasury the environmental impact mitigation fund. The fund consists of all moneys deposited in the fund under section 49-22-09.2. All moneys in the fund are appropriated to the commissioner on a continuing basis for ~~distribution~~disbursement by the agriculture commissioner to ~~landowners for the mitigation of agricultural land impacted by development as set forth under subsection 2~~in accordance with this section.

2. ~~Funding~~Moneys in the fund may be used only for:

a. ~~Contracting for~~cConsultation with environmental scientists, or engineers, industry specialists, or others for relevant services to analyze or implement mitigation required from the impact of development; and

b. ~~Reclamation or~~To create, restore, or otherwise mitigate similar habitat affected by the construction or operation of an energy conversion or transmission facility. ~~m~~Mitigation of adverse impacts from development under this section shall be conducted in areas in the following order of priority:

- (1) The area immediately impacted by the development;
- (2) The county impacted by the development;
- (3) The region impacted by the development; and
- (4) Other areas within the state.

3. The commissioner is not subject to chapter 54-44.4 when contracting for services under this chapter.

4. ~~The~~In consultation with the federal environmental law impact review committee, the commissioner shall adopt rules under chapter 28-32 to implement the provisions of this section shall establish criteria for disbursement of moneys in the environmental impact funds~~mitigation fund.~~

5. ~~The commissioner shall make disbursements of moneys in the environmental impact mitigation fund based upon the determinations made by the federal environmental law impact review committee~~Easements or leaseholds purchased by a person to mitigate adverse environmental effects of the construction or life of an energy conversion or transmission facility under chapter 49-22 must be limited to the operational life of the facility as defined under chapter 49-22. Any payment made to mitigate adverse environmental effects of the construction or life of an energy conversion or transmission facility under chapter 49-22 must be made to the commissioner who shall deposit the payment into the environmental impact mitigation fund. Prior to the public service commission issuing a permit or certificate to an applicant under chapter 49-22, the commissioner shall notify the commission of mitigation efforts under this section to create, restore, or otherwise mitigate similar habitat affected by the construction or operation of an energy conversion or transmission facility

6. ~~For purposes of this section, the federal environmental law impact review committee shall hold meetings as the chairman determines necessary at a time and place set by the chairman.~~

Upon written request of any four members, the presiding officer shall call a special meeting of the committee.

7. The federal environmental law impact review committee shall make determinations for the disbursement of environmental impact mitigation fund grants in accordance with subsection 2 and provide those determinations to the commissioner.

8. The federal environmental law impact review committee commissioner shall provide a biennial report of environmental impact mitigation fund disbursements to the legislative management.

97. For purposes of this section, the environmental impact mitigation fund is not subject to subsection 2 of section 4.1-01-18.

SECTION 17. AMENDMENT. Section 49-22-09 of the North Dakota Century Code is amended and reenacted as follows:

49-22-09. Factors to be considered in evaluating applications and designation of sites, corridors, and routes.

1. The commission shall be guided by, but is not limited to, the following considerations, where applicable, to aid the evaluation and designation of sites, corridors, and routes:

a. Available research and investigations relating to the effects of the location, construction, and operation of the proposed facility on public health and welfare, natural resources, and the environment.

b. The effects of new electric energy conversion and electric transmission technologies and systems designed to minimize adverse environmental effects.

c. The potential for beneficial uses of waste energy from a proposed electric energy conversion facility.

d. Adverse direct and indirect environmental effects that cannot be avoided should the proposed site or route be designated.

e. Alternatives to the proposed site, corridor, or route which are developed during the hearing process and which minimize adverse effects.

f. Irreversible and irretrievable commitments of natural resources should the proposed site, corridor, or route be designated.

g. The direct and indirect economic impacts of the proposed facility.

h. Existing plans of the state, local government, and private entities for other developments at or in the vicinity of the proposed site, corridor, or route.

i. The effect of the proposed site or route on existing scenic areas, historic sites and structures, and paleontological or archaeological sites.

j. The effect of the proposed site or route on areas unique because of biological wealth or because the areas are habitats for rare and endangered species.

k. Problems raised by federal agencies, other state agencies, and local entities.

l. Written comments from the agriculture commissioner.

2. The commission may not condition the issuance of a certificate or permit on the applicant providing a mitigation payment assessed or requested by another state agency or entity to offset a negative impact on wildlife habitat.

SECTION 18. AMENDMENT. Section 49-22-09.2 of the North Dakota Century Code is amended and reenacted as follows:

49-22-09.2. Mitigating ~~direct or indirect~~ environmental impacts.

1. An applicant may elect to ~~shall~~ may elect to provide payment to mitigate any assessed adverse ~~direct or indirect~~ environmental impacts of a proposed site, corridor, route, or facility. The applicant may elect to ~~shall~~ provide a minimum of fifty percent of the payment to the agriculture commissioner.

2. The agriculture commissioner shall deposit any moneys paid to mitigate the adverse environmental impacts of a proposed site, corridor, route, or facility as follows:

- a. Fifty percent into the environmental impact mitigation fund; and
- b. Fifty percent into the federal environmental law impact review fund.

If an applicant elects to provide a payment to mitigate environmental impact of the construction or life of an energy conversion facility or transmission facility, such payment must be made to the agriculture commissioner who shall deposit the payment into the environmental impact mitigation fund established under section 4.1-01-21.1. Nothing in this section shall be construed to limit an applicant from conducting mitigation activities.

SECTION XX

LEGISLATIVE MANAGEMENT STUDY – ENERGY CONVERSION OR TRANSMISSION FACILITY – ENVIRONMENTAL MITIGATION. During the 2023-24 interim, the legislative management shall study plans for mitigation of adverse wildlife and environmental impact and monetary payments made by applicants or other persons for that mitigation during the siting and operation of energy conversion or transmission facilities. The payments include applicant payments to state agencies, contractors, nongovernmental organizations, and others. The study must include a review of the provisions of the North Dakota Century Code that affect the ability of developers to effectively mitigate adverse wildlife habitat and environmental impacts, applicant payments used for the purchase of perpetual or nonperpetual conservation easements, the distinction between an adverse direct environmental effect or an adverse indirect environmental effect, methods to monetarily quantify adverse direct or adverse indirect environmental effects, and alternative programs that may be used or developed for the mitigation of adverse wildlife and environmental effects. The legislative management shall report its findings and recommendations, together with the legislation necessary to implement the recommendations, to the sixty-ninth legislative assembly.

23.0263.02013

FIRST ENGROSSMENT

Sixty-eighth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2009

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the agriculture
 2 commissioner; to create and enact a new section to chapter 4.1-01 of the North Dakota Century
 3 Code, relating to the establishment of a post-production royalty oversight program; to amend
 4 and reenact sections 4.1-01-02, 4.1-01-21.1, ~~49-22-09~~, and 49-22-09.2 of the North Dakota
 5 Century Code, relating to the salary of the agriculture commissioner, the environmental impact
 6 mitigation fund, ~~factors to be considered in evaluating applications and designations of sites,~~
 7 ~~corridors, and routes~~ and mitigating ~~direct and indirect~~ environmental impacts; to provide for a
 8 transfer; to provide for a legislative management study; to provide for a report; and to provide
 9 an exemption.

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

11 SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds
 12 as may be necessary, are appropriated out of any moneys in the general fund in the state
 13 treasury, not otherwise appropriated, and from special funds derived from federal funds and
 14 other income, to the agriculture commissioner for the purpose of defraying the expenses of the
 15 agriculture commissioner, for the biennium beginning July 1, 2023, and ending June 30, 2025,
 16 as follows.

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
19 Salaries and wages	\$15,717,126	\$1,693,446	\$17,410,572
20 Operating expenses	6,848,052	588,121	7,436,173
21 Capital assets	15,000	(8,000)	7,000
22 Grants	9,031,774	1,922,195	10,953,969
23 Agricultural products utilization	1,760,417	3,350,000	5,110,417
24 commission			

Sixty-eighth
Legislative Assembly

1	North Dakota trade office	1,600,000	500,000	2,100,000
2	Board of animal health	865,718	0	865,718
3	Wildlife services	1,457,400	200,000	1,657,400
4	Pipeline restoration and reclamation	200,000	0	200,000
5	oversight program			
6	Crop harmonization board	<u>75,000</u>	<u>0</u>	<u>75,000</u>
7	Total all funds	\$37,570,487	\$8,245,762	\$45,816,249
8	Less estimated income	<u>24,110,775</u>	<u>6,025,073</u>	<u>30,135,848</u>
9	Total general fund	\$13,459,712	\$2,220,689	\$15,680,401
10	Full-time equivalent positions	79.00	2.00	81.00

11 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**
 12 **SIXTY-NINTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding
 13 items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the
 14 one-time funding items included in the appropriation in section 1 of this Act:

15	<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
16	Agricultural products utilization commission	\$2,700,000	\$3,000,000
17	Soil health grants	700,000	0
18	Grasslands grazing grants	5,000,000	0
19	Bioscience innovation grant program	5,500,000	0
20	Federal environmental law impact review	5,000,000	0
21	Intermodal facility construction grant program	2,000,000	0
22	North Dakota trade office	<u>0</u>	<u>500,000</u>
23	Total all funds	\$20,900,000	\$3,500,000
24	Less estimated income	<u>10,400,000</u>	<u>3,000,000</u>
25	Total general fund	\$10,500,000	\$500,000

26 The 2023-25 biennium one-time funding amounts are not a part of the entity's base budget
 27 for the 2025-27 biennium. The agriculture commissioner shall report to the appropriations
 28 committees of the sixty-ninth legislative assembly on the use of this one-time funding for the
 29 biennium beginning July 1, 2023, and ending June 30, 2025.

30 **SECTION 3. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO**
 31 **BIOSCIENCE INNOVATION FUND - BIOSCIENCE INNOVATION GRANT PROGRAM.** The

1 office of management and budget shall transfer \$5,500,000 from the strategic investment and
2 improvements fund to the bioscience innovation grant fund for the purpose of the bioscience
3 innovation grant program under section 4.1-01-20.1 for the biennium beginning July 1, 2023,
4 and ending June 30, 2025.

5 **SECTION 4. TRANSFER - LEGACY EARNINGS FUND TO BIOSCIENCE INNOVATION**
6 **FUND - BIOSCIENCE INNOVATION GRANT PROGRAM.** Pursuant to the designation of
7 funding for other legislative purposes under subdivision c of subsection 4 of section 21-10-13,
8 the office of management and budget shall transfer \$6,500,000 from the legacy earnings fund to
9 the bioscience innovation grant fund for the purpose of the bioscience innovation grant program
10 under section 4.1-01-20.1 for the biennium beginning July 1, 2023, and ending June 30, 2025.

11 **SECTION 5. TRANSFER - ENVIRONMENT AND RANGELAND PROTECTION FUND TO**
12 **ENVIRONMENTAL IMPACT MITIGATION FUND - MITIGATION OF AGRICULTURAL LAND.**
13 The office of management and budget shall transfer \$250,000 from the environment and
14 rangeland protection fund to the environmental impact mitigation fund for the purpose of
15 mitigation of agricultural land under section 4.1-01-21.1 for the biennium beginning July 1, 2023,
16 and ending June 30, 2025.

17 **SECTION 6. ESTIMATED INCOME - TRANSFER - DEPARTMENT OF WATER**
18 **RESOURCES.** The estimated income line item in section 1 of this Act includes the sum of
19 \$125,000 which the department of water resources shall transfer to the agriculture
20 commissioner for the purpose of defraying the expenses of the wildlife services program.

21 **SECTION 7. TRANSFER - ENVIRONMENT AND RANGELAND PROTECTION FUND -**
22 **MINOR USE PESTICIDE FUND.** The agriculture commissioner shall transfer \$325,000 from the
23 environment and rangeland protection fund to the minor use pesticide fund during the biennium
24 beginning July 1, 2023, and ending June 30, 2025.

25 **SECTION 8. ESTIMATED INCOME - ENVIRONMENT AND RANGELAND PROTECTION**
26 **FUND.** The estimated income line item in section 1 of this Act includes the sum of \$7,344,029
27 from the environment and rangeland protection fund for the purpose of defraying the expenses
28 of various agriculture commissioner programs.

29 **SECTION 9. ESTIMATED INCOME - GAME AND FISH FUND.** The estimated income line
30 item in section 1 of this Act includes the sum of \$648,228 from the game and fish department

1 operating fund for the purpose of defraying the expenses of various agriculture commissioner
2 programs.

3 **SECTION 10. ESTIMATED INCOME - TRANSFER - BANK OF NORTH DAKOTA**

4 **PROFITS - AGRICULTURAL PRODUCTS UTILIZATION COMMISSION.** The estimated
5 income line item in section 1 of this Act includes the sum of \$3,000,000 which the Bank of North
6 Dakota shall transfer from the Bank's current earnings and undivided profits to the agriculture
7 commissioner for deposit in the agricultural products utilization fund for the purpose of defraying
8 the expenses of the agricultural products utilization commission for the biennium beginning
9 July 1, 2023, and ending June 30, 2025.

10 **SECTION 11. ESTIMATED INCOME - ABANDONED OIL AND GAS WELL PLUGGING**

11 **AND SITE RECLAMATION FUND.** The estimated income line item in section 1 of this Act
12 includes the sum of \$700,000 from the abandoned oil and gas well plugging and site
13 reclamation fund, of which \$200,000 is for the purpose of defraying the expenses of the pipeline
14 restoration and reclamation program and \$500,000 is for the purpose of defraying the expenses
15 of the post-production royalty oversight program.

16 **SECTION 12. TRADE OFFICE - MATCHING FUND REQUIREMENT.** The North Dakota

17 trade office line item and the general fund appropriation in section 1 of this Act include
18 \$2,100,000 of funding related to the North Dakota trade office. The agriculture commissioner
19 may spend sixty percent of this amount without requiring any matching funds from the trade
20 office. Any additional amounts may be spent only to the extent the North Dakota trade office
21 provides one dollar of matching funds from private or other public sources for each one dollar
22 provided by the agriculture commissioner. Matching funds may include money spent by
23 businesses or organizations to pay salaries to export assistants, providing training to export
24 assistants, or to purchase computer equipment as part of the North Dakota trade office's export
25 assistant program.

26 **SECTION 13. WATERBANK PROGRAM - MATCHING FUNDS.** The salaries and wages
27 line item in section 1 of this Act includes up to \$50,000 from the general fund for matching funds
28 for the North Dakota outdoor heritage fund grant provided for the waterbank program.

29 **SECTION 14. AMENDMENT.** Section 4.1-01-02 of the North Dakota Century Code is
30 amended and reenacted as follows:

1 **4.1-01-02. Salary of agriculture commissioner.**

2 The annual salary of the agriculture commissioner is one hundred ~~twenty-one~~thirty
3 thousand ~~five hundred fifty-three~~ dollars through June 30, ~~2022~~2024, and one hundred
4 ~~twenty-three~~thirty-five thousand ~~ninetwo~~ hundred ~~eighty-four~~ dollars after that date.

5 **SECTION 15.** A new section to chapter 4.1-01 of the North Dakota Century Code is created
6 and enacted as follows:

7 **Post-production royalty oversight program.**

8 The commissioner shall establish a post-production royalty oversight program providing
9 technical assistance and support to mineral owners, lease owners, and mineral companies
10 relating to royalty payment issues. The commissioner may contract for ombudsmen for
11 assistance on royalty payment issues. The commissioner is not subject to the provisions of
12 chapter 54-44.4 when contracting for the services of ombudsmen. The names of mineral
13 owners, lease owners, and mineral companies that receive assistance under the program are
14 not subject to section 44-04-18 and section 6 of article XI of the Constitution of North Dakota.

15 **SECTION 16. AMENDMENT.** Section 4.1-01-21.1 of the North Dakota Century Code is
16 amended and reenacted as follows:

17 **4.1-01-21.1. Environmental impact mitigation fund - Report to legislative management**
18 **- Continuing appropriation.**

19 1. There is created in the state treasury the environmental impact mitigation fund. The
20 fund consists of all moneys deposited in the fund under section 49-22-09.2. All
21 moneys in the fund are appropriated to the commissioner on a continuing basis for
22 ~~distribution~~disbursement by the agriculture commissioner ~~to landowners for the~~
23 ~~mitigation of agricultural land impacted by development as set forth under subsection~~
24 2in accordance with this section.

25 2. ~~Funding~~Moneys in the fund may be used only for:

- 26 a. ~~Contracting for consultation~~Consultation with environmental scientists ~~or~~
27 engineers, industry specialists, or others for relevant services to analyze or
28 implement mitigation required from the impact of development; and
29 b. ~~Reclamation or mitigation~~Mitigation of adverse impacts from development in the
30 following order of priority:

31 (1) The area immediately impacted by the development:

1 (2) The county impacted by the development;

2 (3) The region impacted by the development; and

3 (4) Other areas within the state.

4 3. The commissioner is not subject to chapter 54-44.4 when contracting for services
5 under this chapter.

6 4. ~~The federal environmental law impact review committee shall establish criteria for~~
7 ~~disbursement of moneys in the environmental impact funds~~~~mitigation fund~~In
8 consultation with the federal environmental law impact review committee, the
9 commissioner shall adopt rules pursuant to chapter 28-32 to implement the provisions
10 of this section.

11 5. ~~The commissioner shall make disbursements of moneys in the environmental impact~~
12 ~~mitigation fund based upon the determinations made by the federal environmental law~~
13 ~~impact review committee.~~

14 ~~6. For purposes of this section, the federal environmental law impact review committee~~
15 ~~shall hold meetings as the chairman determines necessary at a time and place set by~~
16 ~~the chairman. Upon written request of any four members, the presiding officer shall~~
17 ~~call a special meeting of the committee.~~

18 ~~7. The federal environmental law impact review committee shall make determinations for~~
19 ~~the disbursement of environmental impact mitigation fund grants in accordance with~~
20 ~~subsection 2 and provide those determinations to the commissioner~~Easements or
21 leaseholds purchased by a person to mitigate adverse environmental effects of the
22 construction or operation of an energy conversion or transmission facility under
23 chapter 49-22 must be limited to the operational life of the facility as defined under
24 chapter 49-22. Any payment made to mitigate adverse environmental effects of the
25 construction or operation of an energy conversion or transmission facility under
26 chapter 49-22 must be made to the commissioner who shall deposit the payment into
27 the environmental impact mitigation fund.

28 ~~8.6.~~ The federal environmental law impact review committeeagriculture commissioner shall
29 provide a biennial report of environmental impact mitigation fund disbursements to the
30 legislative management.

1 ~~9.7.~~ For purposes of this section, the environmental impact mitigation fund is not subject to
2 subsection 2 of section 4.1-01-18.

3 ~~SECTION 17. AMENDMENT.~~ Section 49-22-09 of the North Dakota Century Code is
4 ~~amended and reenacted as follows:~~

5 ~~49-22-09. Factors to be considered in evaluating applications and designation of~~
6 ~~sites, corridors, and routes.~~

7 ~~1. The commission shall be guided by, but is not limited to, the following considerations,~~
8 ~~where applicable, to aid the evaluation and designation of sites, corridors, and routes:~~

9 ~~a. Available research and investigations relating to the effects of the location,~~
10 ~~construction, and operation of the proposed facility on public health and welfare,~~
11 ~~natural resources, and the environment.~~

12 ~~b. The effects of new electric energy conversion and electric transmission~~
13 ~~technologies and systems designed to minimize adverse environmental effects.~~

14 ~~c. The potential for beneficial uses of waste energy from a proposed electric energy~~
15 ~~conversion facility.~~

16 ~~d. Adverse direct and indirect environmental effects that cannot be avoided should~~
17 ~~the proposed site or route be designated.~~

18 ~~e. Alternatives to the proposed site, corridor, or route which are developed during~~
19 ~~the hearing process and which minimize adverse effects.~~

20 ~~f. Irreversible and ir retrievable commitments of natural resources should the~~
21 ~~proposed site, corridor, or route be designated.~~

22 ~~g. The direct and indirect economic impacts of the proposed facility.~~

23 ~~h. Existing plans of the state, local government, and private entities for other~~
24 ~~developments at or in the vicinity of the proposed site, corridor, or route.~~

25 ~~i. The effect of the proposed site or route on existing scenic areas, historic sites~~
26 ~~and structures, and paleontological or archaeological sites.~~

27 ~~j. The effect of the proposed site or route on areas unique because of biological~~
28 ~~wealth or because the areas are habitats for rare and endangered species.~~

29 ~~k. Problems raised by federal agencies, other state agencies, and local entities.~~

30 ~~l. Written comments from the agriculture commissioner.~~

1 ~~2. The commission may not condition the issuance of a certificate or permit on the~~
2 ~~applicant providing a mitigation payment assessed or requested by another state~~
3 ~~agency or entity to offset a negative impact on wildlife habitat.~~

4 **SECTION 17. AMENDMENT.** Section 49-22-09.2 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **49-22-09.2. Mitigating ~~direct or indirect~~ environmental impacts.**

7 1. ~~An applicant may elect to~~shall provide payment to mitigate any assessed adverse
8 ~~direct or indirect~~ environmental impacts of a proposed site, corridor, route, or facility.
9 ~~The applicant may elect to~~shall provide a minimum of fifty percent of the payment to
10 ~~the agriculture commissioner.~~

11 ~~2. The agriculture commissioner shall deposit any moneys paid to mitigate the adverse~~
12 ~~environmental impacts of a proposed site, corridor, route, or facility as follows:~~

13 a. ~~Fifty percent into the environmental impact mitigation fund; and~~

14 b. ~~Fifty percent into the federal environmental law impact review fund~~If an applicant
15 elects to provide a payment to mitigate the environmental impact of the
16 construction or operation of an energy conversion or transmission facility, the
17 payment must be made to the agriculture commissioner who shall deposit the
18 payment into the environmental impact mitigation fund under section 4.1-01-21.1.
19 Nothing in this section shall be construed to limit an applicant from conducting
20 mitigation activities.

21 **SECTION 18. WILDLIFE SERVICES PROGRAM - INDIRECT COSTS.** The wildlife
22 services line item in section 1 of this Act includes the sum of \$1,657,400 for the purpose of
23 defraying the expenses of the wildlife services program during the biennium beginning July 1,
24 2023, and ending June 30, 2025. The agriculture commissioner may not use funding
25 appropriated for the program to pay indirect costs as part of the United States department of
26 agriculture animal and plant health inspection service wildlife services program.

27 **SECTION 19. EXEMPTION - COVID-19 SPECIALTY CROP BLOCK GRANT PROGRAM.**

28 The amount of \$5,000,000 appropriated from federal funds derived from COVID-19 funds for
29 the specialty crop block grant program during the 2019-21 biennium in section 1 of chapter 27
30 and continued into the 2021-23 biennium in section 2 of chapter 27 of the 2021 Session Laws is

1 not subject to section 54-44.1-11 and is available for the program during the biennium beginning
2 July 1, 2023, and ending June 30, 2025.

3 **SECTION 20. LEGISLATIVE MANAGEMENT STUDY - ENERGY CONVERSION OR**
4 **TRANSMISSION FACILITY - ENVIRONMENTAL MITIGATION.** During the 2023-24 interim, the
5 legislative management shall consider studying plans for mitigation of adverse wildlife and
6 environmental impacts and monetary payments made to state agencies, contractors,
7 nongovernmental organizations, and others by applicants or other persons for mitigation during
8 the siting and operation of energy conversion or transmission facilities. The study must include
9 consideration of the provisions of law that affect the ability of developers to effectively mitigate
10 adverse wildlife habitat and environmental impacts, applicant payments used for the purchase
11 of perpetual or nonperpetual conservation easements, the distinction between an adverse direct
12 environmental effect or an adverse indirect environmental effect, methods to monetarily quantify
13 adverse direct or adverse indirect environmental effects, and alternative programs that may be
14 used or developed for the mitigation of adverse wildlife and environmental effects. The
15 legislative management shall report its findings and recommendations, together with any
16 legislation necessary to implement the recommendations, to the sixty-ninth legislative assembly.

Executive Budget Propo							
sal for Targeted Salary Equity Adjustments							
Unit	Agency	General Fund	Other Funds	Total Funds	FTE'S	Biennial increase	Ave monthly increase/FTE
10100	Governor's Office	\$120,000	\$0	\$120,000	19	6315.79	263.16
10800	Secretary of State	\$81,015	\$8,985	\$90,000	34	2647.06	110.29
11000	Office of Mgmt & Budget	\$314,760	\$51,240	\$366,000	117	3128.21	130.34
11200	Information Technology Dept	\$2,891,065	\$5,892,935	\$8,784,000	520	16892.31	703.85
11700	State Auditor	\$358,500	\$163,500	\$522,000	68	7676.47	319.85
12000	State Treasurer	\$24,000	\$0	\$24,000	7	3428.57	142.86
12500	Attorney General	\$785,664	\$342,336	\$1,128,000	263	4288.97	178.71
12700	State Tax Commissioner	\$642,000	\$0	\$642,000	118	5440.68	226.69
14000	Office of Admin Hearings		\$24,000	\$24,000	5	4800.00	200.00
18800	Legal Counsel for Indigents	\$366,660	\$11,340	\$378,000	43	8790.70	366.28
19000	Retirement & Investment Office		\$96,000	\$96,000	25	3840.00	160.00
19200	Public Employees Retire System		\$462,000	\$462,000	39.5	11696.20	487.34
19500	Ethics Commission		\$0	\$0	3	0.00	0.00
20100	Public Instruction	\$581,568	\$570,432	\$1,152,000	86.25	13356.52	556.52
22600	ND Department of Trust Lands	\$0	\$492,000	\$492,000	32	15375.00	640.63
25000	State Library	\$190,124	\$25,876	\$216,000	26.75	8074.77	336.45

25200	School for the Deaf	\$322,880	\$19,120	\$342,000	45.36	7539.68	314.15
25300	School for the Blind	\$181,266	\$10,734	\$192,000	27.75	6918.92	288.29
27000	Career and Technical Education	\$359,886	\$18,114	\$378,000	53.3	7091.93	295.50
Unit	Agency	General Fund	Other Funds	Total Funds			
30300	Environmental Quality	\$705,928	\$908,072	\$1,614,000	173	9329.48	388.73
31300	Veterans' Home	\$194,230	\$285,770	\$480,000	114.79	4181.55	174.23
31600	Indian Affairs Commission	\$12,000	\$0	\$12,000	4	3000.00	125.00
32100	Veterans Affairs Department	\$92,322	\$9,678	\$102,000	9	11333.33	472.22
32500	ND Health and Human Services	\$6,720,099	\$3,539,901	\$10,260,000	2561.83	4004.95	166.87
36000	Protection and Advocacy	\$102,812	\$83,188	\$186,000	28.5	6526.32	271.93
38000	Job Service ND	\$158,254	\$597,746	\$756,000	158.61	4766.41	198.60
40100	Insurance Department		\$138,000	\$138,000	37	3729.73	155.41
40500	Industrial Commission	\$16,403	\$1,597	\$18,000	8.75	2057.14	85.71
40600	Labor Commissioner	\$41,483	\$6,517	\$48,000	13	3692.31	153.85
40800	Public Service Commission	\$116,936	\$57,064	\$174,000	44	3954.55	164.77
41200	Aeronautics Commission		\$24,000	\$24,000	7	3478.57	147.86
41300	Dept of Financial Institutions		\$252,000	\$252,000	34	7411.76	308.82

41400	Securities Commissioner		\$54,000	\$54,000	10	5400.00	225.00
47100	Bank of North Dakota		\$726,000	\$726,000	181	4011.05	167.13
47200	Public Finance Authority		\$12,000	\$12,000			
47300	Housing Finance Agency		\$276,000	\$276,000	52	5307.69	221.15
48500	Workforce Safety & Insurance		\$510,000	\$510,000	260.14	1960.48	81.69
Unit	Agency	General Fund	Other Funds	Total Funds			
50400	Highway Patrol	\$1,114,068	\$277,932	\$1,392,000	208	6692.31	278.85
53000	Corrections & Rehab	\$4,560,000	\$0	\$4,560,000	979.79	4654.06	193.92
54000	Adjutant General	\$871,342	\$940,658	\$1,812,000	233	7776.82	324.03
60100	Department of Commerce	\$186,040	\$23,960	\$210,000	63.8	3291.54	137.15
60200	Department of Agriculture	\$121,059	\$58,941	\$180,000	81	2222.22	92.59
67000	ND Horse Racing Commission	\$1,140	\$60	\$1,200	2	600.00	25.00
70100	Historical Society	\$428,556	\$45,444	\$474,000	83.5	5676.65	236.53
70900	Council on the Arts	\$30,000	\$0	\$30,000	6	5000.00	208.33
72000	Game and Fish Department		\$174,000	\$174,000	172	1011.63	42.15
75000	ND Parks & Recreation Dept	\$441,235	\$20,765	\$462,000	66	7000.00	291.67
77000	Department of Water Resources		\$774,000	\$774,000	93	8322.58	346.77
80100	Department of Transportation		\$534,000	\$534,000	1011	528.19	22.01
	Agency Total	\$23,133,295	\$18,519,905	\$41,653,200			
	Higher Ed	\$20,909,905	\$20,290,095	\$41,200,000			

NDSU Extension & Research	\$3,710,000	\$1,590,000	\$5,300,000
Unallocated	\$1,546,800	\$0	\$1,546,800
Grand Total	\$49,300,000.00	\$40,400,000.00	\$89,700,000.00
<p>Legend: Placeholder amount for agencies with limited input (2% of payroll) Amounts carried forward to total Items in white or light gray are for reference 88 CR = 88% Compa Ratio tells us the relation to salary and market policy point, which helps us identify where we have pockets of relatively low paid staff.</p>			
Revised or corrected amount			

Salary Line Spreadsheet - Department of Agriculture

#	Employee	Date of Hire	Division	Current Salary (Monthly Salary)	Employee Class (Class Code)	Comp Ratio
1	Bialke, Dutch	7/21/2014	Administrative Services	\$10,147.00	107	1.33
2	Grondahl, Andrea	12/6/1999	Livestock Industries	\$9,076.00	107	1.19
3	Hansen, Jim	9/17/2007	Administrative Services	\$6,326.00	105	1.19
4	Schneider, John	9/17/2001	Marketing	\$9,106.00	107	1.19
5	Baumiller, Lynette	11/1/1995	Administrative Services	\$8,911.00	107	1.16
6	Hoffman, Kathy	4/1/2010	Animal Health	\$3,706.00	102	1.16
7	Masset, Peggy	7/12/2017	Animal Health	\$3,532.00	102	1.10
8	Kreft, Cody	5/1/1997	Livestock Industries	\$5,694.00	105	1.07
9	Slack, David	8/28/2000	Livestock Industries	\$5,695.00	105	1.07
10	Wirtz, Jason	8/24/2000	Grain Inspection	\$5,674.00	105	1.06
11	Carlson, Beth	10/1/2004	Animal Health	\$9,635.00	108	1.05
12	Gietzen, Becky	9/9/1999	Livestock Industries	\$4,683.00	104	1.04
13	Celley, Tammy	2/1/1991	Animal Health	\$4,591.00	104	1.02
14	Quissell, Shaun	8/20/2007	Grain Inspection	\$7,819.00	107	1.02
15	Bailey, Sarah	2/12/2018	Animal Health	\$7,754.00	107	1.01
16	Schneider, Betty	12/1/1983	Marketing	\$5,379.00	105	1.01
17	Andersen, Heather	11/1/2004	Livestock Industries	\$5,326.00	105	1.00
18	Elhard, Charles	2/1/2010	Plant Industries	\$6,350.00	106	1.00
19	Kroh, Nathan	7/8/2013	Livestock Industries	\$5,248.00	105	0.98
20	Steffen, Shaun	12/6/2001	Livestock Industries	\$5,244.00	105	0.98
21	Mielke, Michelle	3/2/2015	Marketing	\$5,126.00	105	0.96
22	Delzer, Eric	8/22/2011	Pesticide & Fertilizer	\$7,247.00	107	0.95
23	Good, Jamie	3/19/2013	Grain Inspection	\$5,087.00	105	0.95
24	Berglund, Keli	6/13/2022	Administrative Services	\$5,000.00	105	0.94
25	Boehm, Nathan	7/15/2013	Animal Health	\$5,026.00	105	0.94
26	Haff, Kara	5/7/2018	Marketing	\$5,999.00	106	0.94
27	Jacobs-Kopp, Jeannie	5/16/2011	Administrative Services	\$5,999.00	106	0.94
28	Metzger, Cami	11/15/2005	Livestock Industries	\$5,025.00	105	0.94
29	Theurer, Kent	7/7/2014	Administrative Services	\$5,025.00	105	0.94
30	Brunner, Samantha	10/1/2012	Plant Industries	\$7,115.00	107	0.93
31	Gierszewski, Deanna	5/13/1999	Marketing	\$4,850.00	105	0.91
32	Kiefel, Brandy	8/1/2012	Pesticide & Fertilizer	\$4,872.00	105	0.91
33	Dean, Bradley	10/1/2018	Marketing	\$4,739.00	105	0.89
34	Pachl, Adam	6/24/2013	Plant Industries	\$4,740.00	105	0.89
35	Kramer, Brian	5/10/2011	Pesticide & Fertilizer	\$4,710.00	105	0.88
36	Norton, Kim	4/12/2010	Plant Industries	\$3,938.00	104	0.88
37	Sauter, Jerry	3/22/2010	Pesticide & Fertilizer	\$4,502.00	106	0.88
38	Wagner, Lukas	2/4/2019	Pesticide & Fertilizer	\$4,720.00	105	0.88
39	Epperly, Joshua	9/7/2010	Livestock Industries	\$4,667.00	105	0.87
40	Huizenga, Katie	9/24/2021	Marketing	\$4,636.00	105	0.87
41	Vogel, Whitney	10/18/2010	Livestock Industries	\$4,629.00	105	0.87
42	Coufal, Kevin	11/3/2008	Pesticide & Fertilizer	\$4,594.00	105	0.86
43	Hagerott, Tammie	2/2/2009	Administrative Services	\$5,400.00	106	0.85
44	Krei, Jon	4/1/2013	Pesticide & Fertilizer	\$4,513.00	105	0.85
45	Angie Oberg	4/10/2023	Marketing	\$4,500.00		0.85
46	McGrath, Samantha	11/3/2008	Administrative Services	\$4,522.00	105	0.85
47	Woehl, Derek	7/15/2010	Pesticide & Fertilizer	\$4,556.00	105	0.85
48	Glasser, Julienne	8/2/2021	Marketing	\$3,194.00	103	0.84
49	Kramer, Toby	7/22/2019	Grain Inspection	\$4,500.00	105	0.84
50	Mortenson, John	5/16/2011	Plant Industries	\$4,500.00	105	0.84
51	Ralston, Carla	5/16/2016	Pesticide & Fertilizer	\$4,508.00	105	0.84
52	Rittmiller, Angela	11/8/2004	Grain Inspection	\$3,763.00	104	0.84
53	Theisen, Michelle	7/1/2021	Administrative Services	\$4,500.00	105	0.84
54	Ag Communication Specialist (00012626)		Marketing	\$4,400.00	105	0.83
55	Beehler, Haylee	6/17/2019	Livestock Industries	\$4,433.00	105	0.83
56	Erickson, Todd	8/16/2021	Livestock Industries	\$4,430.00	105	0.83
57	Weisz, Richard	11/3/2014	Plant Industries	\$4,429.00	105	0.83
58	David, Jeanne	5/22/2007	Animal Health	\$4,350.00	105	0.82
59	Erickson, Andrew	5/19/2008	Pesticide & Fertilizer	\$4,381.00	105	0.82
60	Gasal, Leslie	6/18/2019	Grain Inspection	\$5,200.00	106	0.82
61	Hendrickson, Kevin	5/17/2021	Grain Inspection	\$4,327.00	105	0.81
62	Markel, Andy	1/4/2021	Grain Inspection	\$4,327.00	105	0.81
63	Matthew Drader	4/1/2023	Pesticide & Fertilizer	\$4,300.00	105	0.81
64	Sondrol, Aubrey	4/12/2021	Pesticide & Fertilizer	\$4,327.00	105	0.81
65	Oggard, Rebecca	12/23/2022	Pesticide & Fertilizer	\$4,250.00	105	0.80
66	Rasmussen, Siri	11/16/2020	Livestock Industries	\$4,286.00	105	0.80
67	Wescor, Tayler	3/2/2020	Administrative Services	\$4,286.00	105	0.80
68	Hillerson, Lukas	2/1/2023	Animal Health	\$4,200.00	105	0.79
69	Bush, Parker	6/27/2018	Grain Inspection	\$4,182.00	105	0.78
70	Timmer, Sara	3/1/2021	Pesticide & Fertilizer	\$3,521.00	104	0.78
71	Knutson, Codee	9/12/2022	Livestock Industries	\$4,100.00	105	0.77
72	Bergquist, Natalie	10/10/2022	Livestock Industries	\$4,070.00	105	0.76
73	Miller, Jamie	1/8/2018	Livestock Industries	\$4,030.00	105	0.76
74	Opatri, Scott	4/4/2022	Plant Industries	\$4,080.00	105	0.76
75	Zidon, Abby	6/6/2022	Livestock Industries	\$4,074.00	105	0.76
76	Andress, Ethan	7/12/2021	Animal Health	\$10,199.00	NOT CLASSIFIED	
77	Bodine, Tom	7/2/2012	Administrative Services	\$10,302.00	NOT CLASSIFIED	
78	Goehring, Doug	4/6/2009	Administrative Services	\$10,332.00	NOT CLASSIFIED	
79	Reinke, Jody	12/16/2002	Administrative Services	\$5,151.00	NOT CLASSIFIED	

Field Staff = 24

Less <2 yrs as of 6/30/2023

88 CR or = & >2 yrs as of 6/30/2023

<88 CR & >2 yrs as of 6/30/2023

Target Salary Equity Adjustments

Theisen, Shelley C.

From: Hart, Lynn L.
Sent: Thursday, April 13, 2023 11:23 AM
To: Theisen, Shelley C.
Subject: FW: Total Rewards Information Request
Attachments: Total Rewards Input Template.xlsx; Compensation (DOCR).pdf

From: Hart, Lynn L.
Sent: Friday, July 29, 2022 10:37 AM
To: Morrissette, Joe <jmorrissette@nd.gov>
Subject: FW: Total Rewards Information Request

Joe,
FYI. This is the information request that I sent out this past Monday.

LH

From: Hart, Lynn L.
Sent: Monday, July 25, 2022 11:23 PM
To: Hart, Lynn L. <lyhart@nd.gov>
Cc: Chad R. Kourajian (ckourajian@nd.gov) <ckourajian@nd.gov>; Fried, Tera <tfried@nd.gov>; Munns, Ross A. <rmunns@nd.gov>; Morman, Heidi L. <hlmorman@nd.gov>; Pool, Duane B. <dpool@nd.gov>; Brintnell, John C. <jbrintnell@nd.gov>; Sutheimer, Jason P. <jpsutheimer@nd.gov>; Anderson, Sherri L. <sherrianderson@nd.gov>; Mugaas, Jill E. <jmugaas@nd.gov>; Indovina, Jeff <jindovina@nd.gov>; Wike, Andrea B. <abwike@nd.gov>; Ibach, Whitney A. <wibach@nd.gov>; Kriege, Rachel F. <rkriege@nd.gov>; Deichert, Becky J. <bdeichert@nd.gov>; Weisz, Brenda M. <brweisz@nd.gov>; Engelhardt, Travis <tengelhardt@nd.gov>; Wolf, Hannah K. <hkwolf@nd.gov>; Kjos, Sara J. <skjos@nd.gov>; Sackman, Nikki J. <nsackman@nd.gov>; Breuer, Stacey <sbreuer@nd.gov>; Wuitschick, Marcie D. <mwuitschick@nd.gov>; Miller, Shelly R. (shmillier@nd.gov) <shmillier@nd.gov>; Fricke, Rebecca D. <rfricke@nd.gov>; Leno, Sara J. <sajleno@nd.gov>; Schulz, Krista H. <khschulz@nd.gov>; Pazdernik, Cynthia A. <cpazdernik@nd.gov>; Skelton, Kayla L. <kskelton@nd.gov>; Wedul, Hope <hwedul@nd.gov>; Cronen, Kevin <kcronen@nd.gov>; Riedlinger Wassim, Kim M. <kwassim@nd.gov>
Subject: Total Rewards Information Request

Agency HR Leads:

Based on input provided by agencies in strategy reviews earlier this year, as well as many more recent inquiries, compensation and total rewards are widespread concerns. In an effort to address these concerns, HRMS recently kicked off a multi-agency total rewards taskforce to deal with the information gathering and analysis necessary for meaningful consideration in the budgeting and appropriation processes. As important input to this process, we are asking for your assistance in identifying and articulating the total rewards concerns in your agency. In other words, we want to hear your story. What specific issues have you seen within your agency and how has this impacted your operations and services? This does not have to be a polished presentation, but we would like to get as much specific information as you can provide, including any metrics or market data that you may have.

Specific questions to answer include the following, and please provide supporting data or metrics if available:

- For which jobs within your agency do you think your pay is lower than the competition?
- For which jobs within your agency have you had difficulty attracting and/or retaining qualified staff?

- Have you been experiencing unusually high turnover in your agency? How does your recent turnover compare to historical levels?
- Have you been able to maintain adequate staffing levels, or have you been running short staffed due to open positions?
- What challenges have you experienced due to staffing limitations in providing quality service? How have you dealt with those challenges?
- How have these challenges impacted employee engagement and morale within your agency?
- What changes to either total rewards or the work environment would you recommend to enhance your ability to attract and retain qualified staff?

For your convenience, I have attached a simple spreadsheet with space to respond to each of these questions and to provide any other comments.

As a good example of how one agency has told their story, please take a look at the attached document, provided by the Department of Corrections and Rehabilitation (DOCR). As you will see, this is really well done. It provides a clear and concise story on not just competitive pay issues, but also how compensation issues impact other areas, such as:

- Turnover and retention,
- Difficulty filling positions,
- Critical coverage challenges,
- Operational limitations,
- Service limitations,
- Morale, and
- Employee engagement

We would like to receive as much information as described above as we can within the next couple of weeks. Again, please keep in mind that this does not have to be a polished presentation, just good information. We will ask members of the total rewards taskforce, as mentioned above, to follow up with you on this request.

In the meantime, please feel free to contact me with any questions or concerns.

Thanks,

Lynn Hart, SPHR, SHRM-SCP, CCP, CEBS
Total Rewards Manager

701.328.4739 • lyhart@nd.gov • www.omb.nd.gov

NORTH
Dakota | Management
and Budget
Be Legendary.™

Agency:		
Item	Question	Response / Comment
1	For which jobs within your agency do you think your pay is lower than the competition?	
2	For which jobs within your agency have you had difficulty attracting and/or retaining qualified staff?	
3	Have you been experiencing unusually high turnover in your agency? How does your recent turnover compare to historical levels?	

4	Have you been able to maintain adequate staffing levels, or have you been running short staffed due to open positions?	
5	What challenges have you experienced due to staffing limitations in providing quality service. How have you dealt with those challenges?	
6	How have these challenges impacted employee engagement and morale within your agency?	

7	What changes to either total rewards or the work environment would you recommend to enhance your ability to attract and retain qualified staff?	
8	Other comments	

23.0263.02014
Title.

Prepared by the Legislative Council staff for
the House Appropriations - Government
Operations Division Committee
April 14, 2023

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2009

- Page 1, line 4, remove ", 49-22-09"
- Page 1, line 6, remove ", factors to be considered in evaluating applications and designations of sites,"
- Page 1, line 7, remove "corridors, and routes"
- Page 1, line 7, remove "direct and indirect"
- Page 1, line 8, after "transfer" insert "; to provide for a legislative management study; to provide for a report"
- Page 5, line 22, overstrike "agriculture"
- Page 5, line 26, overstrike "Contracting for consultation" and insert immediately thereafter "Consultation"
- Page 5, line 26, overstrike "or" and insert immediately thereafter an underscored comma
- Page 5, line 26, after "engineers" insert ", industry specialists, or others"
- Page 5, line 27, after "to" insert "analyze or"
- Page 5, line 29, overstrike "Reclamation or mitigation" and insert immediately thereafter "Creation, restoration, or mitigation of similar habitat affected by the construction or operation of an energy conversion or transmission facility. Mitigation"
- Page 5, line 29, after "development" insert "under this section shall be conducted in the following order of priority:
- (1) The area immediately impacted by the development;
 - (2) The county impacted by the development;
 - (3) The region impacted by the development; and
 - (4) Other areas within the state"
- Page 6, line 1, overstrike "The federal environmental law impact review committee shall establish criteria for"
- Page 6, line 2, overstrike "disbursement of"
- Page 6, line 2, remove "moneys in the"
- Page 6, line 2, overstrike "environmental impact"
- Page 6, line 2, replace "mitigation fund" with "In consultation with the federal environmental law impact review committee, the commissioner shall adopt rules pursuant to chapter 28-32 to implement the provisions of this section"
- Page 6, line 3, overstrike "The commissioner shall make disbursements"
- Page 6, line 3, remove "of moneys in the environmental impact"

Page 6, line 4, remove "mitigation fund"

Page 6, line 4, overstrike "based upon the determinations made by the federal environmental law"

Page 6, overstrike lines 5 through 10

Page 6, line 11, overstrike "the disbursement of"

Page 6, line 11, remove "environmental impact mitigation fund"

Page 6, line 11, overstrike "grants in accordance with"

Page 6, line 12, overstrike "subsection 2 and provide those determinations to the commissioner" and insert immediately thereafter "Easements or leaseholds purchased by a person to mitigate adverse environmental effects of the construction or operation of an energy conversion or transmission facility under chapter 49-22 must be limited to the operational life of the facility as defined under chapter 49-22. Any payment made to mitigate adverse environmental effects of the construction or operation of an energy conversion or transmission facility under chapter 49-22 must be made to the commissioner who shall deposit the payment into the environmental impact mitigation fund. Prior to the public service commission issuing a permit or certificate to an applicant under chapter 49-22, the commissioner shall notify the public service commission of mitigation efforts under this section to create, restore, or mitigate similar habitat affected by the construction or operation of an energy conversion or transmission facility"

Page 6, line 13, overstrike "8." and insert immediately thereafter "6."

Page 6, line 13, overstrike "federal environmental law impact review committee" and insert immediately thereafter "commissioner"

Page 6, line 15, overstrike "9." and insert immediately thereafter "7."

Page 6, remove lines 17 through 31

Page 7, remove lines 1 through 16

Page 7, line 19, overstrike "**direct**"

Page 7, line 19, remove "or indirect"

Page 7, line 20, overstrike "1. An applicant"

Page 7, line 20, remove "shall"

Page 7, line 20, overstrike "provide payment to mitigate any assessed adverse"

Page 7, line 21, overstrike "direct"

Page 7, line 21, remove "or indirect"

Page 7, line 21, overstrike "environmental impacts of a proposed site, corridor, route, or facility."

Page 7, line 22, overstrike "The applicant"

Page 7, line 22, remove "shall"

Page 7, line 22, overstrike "provide"

Page 7, line 22, remove "a minimum of fifty percent of"

Page 7, line 22, overstrike "the payment to"

Page 7, overstrike lines 23 and 24

Page 7, line 25, overstrike "environmental impacts of a proposed site, corridor, route, or facility"

Page 7, line 26, overstrike "into the environmental impact mitigation fund"

Page 7, line 27, after "fund" insert "If an applicant elects to provide a payment to mitigate the environmental impact of the construction or operation of an energy conversion or transmission facility, the payment must be made to the agriculture commissioner who shall deposit the payment into the environmental impact mitigation fund under section 4.1-01-21.1. Nothing in this section shall be construed to limit an applicant from conducting mitigation activities"

Page 8, after line 8, insert:

"SECTION 20. LEGISLATIVE MANAGEMENT STUDY - ENERGY CONVERSION OR TRANSMISSION FACILITY - ENVIRONMENTAL MITIGATION. During the 2023-24 interim, the legislative management shall consider studying plans for mitigation of adverse wildlife and environmental impacts and monetary payments made to state agencies, contractors, nongovernmental organizations, and others by applicants or other persons for mitigation during the siting and operation of energy conversion or transmission facilities. The study must include consideration of the provisions of law that affect the ability of developers to effectively mitigate adverse wildlife habitat and environmental impacts, applicant payments used for the purchase of perpetual or nonperpetual conservation easements, the distinction between an adverse direct environmental effect or an adverse indirect environmental effect, methods to monetarily quantify adverse direct or adverse indirect environmental effects, and alternative programs that may be used or developed for the mitigation of adverse wildlife and environmental effects. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-ninth legislative assembly."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment requires the Agriculture Commissioner to adopt rules for the environmental impact mitigation fund and removes changes added by the Senate which included indirect environmental impacts during the permitting process of energy conversion and transmission facility projects.

23.0263.02007
Title.

Prepared by the Legislative Council staff for
Representative Mitskog
April 3, 2023

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2009

Page 2, after line 28, insert:

"SECTION 3. APPROPRIATION - FOOD DISTRIBUTION GRANT PROGRAM - ONE-TIME FUNDING. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,000,000, or so much of the sum as may be necessary, to the agriculture commissioner for the purpose of a food distribution grant program, for the biennium beginning July 1, 2023, and ending June 30, 2025. Funding provided in this section may be used for the purchase of food and equipment and any distribution costs associated with assisting local food banks to provide food to individuals in the state. This funding is considered a one-time funding item."

Renumber accordingly

23.0263.02002
Title.

Prepared by the Legislative Council staff for
the House Appropriations - Government
Operations Division Committee
April 18, 2023

Fiscal No. 1

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2009

Page 1, line 2, remove "to create and enact a new section to chapter 4.1-01 of the North Dakota Century"

Page 1, line 3, remove "Code, relating to the establishment of a post-production royalty oversight program;"

Page 1, line 4, remove "49-22-09,"

Page 1, line 6, remove "factors to be considered in evaluating applications and designations of sites,"

Page 1, line 7, remove "corridors, and routes"

Page 1, line 7, remove "direct and indirect"

Page 1, line 8, remove "and"

Page 1, line 8, after "exemption" insert "; to provide for a legislative management study; and to provide an effective date"

Page 1, replace lines 18 and 19 with:

"Salaries and wages	\$15,717,126	\$873,888	\$16,591,014
Operating expenses	6,848,052	578,121	7,426,173"

Page 1, replace line 21 with:

"Grants	9,031,774	3,922,195	12,953,969"
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Page 2, after line 4 insert:

"Bioscience innovation program transfer	0	6,500,000	6,500,000"
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Page 2, replace lines 6 through 9 with:

"Total all funds	\$37,570,487	\$15,916,204	\$53,486,691
Less estimated income	<u>24,110,775</u>	<u>6,856,343</u>	<u>30,967,118</u>
Total general fund	\$13,459,712	\$9,059,861	\$22,519,573
Full-time equivalent positions	79.00	1.00	80.00"

Page 2, replace lines 17 and 18 with:

"Grasslands grazing grants	5,000,000	1,000,000
Bioscience innovation grant program transfer	5,500,000	6,500,000
Food distribution grants	0	1,000,000"

Page 2, replace lines 22 through 24 with:

"Total all funds	\$20,900,000	\$12,000,000
Less estimated income	<u>10,400,000</u>	<u>4,000,000</u>
Total general fund	\$10,500,000	\$8,000,000"

Page 3, line 4, replace "LEGACY EARNINGS" with "GENERAL"

Page 3, line 5, remove "Pursuant to the designation of"

Page 3, remove line 6

Page 3, line 7, replace "the office of management and budget shall transfer" with "The bioscience innovation program transfer line item in section 1 of this Act includes"

Page 3, line 7, replace "legacy earnings" with "general"

Page 3, line 7, after "fund" insert ", which the office of management and budget shall transfer"

Page 3, line 12, replace "office of management and budget" with "agriculture commissioner"

Page 3, line 25, replace "\$7,344,029" with "\$7,351,547"

Page 4, after line 7, insert:

"SECTION 11. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - GRASSLANDS GRAZING GRANTS - MATCHING FUNDS REQUIREMENT. The estimated income line item in section 1 of this Act includes the sum of \$1,000,000 from the strategic investment and improvements fund for the purpose of providing grasslands grazing grants to an organization representing cooperative grazing associations in the state. To be eligible for a grant under this program, an organization must provide one dollar of matching funds from nonstate sources for every four dollars of grant funding. An organization that receives a grant under this program may distribute the funding to cooperative grazing associations for eligible infrastructure projects, which must be located on national grasslands within the state. Eligible infrastructure projects include water development; fencing; conservation initiatives; compliance with federal permitting requirements, including fees for professional services; and other projects to enhance wildlife habitat or capture carbon, or to increase the health of grasslands. Program participants shall develop and implement a grazing land plan in compliance with local soil conservation district guidance and the plan must be approved by the local soil conservation district. The agriculture commissioner shall establish additional guidelines for the program."

Page 5, line 2, replace "thirty" with "thirty-one"

Page 5, line 3, after "~~fifty-three~~" insert "four hundred twenty-three"

Page 5, line 4, replace "thirty-five" with "thirty-six"

Page 5, line 4, replace "two" with "six"

Page 5, line 4, after "~~eighty-four~~" insert "eighty"

Page 5, remove lines 5 through 14

Page 5, line 22, overstrike "agriculture"

Page 5, line 26, overstrike "Contracting for consultation" and insert immediately thereafter "Consultation"

Page 5, line 26, after "engineers" insert ", industry specialists, or others"

Page 5, line 27, after "to" insert "analyze or"

Page 5, line 29, overstrike "Reclamation or mitigation" and insert immediately thereafter "Creation, restoration, or mitigation of similar habitat affected by the construction or operation of an energy conversion or transmission facility. Mitigation"

Page 5, line 29, after "development" insert "under this section shall be conducted in the following order of priority:

- (1) The area immediately impacted by the development;
- (2) The county impacted by the development;
- (3) The region impacted by the development; and
- (4) Other areas within the state"

Page 6, line 1, overstrike "The federal environmental law impact review committee shall establish criteria for"

Page 6, line 2, overstrike "disbursement of"

Page 6, line 2, remove "moneys in the"

Page 6, line 2, overstrike "environmental impact"

Page 6, line 2, replace "mitigation fund" with "In consultation with the federal environmental law impact review committee, the commissioner shall adopt rules pursuant to chapter 28-32 to implement the provisions of this section"

Page 6, line 3, overstrike "The commissioner shall make disbursements"

Page 6, line 3, remove "of moneys in the environmental impact"

Page 6, line 4, remove "mitigation fund"

Page 6, line 4, overstrike "based upon the determinations made by the federal environmental law"

Page 6, overstrike lines 5 through 10

Page 6, line 11, overstrike "the disbursement of"

Page 6, line 11, remove "environmental impact mitigation fund"

Page 6, line 11, overstrike "grants in accordance with"

Page 6, line 12, overstrike "subsection 2 and provide those determinations to the commissioner" and insert immediately thereafter "Easements or leaseholds purchased by a person to mitigate adverse environmental effects of the construction or operation of an energy conversion or transmission facility under chapter 49-22 must be limited to the operational life of the facility as defined under chapter 49-22. Any payment made to mitigate adverse environmental effects of the construction or operation of an energy conversion or transmission facility under chapter 49-22 must be made to the commissioner who shall deposit the payment into the environmental impact mitigation fund. Prior to the public service commission issuing a permit or certificate to an applicant under chapter 49-22, the commissioner shall notify the public service commission of mitigation efforts under this section to create, restore, or mitigate similar habitat affected by the construction or operation of an energy conversion or transmission facility"

Page 6, line 13, overstrike "8." and insert immediately thereafter "6."

Page 6, line 13, overstrike "federal environmental law impact review committee" and insert immediately thereafter "commissioner"

Page 6, line 15, overstrike "9." and insert immediately thereafter "7."

Page 6, remove lines 17 through 31

Page 7, remove lines 1 through 16

Page 7, line 19, overstrike "**direct** "

Page 7, line 19, remove "**or indirect**"

Page 7, line 20, overstrike "1. An applicant"

Page 7, line 20, remove "shall"

Page 7, line 20, overstrike "provide payment to mitigate any assessed adverse"

Page 7, line 21, overstrike "direct"

Page 7, line 21, remove "or indirect"

Page 7, line 21, overstrike "environmental impacts of a proposed site, corridor, route, or facility."

Page 7, line 22, overstrike "The applicant"

Page 7, line 22, remove "shall"

Page 7, line 22, overstrike "provide"

Page 7, line 22, remove "a minimum of fifty percent of"

Page 7, line 22, overstrike "the payment to"

Page 7, overstrike lines 23 and 24

Page 7, line 25, overstrike "environmental impacts of a proposed site, corridor, route, or facility"

Page 7, line 26, overstrike "into the environmental impact mitigation fund"

Page 7, line 27, overstrike the period and insert immediately thereafter "If an applicant elects to provide a payment to mitigate the environmental impact of the construction or operation of an energy conversion or transmission facility, the payment must be made to the agriculture commissioner who shall deposit the payment into the environmental impact mitigation fund under section 4.1-01-21.1. Nothing in this section shall be construed to limit an applicant from conducting mitigation activities."

Page 8, after line 8, insert:

"SECTION 20. EXEMPTION - GRASSLANDS GRAZING GRANTS. The amount of \$5,000,000 appropriated from the strategic investment and improvements fund for grasslands grazing grants in the grants line item in section 1 of chapter 9 of the 2021 Session Laws is not subject to section 54-44.1-11 and may be continued into the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 21. LEGISLATIVE MANAGEMENT STUDY - ENERGY CONVERSION OR TRANSMISSION FACILITY - ENVIRONMENTAL MITIGATION. During the 2023-24 interim, the legislative management shall consider studying plans for mitigation of adverse wildlife and environmental impacts and monetary payments made to state agencies, contractors, nongovernmental organizations, and others by

applicants or other persons for mitigation during the siting and operation of energy conversion or transmission facilities. The study must include consideration of the provisions of law that affect the ability of developers to effectively mitigate adverse wildlife habitat and environmental impacts, applicant payments used for the purchase of perpetual or nonperpetual conservation easements, the distinction between an adverse direct environmental effect or an adverse indirect environmental effect, methods to monetarily quantify adverse direct or adverse indirect environmental effects, and alternative programs that may be used or developed for the mitigation of adverse wildlife and environmental effects. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-ninth legislative assembly.

SECTION 22. LEGISLATIVE MANAGEMENT STUDY - TRANSFER OF AGRICULTURE EDUCATION PROGRAMS. During the 2023-24 interim, the legislative management shall consider studying the feasibility and desirability of transferring agriculture education programs in the department of career and technical education to the agriculture commissioner. The study must include an analysis of each program, duties and responsibilities of the programs and department of career and technical education staff, the potential to gain administrative and resource efficiencies if the programs are transferred to the agriculture commissioner, and future staffing, operating, and equipment needs of the programs. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-ninth legislative assembly."

ReNUMBER accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2009 - Department of Agriculture - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	\$15,717,126	\$17,410,572	(\$819,558)	\$16,591,014
Operating expenses	6,848,052	7,436,173	(10,000)	7,426,173
Capital assets	15,000	7,000		7,000
Grants	9,031,774	10,953,969	2,000,000	12,953,969
State Board of Animal Health	865,718	865,718		865,718
Wildlife services	1,457,400	1,657,400		1,657,400
Crop Harmonization Board	75,000	75,000		75,000
Pipeline restoration and reclamation	200,000	200,000		200,000
Ag. Products Utilization Commission	1,760,417	5,110,417		5,110,417
North Dakota trade office	1,600,000	2,100,000		2,100,000
Bioscience innovation program transfer			6,500,000	6,500,000
Total all funds	\$37,570,487	\$45,816,249	\$7,670,442	\$53,486,691
Less estimated income	24,110,775	30,135,848	831,270	30,967,118
General fund	\$13,459,712	\$15,680,401	\$6,839,172	\$22,519,573
FTE	79.00	81.00	(1.00)	80.00

Department 602 - Department of Agriculture - Detail of House Changes

	Adjusts Funding for Salary and Benefit Increases ¹	Removes Funding for Elected Official Salary Equity ²	Removes FTE Position ³	Removes Salary Funding for Funding Pool ⁴	Adjusts One- Time Funding for Bioscience Innovation Grants ⁵	Adds One- Time Funding ⁶
Salaries and wages	\$230,303	(\$2,535)	(\$170,326)	(\$877,000)		
Operating expenses			(10,000)			
Capital assets						
Grants						\$2,000,000
State Board of Animal Health						
Wildlife services						
Crop Harmonization Board						
Pipeline restoration and reclamation						
Ag. Products Utilization Commission						
North Dakota trade office						
Bioscience innovation program transfer					\$6,500,000	
Total all funds	\$230,303	(\$2,535)	(\$180,326)	(\$877,000)	\$6,500,000	\$2,000,000
Less estimated income	99,543	0	0	(268,273)	0	1,000,000
General fund	\$130,760	(\$2,535)	(\$180,326)	(\$608,727)	\$6,500,000	\$1,000,000
FTE	0.00	0.00	(1.00)	0.00	0.00	0.00

	Total House Changes
Salaries and wages	(\$819,558)
Operating expenses	(10,000)
Capital assets	
Grants	2,000,000
State Board of Animal Health	
Wildlife services	
Crop Harmonization Board	
Pipeline restoration and reclamation	
Ag. Products Utilization Commission	
North Dakota trade office	
Bioscience innovation program transfer	6,500,000
Total all funds	\$7,670,442
Less estimated income	831,270
General fund	\$6,839,172
FTE	(1.00)

¹ Salaries and wages funding is adjusted to provide for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	\$141,284	\$103,774	\$245,058
Health insurance adjustment	(10,524)	(4,231)	(14,755)
Total	\$130,760	\$99,543	\$230,303

The Senate provided salary adjustments of 4 percent on July 1, 2023, and July 1, 2024.

² Funding of \$2,535 from the general fund for a salary equity increase for the Agriculture Commissioner is removed.

³ Funding of \$180,326 added by the Senate from the general fund for 1 FTE project manager and systems coordinator position, including \$170,326 for salaries and wages and \$10,000 for operating expenses, is removed.

⁴ Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and

Budget for a transfer from the new and vacant FTE funding pool.

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
New FTE positions	(\$214,930)	\$0	(\$214,930)
Vacant FTE positions	(393,797)	(268,273)	(662,070)
Total	(\$608,727)	(\$268,273)	(\$877,000)

⁵ One-time funding for the bioscience innovation grant program is adjusted by removing \$6.5 million from the legacy earnings fund and adding \$6.5 million from the general fund to provide a total of \$12 million, of which \$5.5 million is from the strategic investment and improvements fund (SIIF). Funding provided by the House from the general fund is added in a new bioscience innovation program transfer line item.

The Senate provided \$12 million, of which \$5.5 million was from SIIF and \$6.5 million was from the legacy earnings fund.

⁶ One-time funding is added as follows:

- Adds \$1 million from SIIF for grasslands grazing grants. The Senate did not provide funding for this program.
- Adds \$1 million from the general fund for a food distribution grant program to be used for the purchase of food and equipment and any distribution costs associated with assisting local food banks to provide food to individuals in the state. The Senate did not provide funding for this program.

This amendment also:

- Amends a section providing for a transfer of \$6.5 million to the bioscience innovation grant fund. The Senate provided the transfer from the legacy earnings fund. The House provided the transfer from the general fund.
- Amends a section identifying funding in Section 1 from the environment and rangeland protection fund.
- Adds a section identifying funding in Section 1 from SIIF. The House provided one-time funding of \$1 million for grasslands grazing grants. The Senate did not provide funding for this program. To be eligible for a grant under this program, an organization must provide \$1 of matching funds from nonstate sources for every \$4 of grant funding. An organization that receives a grant under this program may distribute the funding to cooperative grazing associations for eligible infrastructure projects, which must be located on national grasslands within the state. Eligible infrastructure projects include water development; fencing; conservation initiatives; compliance with federal permitting requirements, including fees for professional services; and other projects to enhance wildlife habitat or capture carbon, or to increase the health of grasslands. Program participants shall develop and implement a grazing land plan in compliance with local soil conservation district guidance and the plan must be approved by the local soil conservation district. The Agriculture Commissioner shall establish additional guidelines for the program.
- Amends a section to provide the statutory changes necessary for the salary of the Agriculture Commissioner.
- Removes a section added by the Senate that established a post-production royalty oversight program. This program was created in Senate Bill No. 2194 (2023).
- Amends two sections related the environmental impact mitigation fund and mitigation of environmental impacts.
- Removes a section added by the Senate that amended Section 49-22-09 related to factors to be considered in evaluating applications and designations of sites, corridors, and routes.
- Adds a section to provide an exemption to authorize the Agriculture Commissioner to continue \$5 million appropriated from SIIF for grasslands grazing grants for the 2021-23 biennium into the 2023-25 biennium.
- Adds a section to provide for a Legislative Management study of plans for mitigation of adverse wildlife and environmental impacts and monetary payments made to state agencies, contractors, nongovernmental organizations, and others by applicants or other persons for mitigation during the siting and operation of energy conversion or transmission facilities.
- Adds a section to provide for a Legislative Management study of the feasibility and desirability of transferring agriculture education programs in the Department of Career and Technical Education to the Agriculture Commissioner.

23.0263.02002
Title.

Prepared by the Legislative Council staff for
the House Appropriations - Government
Operations Division Committee
April 18, 2023

Fiscal No. 1

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2009

Page 1, line 2, remove "to create and enact a new section to chapter 4.1-01 of the North Dakota Century"

Page 1, line 3, remove "Code, relating to the establishment of a post-production royalty oversight program;"

Page 1, line 4, remove "49-22-09,"

Page 1, line 6, remove "factors to be considered in evaluating applications and designations of sites,"

Page 1, line 7, remove "corridors, and routes"

Page 1, line 7, remove "direct and indirect"

Page 1, line 8, remove "and"

Page 1, line 8, after "exemption" insert "; to provide for a legislative management study; and to provide an effective date"

Page 1, replace lines 18 and 19 with:

"Salaries and wages	\$15,717,126	\$873,888	\$16,591,014
Operating expenses	6,848,052	578,121	7,426,173"

Page 1, replace line 21 with:

"Grants	9,031,774	3,922,195	12,953,969"
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Page 2, after line 4 insert:

"Bioscience innovation program transfer	0	6,500,000	6,500,000"
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Page 2, replace lines 6 through 9 with:

"Total all funds	\$37,570,487	\$15,916,204	\$53,486,691
Less estimated income	<u>24,110,775</u>	<u>6,856,343</u>	<u>30,967,118</u>
Total general fund	\$13,459,712	\$9,059,861	\$22,519,573
Full-time equivalent positions	79.00	1.00	80.00"

Page 2, replace lines 17 and 18 with:

"Grasslands grazing grants	5,000,000	1,000,000
Bioscience innovation grant program transfer	5,500,000	6,500,000
Food distribution grants	0	1,000,000"

Page 2, replace lines 22 through 24 with:

"Total all funds	\$20,900,000	\$12,000,000
Less estimated income	<u>10,400,000</u>	<u>4,000,000</u>
Total general fund	\$10,500,000	\$8,000,000"

Page 3, line 4, replace "LEGACY EARNINGS" with "GENERAL"

Page 3, line 5, remove "Pursuant to the designation of"

Page 3, remove line 6

Page 3, line 7, replace "the office of management and budget shall transfer" with "The bioscience innovation program transfer line item in section 1 of this Act includes"

Page 3, line 7, replace "legacy earnings" with "general"

Page 3, line 7, after "fund" insert ", which the office of management and budget shall transfer"

Page 3, line 12, replace "office of management and budget" with "agriculture commissioner"

Page 3, line 25, replace "\$7,344,029" with "\$7,351,547"

Page 4, after line 7, insert:

"SECTION 11. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - GRASSLANDS GRAZING GRANTS - MATCHING FUNDS REQUIREMENT. The estimated income line item in section 1 of this Act includes the sum of \$1,000,000 from the strategic investment and improvements fund for the purpose of providing grasslands grazing grants to an organization representing cooperative grazing associations in the state. To be eligible for a grant under this program, an organization must provide one dollar of matching funds from nonstate sources for every four dollars of grant funding. An organization that receives a grant under this program may distribute the funding to cooperative grazing associations for eligible infrastructure projects, which must be located on national grasslands within the state. Eligible infrastructure projects include water development; fencing; conservation initiatives; compliance with federal permitting requirements, including fees for professional services; and other projects to enhance wildlife habitat or capture carbon, or to increase the health of grasslands. Program participants shall develop and implement a grazing land plan in compliance with local soil conservation district guidance and the plan must be approved by the local soil conservation district. The agriculture commissioner shall establish additional guidelines for the program."

Page 5, line 2, replace "thirty" with "thirty-one"

Page 5, line 3, after "~~fifty-three~~" insert "four hundred twenty-three"

Page 5, line 4, replace "thirty-five" with "thirty-six"

Page 5, line 4, replace "two" with "six"

Page 5, line 4, after "~~eighty-four~~" insert "eighty"

Page 5, remove lines 5 through 14

Page 5, line 22, overstrike "agriculture"

Page 5, line 26, overstrike "Contracting for consultation" and insert immediately thereafter "Consultation"

Page 5, line 26, after "engineers" insert ", industry specialists, or others"

Page 5, line 27, after "to" insert "analyze or"

Page 5, line 29, overstrike "Reclamation or mitigation" and insert immediately thereafter "Creation, restoration, or mitigation of similar habitat affected by the construction or operation of an energy conversion or transmission facility. Mitigation"

Page 5, line 29, after "development" insert "under this section shall be conducted in the following order of priority:

- (1) The area immediately impacted by the development;
- (2) The county impacted by the development;
- (3) The region impacted by the development; and
- (4) Other areas within the state"

Page 6, line 1, overstrike "The federal environmental law impact review committee shall establish criteria for"

Page 6, line 2, overstrike "disbursement of"

Page 6, line 2, remove "moneys in the"

Page 6, line 2, overstrike "environmental impact"

Page 6, line 2, replace "mitigation fund" with "In consultation with the federal environmental law impact review committee, the commissioner shall adopt rules pursuant to chapter 28-32 to implement the provisions of this section"

Page 6, line 3, overstrike "The commissioner shall make disbursements"

Page 6, line 3, remove "of moneys in the environmental impact"

Page 6, line 4, remove "mitigation fund"

Page 6, line 4, overstrike "based upon the determinations made by the federal environmental law"

Page 6, overstrike lines 5 through 10

Page 6, line 11, overstrike "the disbursement of"

Page 6, line 11, remove "environmental impact mitigation fund"

Page 6, line 11, overstrike "grants in accordance with"

Page 6, line 12, overstrike "subsection 2 and provide those determinations to the commissioner" and insert immediately thereafter "Easements or leaseholds purchased by a person to mitigate adverse environmental effects of the construction or operation of an energy conversion or transmission facility under chapter 49-22 must be limited to the operational life of the facility as defined under chapter 49-22. Any payment made to mitigate adverse environmental effects of the construction or operation of an energy conversion or transmission facility under chapter 49-22 must be made to the commissioner who shall deposit the payment into the environmental impact mitigation fund. Prior to the public service commission issuing a permit or certificate to an applicant under chapter 49-22, the commissioner shall notify the public service commission of mitigation efforts under this section to create, restore, or mitigate similar habitat affected by the construction or operation of an energy conversion or transmission facility"

Page 6, line 13, overstrike "8." and insert immediately thereafter "6."

Page 6, line 13, overstrike "federal environmental law impact review committee" and insert immediately thereafter "commissioner"

Page 6, line 15, overstrike "9." and insert immediately thereafter "7."

Page 6, remove lines 17 through 31

Page 7, remove lines 1 through 16

Page 7, line 19, overstrike "**direct** "

Page 7, line 19, remove "**or indirect**"

Page 7, line 20, overstrike "1. An applicant"

Page 7, line 20, remove "shall"

Page 7, line 20, overstrike "provide payment to mitigate any assessed adverse"

Page 7, line 21, overstrike "direct"

Page 7, line 21, remove "or indirect"

Page 7, line 21, overstrike "environmental impacts of a proposed site, corridor, route, or facility."

Page 7, line 22, overstrike "The applicant"

Page 7, line 22, remove "shall"

Page 7, line 22, overstrike "provide"

Page 7, line 22, remove "a minimum of fifty percent of"

Page 7, line 22, overstrike "the payment to"

Page 7, overstrike lines 23 and 24

Page 7, line 25, overstrike "environmental impacts of a proposed site, corridor, route, or facility"

Page 7, line 26, overstrike "into the environmental impact mitigation fund"

Page 7, line 27, overstrike the period and insert immediately thereafter "If an applicant elects to provide a payment to mitigate the environmental impact of the construction or operation of an energy conversion or transmission facility, the payment must be made to the agriculture commissioner who shall deposit the payment into the environmental impact mitigation fund under section 4.1-01-21.1. Nothing in this section shall be construed to limit an applicant from conducting mitigation activities."

Page 8, after line 8, insert:

"SECTION 20. EXEMPTION - GRASSLANDS GRAZING GRANTS. The amount of \$5,000,000 appropriated from the strategic investment and improvements fund for grasslands grazing grants in the grants line item in section 1 of chapter 9 of the 2021 Session Laws is not subject to section 54-44.1-11 and may be continued into the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 21. LEGISLATIVE MANAGEMENT STUDY - ENERGY CONVERSION OR TRANSMISSION FACILITY - ENVIRONMENTAL MITIGATION. During the 2023-24 interim, the legislative management shall consider studying plans for mitigation of adverse wildlife and environmental impacts and monetary payments made to state agencies, contractors, nongovernmental organizations, and others by

applicants or other persons for mitigation during the siting and operation of energy conversion or transmission facilities. The study must include consideration of the provisions of law that affect the ability of developers to effectively mitigate adverse wildlife habitat and environmental impacts, applicant payments used for the purchase of perpetual or nonperpetual conservation easements, the distinction between an adverse direct environmental effect or an adverse indirect environmental effect, methods to monetarily quantify adverse direct or adverse indirect environmental effects, and alternative programs that may be used or developed for the mitigation of adverse wildlife and environmental effects. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-ninth legislative assembly.

SECTION 22. LEGISLATIVE MANAGEMENT STUDY - TRANSFER OF AGRICULTURE EDUCATION PROGRAMS. During the 2023-24 interim, the legislative management shall consider studying the feasibility and desirability of transferring agriculture education programs in the department of career and technical education to the agriculture commissioner. The study must include an analysis of each program, duties and responsibilities of the programs and department of career and technical education staff, the potential to gain administrative and resource efficiencies if the programs are transferred to the agriculture commissioner, and future staffing, operating, and equipment needs of the programs. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-ninth legislative assembly."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2009 - Department of Agriculture - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	\$15,717,126	\$17,410,572	(\$819,558)	\$16,591,014
Operating expenses	6,848,052	7,436,173	(10,000)	7,426,173
Capital assets	15,000	7,000		7,000
Grants	9,031,774	10,953,969	2,000,000	12,953,969
State Board of Animal Health	865,718	865,718		865,718
Wildlife services	1,457,400	1,657,400		1,657,400
Crop Harmonization Board	75,000	75,000		75,000
Pipeline restoration and reclamation	200,000	200,000		200,000
Ag. Products Utilization Commission	1,760,417	5,110,417		5,110,417
North Dakota trade office	1,600,000	2,100,000		2,100,000
Bioscience innovation program transfer			6,500,000	6,500,000
Total all funds	\$37,570,487	\$45,816,249	\$7,670,442	\$53,486,691
Less estimated income	24,110,775	30,135,848	831,270	30,967,118
General fund	\$13,459,712	\$15,680,401	\$6,839,172	\$22,519,573
FTE	79.00	81.00	(1.00)	80.00

Department 602 - Department of Agriculture - Detail of House Changes

	Adjusts Funding for Salary and Benefit Increases ¹	Removes Funding for Elected Official Salary Equity ²	Removes FTE Position ³	Removes Salary Funding for Funding Pool ⁴	Adjusts One- Time Funding for Bioscience Innovation Grants ⁵	Adds One- Time Funding ⁶
Salaries and wages	\$230,303	(\$2,535)	(\$170,326)	(\$877,000)		
Operating expenses			(10,000)			
Capital assets						
Grants						\$2,000,000
State Board of Animal Health						
Wildlife services						
Crop Harmonization Board						
Pipeline restoration and reclamation						
Ag. Products Utilization Commission						
North Dakota trade office						
Bioscience innovation program transfer					\$6,500,000	
Total all funds	\$230,303	(\$2,535)	(\$180,326)	(\$877,000)	\$6,500,000	\$2,000,000
Less estimated income	99,543	0	0	(268,273)	0	1,000,000
General fund	\$130,760	(\$2,535)	(\$180,326)	(\$608,727)	\$6,500,000	\$1,000,000
FTE	0.00	0.00	(1.00)	0.00	0.00	0.00

	Total House Changes
Salaries and wages	(\$819,558)
Operating expenses	(10,000)
Capital assets	
Grants	2,000,000
State Board of Animal Health	
Wildlife services	
Crop Harmonization Board	
Pipeline restoration and reclamation	
Ag. Products Utilization Commission	
North Dakota trade office	
Bioscience innovation program transfer	6,500,000
Total all funds	\$7,670,442
Less estimated income	831,270
General fund	\$6,839,172
FTE	(1.00)

¹ Salaries and wages funding is adjusted to provide for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$141,284	\$103,774	\$245,058
Health insurance adjustment	(10,524)	(4,231)	(14,755)
Total	\$130,760	\$99,543	\$230,303

The Senate provided salary adjustments of 4 percent on July 1, 2023, and July 1, 2024.

² Funding of \$2,535 from the general fund for a salary equity increase for the Agriculture Commissioner is removed.

³ Funding of \$180,326 added by the Senate from the general fund for 1 FTE project manager and systems coordinator position, including \$170,326 for salaries and wages and \$10,000 for operating expenses, is removed.

⁴ Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and

Budget for a transfer from the new and vacant FTE funding pool.

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
New FTE positions	(\$214,930)	\$0	(\$214,930)
Vacant FTE positions	<u>(393,797)</u>	<u>(268,273)</u>	<u>(662,070)</u>
Total	(\$608,727)	(\$268,273)	(\$877,000)

⁵ One-time funding for the bioscience innovation grant program is adjusted by removing \$6.5 million from the legacy earnings fund and adding \$6.5 million from the general fund to provide a total of \$12 million, of which \$5.5 million is from the strategic investment and improvements fund (SIIF). Funding provided by the House from the general fund is added in a new bioscience innovation program transfer line item.

The Senate provided \$12 million, of which \$5.5 million was from SIIF and \$6.5 million was from the legacy earnings fund.

⁶ One-time funding is added as follows:

- Adds \$1 million from SIIF for grasslands grazing grants. The Senate did not provide funding for this program.
- Adds \$1 million from the general fund for a food distribution grant program to be used for the purchase of food and equipment and any distribution costs associated with assisting local food banks to provide food to individuals in the state. The Senate did not provide funding for this program.

This amendment also:

- Amends a section providing for a transfer of \$6.5 million to the bioscience innovation grant fund. The Senate provided the transfer from the legacy earnings fund. The House provided the transfer from the general fund.
- Amends a section identifying funding in Section 1 from the environment and rangeland protection fund.
- Adds a section identifying funding in Section 1 from SIIF. The House provided one-time funding of \$1 million for grasslands grazing grants. The Senate did not provide funding for this program. To be eligible for a grant under this program, an organization must provide \$1 of matching funds from nonstate sources for every \$4 of grant funding. An organization that receives a grant under this program may distribute the funding to cooperative grazing associations for eligible infrastructure projects, which must be located on national grasslands within the state. Eligible infrastructure projects include water development; fencing; conservation initiatives; compliance with federal permitting requirements, including fees for professional services; and other projects to enhance wildlife habitat or capture carbon, or to increase the health of grasslands. Program participants shall develop and implement a grazing land plan in compliance with local soil conservation district guidance and the plan must be approved by the local soil conservation district. The Agriculture Commissioner shall establish additional guidelines for the program.
- Amends a section to provide the statutory changes necessary for the salary of the Agriculture Commissioner.
- Removes a section added by the Senate that established a post-production royalty oversight program. This program was created in Senate Bill No. 2194 (2023).
- Amends two sections related the environmental impact mitigation fund and mitigation of environmental impacts.
- Removes a section added by the Senate that amended Section 49-22-09 related to factors to be considered in evaluating applications and designations of sites, corridors, and routes.
- Adds a section to provide an exemption to authorize the Agriculture Commissioner to continue \$5 million appropriated from SIIF for grasslands grazing grants for the 2021-23 biennium into the 2023-25 biennium.
- Adds a section to provide for a Legislative Management study of plans for mitigation of adverse wildlife and environmental impacts and monetary payments made to state agencies, contractors, nongovernmental organizations, and others by applicants or other persons for mitigation during the siting and operation of energy conversion or transmission facilities.
- Adds a section to provide for a Legislative Management study of the feasibility and desirability of transferring agriculture education programs in the Department of Career and Technical Education to the Agriculture Commissioner.

Agriculture Commissioner - Budget No. 602
Senate Bill No. 2009
Base Level Funding Changes

Prepared for: 4/25/2023

	Senate Version				House Version				House Changes to Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	Increase (Decrease) - Senate Version			
									FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	79.00	\$13,459,712	\$24,110,775	\$37,570,487	79.00	\$13,459,712	\$24,110,775	\$37,570,487	0.00	\$0	\$0	\$0
2023-25 Ongoing Funding Changes												
Base payroll changes				\$0				\$0				\$0
Adds funding for the cost to continue salary increases		\$65,314	\$49,755	115,069		65,314	49,755	115,069				0
Salary increase		453,936	309,206	763,142		595,220	412,980	1,008,200		\$141,284	\$103,774	245,058
Health insurance increase		239,303	188,141	427,444		228,779	183,910	412,689		(10,524)	(4,231)	(14,755)
Adds funding for a salary equity increase for the Agriculture Commissioner		2,535		2,535		0		0		(2,535)		(2,535)
Adds funding for an FTE project manager and systems coordinator position	1.00	180,326		180,326	0.00	0		0	(1.00)	(180,326)		(180,326)
Adds funding for an FTE marketing specialist position	1.00	316,230		316,230	1.00	316,230		316,230				0
Removes salary funding for funding pool				0		(608,727)	(268,273)	(877,000)		(608,727)	(268,273)	(877,000)
Adds funding for IT rate increases		17,565	12,568	30,133		17,565	12,568	30,133				0
Adds funding for IT data processing, communications, and services		10,078	215,059	225,137		10,078	215,059	225,137				0
Adjusts funding for travel, operating fees and services, and other operating expenses		47,266	(659,851)	(612,585)		47,266	(659,851)	(612,585)				0
Adds funding for a new Capitol space rent model		198,136		198,136		198,136		198,136				0
Adds funding for a post-production royalty oversight program			500,000	500,000			500,000	500,000				0
Adds federal funding for the plant and potato cyst nematode program			26,000	26,000			26,000	26,000				0
Adds federal funding for the local food purchase assistance program			978,000	978,000			978,000	978,000				0
Adjusts funding for capital assets		(10,000)	2,000	(8,000)		(10,000)	2,000	(8,000)				0
Adds funding for noxious weeds grants			198,695	198,695			198,695	198,695				0
Reduces funding for the waterbank program			(200,000)	(200,000)			(200,000)	(200,000)				0
Adds federal funding for speciality crop block grants			1,055,500	1,055,500			1,055,500	1,055,500				0
Adds funding for APUC			350,000	350,000			350,000	350,000				0
Adds funding for aerial contract services for the Wildlife Services program		200,000		200,000		200,000		200,000				0
Total ongoing funding changes	2.00	\$1,720,689	\$3,025,073	\$4,745,762	1.00	\$1,059,861	\$2,856,343	\$3,916,204	(1.00)	(\$660,828)	(\$168,730)	(\$829,558)
One-Time Funding Items												
Adds one-time funding for bioscience innovation grants				\$0		\$6,500,000		\$6,500,000		\$6,500,000		\$6,500,000
Adds one-time funding for APUC			\$3,000,000	3,000,000			\$3,000,000	3,000,000				0
Adds one-time funding for the North Dakota Trade Office		\$500,000		500,000		500,000		500,000				0
Adds one-time funding for grasslands grazing grants				0			1,000,000	1,000,000			\$1,000,000	1,000,000
Adds one-time funding for a food distribution grant program				0		1,000,000		1,000,000		1,000,000		1,000,000
Total one-time funding changes	0.00	\$500,000	\$3,000,000	\$3,500,000	0.00	\$8,000,000	\$4,000,000	\$12,000,000	0.00	\$7,500,000	\$1,000,000	\$8,500,000
Total Changes to Base Level Funding	2.00	\$2,220,689	\$6,025,073	\$8,245,762	1.00	\$9,059,861	\$6,856,343	\$15,916,204	(1.00)	\$6,839,172	\$831,270	\$7,670,442
2023-25 Total Funding	81.00	\$15,680,401	\$30,135,848	\$45,816,249	80.00	\$22,519,573	\$30,967,118	\$53,486,691	(1.00)	\$6,839,172	\$831,270	\$7,670,442
<i>Federal funds included in other funds</i>			\$14,496,568				\$14,412,907				(\$83,661)	
<i>Total ongoing changes as a percentage of base level</i>	2.5%	12.8%	12.5%	12.6%	1.3%	7.9%	11.8%	10.4%				
<i>Total changes as a percentage of base level</i>	2.5%	16.5%	25.0%	21.9%	1.3%	67.3%	28.4%	42.4%				

Other Sections in Agriculture Commissioner - Budget No. 602

Transfer - Strategic investment and improvements fund to bioscience innovation grant fund

Senate Version
 Section 3 provides for a transfer of \$5.5 million from the strategic investment and improvements fund to the bioscience innovation grant fund for the bioscience innovation grant program. The Agriculture Commissioner has continuing appropriation authority for the bioscience innovation grant fund.

House Version
 Section 3 provides for a transfer of \$5.5 million from the strategic investment and improvements fund to the bioscience innovation grant fund for the bioscience innovation grant program. The Agriculture Commissioner has continuing appropriation authority for the bioscience innovation grant fund.

Other Sections in Agriculture Commissioner - Budget No. 602

	Senate Version	House Version
Transfer - Legacy earnings fund to bioscience innovation grant fund	Section 4 provides for a transfer of \$6.5 million from the legacy earnings fund to the bioscience innovation grant fund for the bioscience innovation grant program to provide a total of \$12 million for the program for the 2023-25 biennium. The Agriculture Commissioner has continuing appropriation authority for the bioscience innovation grant fund.	Section 4 provides for a transfer of \$6.5 million from the general fund to the bioscience innovation grant fund for the bioscience innovation grant program to provide a total of \$12 million for the program for the 2023-25 biennium. The funding from the general fund is appropriated in Section 1.
Transfer - Environment and rangeland protection fund to environmental impact mitigation fund	Section 5 provides for a transfer of \$250,000 from the environment and rangeland protection fund to the environmental impact mitigation fund for the environmental impact mitigation program. The Agriculture Commissioner has continuing appropriation authority for the environmental impact mitigation fund.	Section 5 provides for a transfer of \$250,000 from the environment and rangeland protection fund to the environmental impact mitigation fund for the environmental impact mitigation program. The Agriculture Commissioner has continuing appropriation authority for the environmental impact mitigation fund.
Estimated income - Transfer - Department of Water Resources - Wildlife Services program	Section 6 identifies \$125,000 in the estimated income line item is from the Department of Water Resources, which the department shall transfer to the Agriculture Commissioner for the Wildlife Services program.	Section 6 identifies \$125,000 in the estimated income line item is from the Department of Water Resources, which the department shall transfer to the Agriculture Commissioner for the Wildlife Services program.
Transfer - Environment and rangeland protection fund to minor use pesticide fund	Section 7 requires the Agriculture Commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund.	Section 7 requires the Agriculture Commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund.
Estimated income - Environment and rangeland protection fund	Section 8 identifies \$7,344,029 in the estimated income line item is from the environment and rangeland protection fund for various Department of Agriculture programs.	Section 8 identifies \$7,351,547 in the estimated income line item is from the environment and rangeland protection fund for various Department of Agriculture programs.
Estimated income - Game and Fish Department operating fund	Section 9 identifies \$648,228 in the estimated income line item is from the Game and Fish Department operating fund for various Department of Agriculture programs.	Section 9 identifies \$648,228 in the estimated income line item is from the Game and Fish Department operating fund for various Department of Agriculture programs.
Estimated income - Transfer - Bank of North Dakota profits - APUC	Section 10 identifies \$3 million in the estimated income line item, which is from funding transferred from Bank of North Dakota profits to the Agriculture Commissioner for deposit in the APUC fund for the APUC program.	Section 10 identifies \$3 million in the estimated income line item, which is from funding transferred from Bank of North Dakota profits to the Agriculture Commissioner for deposit in the APUC fund for the APUC program.
Estimated income - Strategic investment and improvements fund - Matching funds requirement		Section 11 identifies \$1 million in the estimated income line item from the strategic investment and improvements fund for grasslands grazing grants. To be eligible for a grant under this program, an organization must provide \$1 of matching funds from nonstate sources for every \$4 of grant funding. An organization that receives a grant under this program may distribute the funding to cooperative grazing associations for eligible infrastructure projects, which must be located on national grasslands within the state. Eligible infrastructure projects include water development; fencing; conservation initiatives; compliance with federal permitting requirements, including fees for professional services; and other projects to enhance wildlife habitat or capture carbon, or to increase the health of grasslands. Program participants shall develop and implement a grazing land plan in compliance with local soil conservation district guidance and the plan must be approved by the local soil conservation district. The Agriculture Commissioner shall establish additional guidelines for the program.
Estimated income - Abandoned oil and gas well plugging site reclamation fund	Section 11 identifies \$700,000 in the estimated income line item is from the abandoned oil and gas well plugging and site reclamation fund, of which \$200,000 is for the pipeline restoration and reclamation program and \$500,000 is for the post-production royalty oversight program.	Section 12 identifies \$700,000 in the estimated income line item is from the abandoned oil and gas well plugging and site reclamation fund, of which \$200,000 is for the pipeline restoration and reclamation program and \$500,000 is for the post-production royalty oversight program.

Other Sections in Agriculture Commissioner - Budget No. 602

North Dakota Trade Office - Matching funds requirement

Senate Version

Section 12 identifies \$2.1 million of the funding appropriated from the general fund in Section 1 is for the North Dakota Trade Office. The Agriculture Commissioner may spend 60 percent of this amount without requiring any matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for every \$1 provided by the Agriculture Commissioner. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, to provide training, and to buy computer equipment as part of the North Dakota Trade Office's export assistance program.

Waterbank program - Matching funds requirement

Section 13 identifies of the amount appropriated in the salary and wages line item, the Agriculture Commissioner may use up to \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.

Amendment - Agriculture Commissioner salary

Section 14 provides the statutory changes necessary to increase the Agriculture Commissioner's salary. The Agriculture Commissioner's annual salary would increase from the current level of \$123,984 to \$130,000 effective July 1, 2023, and to \$135,200 effective July 1, 2024, to reflect a 4 percent salary increase and a salary equity increase in the 1st year of the biennium and a 4 percent salary increase in the 2nd year of the biennium.

Post-production royalty oversight program

Section 15 creates a new section to Chapter 4.1-01 to establish a post-production royalty oversight program, allowing the Agriculture Commissioner to contract for ombudsmen to assist mineral owners, lease owners, and mineral companies in royalty payment issues.

Environmental impact mitigation fund

Sections 16, 17, and 18 amend Sections 4.1-01-21.1, 49-22-09, and 49-22-09.2 relating to the environmental impact fund, factors to be considered in evaluating applications and designation of sites, corridors, and routes, and mitigating direct and indirect environmental impacts.

Wildlife Services program - Indirect costs

Section 19 provides the funding appropriated in the wildlife services line item may not be used to pay indirect costs as part of the United States Department of Agriculture Animal and Plant Health Inspection Service Wildlife Services program.

Exemption - COVID-19 specialty crop block grant program

Section 20 provides an exemption to authorize the Agriculture Commissioner to continue funding appropriated for the 2019-21 biennium and continued into the 2021-23 biennium for the COVID-19 specialty crop block grant program into the 2023-25 biennium. The 2021 Legislative Assembly appropriated \$5 million for the program. Of this amount, the Agriculture Commissioner anticipates approximately \$3.5 million is needed to continue into the 2023-25 biennium.

Exemption - Grasslands grazing grants

House Version

Section 13 identifies \$2.1 million of the funding appropriated from the general fund in Section 1 is for the North Dakota Trade Office. The Agriculture Commissioner may spend 60 percent of this amount without requiring any matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for every \$1 provided by the Agriculture Commissioner. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, to provide training, and to buy computer equipment as part of the North Dakota Trade Office's export assistance program.

Section 14 identifies of the amount appropriated in the salary and wages line item, the Agriculture Commissioner may use up to \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.

Section 15 provides the statutory changes necessary to increase the Agriculture Commissioner's salary. The Agriculture Commissioner's annual salary would increase from the current level of \$123,984 to \$131,423 effective July 1, 2023, and to \$136,680 effective July 1, 2024, to reflect a 6 percent salary increase in the 1st year of the biennium and a 4 percent salary increase in the 2nd year of the biennium.

Sections 16 and 17 amend Sections 4.1-01-21.1 and 49-22-09.2 relating to the environmental impact fund and mitigating environmental impacts.

Section 18 provides the funding appropriated in the wildlife services line item may not be used to pay indirect costs as part of the United States Department of Agriculture Animal and Plant Health Inspection Service Wildlife Services program.

Section 19 provides an exemption to authorize the Agriculture Commissioner to continue funding appropriated for the 2019-21 biennium and continued into the 2021-23 biennium for the COVID-19 specialty crop block grant program into the 2023-25 biennium. The 2021 Legislative Assembly appropriated \$5 million for the program. Of this amount, the Agriculture Commissioner anticipates approximately \$3.5 million is needed to continue into the 2023-25 biennium.

Section 20 provides an exemption to authorize the Agriculture Commissioner to continue \$5 million appropriated from the strategic investment and improvements fund for grasslands grazing grants for the 2021-23 biennium into the 2023-25 biennium.

Other Sections in Agriculture Commissioner - Budget No. 602

Senate Version

Legislative Management study - Energy conservation or transmission facility -
Environmental mitigation

Legislative Management study - Transfer of agriculture education programs from the
Department of Career and Technical Education to the Agriculture Commissioner

House Version

Section 21 provides for a Legislative Management study of plans for mitigation of adverse wildlife and environmental impacts and monetary payments made to state agencies, contractors, nongovernmental organizations, and others by applicants or other persons for mitigation during the siting and operation of energy conversion or transmission facilities.

Section 22 provides for a Legislative Management study of the feasibility and desirability of transferring agriculture education programs in the Department of Career and Technical Education to the Agriculture Commissioner.

4.1-01-18. Federal environmental law impact review committee.

1. The federal environmental law impact review committee consists of:
 - a. The commissioner, who shall serve as the chairman;
 - b. The governor or the governor's designee;
 - c. The majority leader of the house of representatives, or the leader's designee;
 - d. The majority leader of the senate, or the leader's designee;
 - e. One member of the legislative assembly from the minority party, selected by the chairman of the legislative management;
 - f. One individual appointed by the North Dakota corn growers association;
 - g. One individual appointed by the North Dakota grain growers association;
 - h. One individual appointed by the North Dakota soybean growers association;
 - i. One individual appointed by the North Dakota stockmen's association;
 - j. One individual appointed by the North Dakota farm bureau;
 - k. One individual appointed by the North Dakota farmers union;
 - l. The chairman of the public service commission or the chairman's designee;
 - m. The director of the department of water resources or the director's designee;
 - n. The director of the game and fish department, or the director's designee;
 - o. The director of the department of transportation, or the director's designee;
 - p. The director of the department of environmental quality, or the director's designee;
 - q. One representative of an investor-owned utility company;
 - r. One representative from the North Dakota association of rural electric cooperatives; and
 - s. Two individuals from the energy community appointed by the commissioner.
2. The committee shall review federal environmental legislation and regulations detrimentally impacting or potentially detrimentally impacting the state's agricultural, energy, or oil production sectors. The committee shall confer with the attorney general with respect to participation in administrative or judicial processes pertaining to the legislation or regulations.
3.
 - a. Any member of the legislative assembly serving on the committee is entitled to compensation at the rate provided for attendance at interim committee meetings and reimbursement for expenses, as provided by law for state officers, if the member is attending meetings of the committee or performing duties directed by the committee.
 - b. The compensation and reimbursement of expenses, as provided for in this subsection, are payable by the legislative council.

4.1-01-19. Environmental impact - Cost of participation.

1. Any expenses incurred by the commissioner or by the federal environmental law impact review committee in meeting the requirements of section 4.1-01-18 must be paid by the commissioner from the federal environmental law impact review fund.
2. If the attorney general elects to participate in an administrative or judicial process pertaining to federal environmental legislation or regulations, which detrimentally impact or potentially detrimentally impact the state's agricultural, energy, or oil production sectors, any expenses incurred by the attorney general in the participation must be paid by the commissioner from the federal environmental law impact review fund.
3. For purposes of this section, "expenses" include administrative costs, consulting fees, research costs, expert witness fees, attorney fees, and travel costs.

4.1-01-20. Gifts - Grants - Donations.

The commissioner may accept gifts, grants, and donations for the purposes set forth in section 4.1-01-19, provided the commissioner posts the amount and source of any gifts, grants, and donations on the department's website. Any moneys received in accordance with this section must be deposited in the federal environmental law impact review fund.

23.0263.02015
 Title.
 Fiscal No. 1

Prepared by the Legislative Council staff for
 Conference Committee
 April 25, 2023

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2009

That the House recede from its amendments as printed on pages 1771-1777 of the Senate Journal and pages 2105-2111 of the House Journal and that Engrossed Senate Bill No. 2009 be amended as follows:

Page 1, line 2, remove "to create and enact a new section to chapter 4.1-01 of the North Dakota Century"

Page 1, line 3, remove "Code, relating to the establishment of a post-production royalty oversight program;"

Page 1, line 4, after the first coma insert "4.1-01-18,"

Page 1, line 4, remove "49-22-09,"

Page 1, line 5, after the second coma insert "the federal environmental law impact review committee,"

Page 1, line 6, remove "factors to be considered in evaluating applications and designations of sites,"

Page 1, line 7, remove "corridors, and routes,"

Page 1, line 7, remove "direct and indirect"

Page 1, line 8, remove "and"

Page 1, line 8, after "exemption" insert "; and to provide for a legislative management study"

Page 1, replace lines 18 and 19 with:

"Salaries and wages	\$15,717,126	\$873,888	\$16,591,014
Operating expenses	6,848,052	578,121	7,426,173"

Page 1, replace line 21 with:

"Grants	9,031,774	3,922,195	12,953,969"
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Page 2, after line 4 insert:

"Bioscience innovation program transfer	0	6,500,000	6,500,000"
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Page 2, replace lines 6 through 9 with:

"Total all funds	\$37,570,487	\$15,916,204	\$53,486,691
Less estimated income	24,110,775	6,856,343	30,967,118
Total general fund	\$13,459,712	\$9,059,861	\$22,519,573
Full-time equivalent positions	79.00	1.00	80.00"

Page 2, replace lines 17 and 18 with:

"Grasslands grazing grants	5,000,000	1,000,000
Bioscience innovation grant program transfer	5,500,000	6,500,000
Food distribution grants	0	1,000,000"

Page 2, replace lines 22 through 24 with:

"Total all funds	\$20,900,000	\$12,000,000
Less estimated income	<u>10,400,000</u>	<u>4,000,000</u>
Total general fund	\$10,500,000	\$8,000,000"

Page 3, line 4, replace "**LEGACY EARNINGS**" with "**GENERAL**"

Page 3, line 5, remove "Pursuant to the designation of"

Page 3, remove line 6

Page 3, line 7, replace "the office of management and budget shall transfer" with "The bioscience innovation program transfer line item in section 1 of this Act includes"

Page 3, line 7, replace "legacy earnings" with "general"

Page 3, line 7, after "fund" insert ", which the office of management and budget shall transfer"

Page 3, line 12, replace "office of management and budget" with "agriculture commissioner"

Page 3, line 25, replace "\$7,344,029" with "\$7,351,547"

Page 4, after line 7, insert:

"SECTION 11. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - GRASSLANDS GRAZING GRANTS - MATCHING FUNDS REQUIREMENT. The estimated income line item in section 1 of this Act includes the sum of \$1,000,000 from the strategic investment and improvements fund for the purpose of providing grasslands grazing grants to an organization representing cooperative grazing associations in the state. To be eligible for a grant under this program, an organization must provide one dollar of matching funds from nonstate sources for every four dollars of grant funding. An organization that receives a grant under this program may distribute the funding to cooperative grazing associations for eligible infrastructure projects, which must be located on national grasslands within the state. Eligible infrastructure projects include water development; fencing; conservation initiatives; compliance with federal permitting requirements, including fees for professional services; and other projects to enhance wildlife habitat or capture carbon, or to increase the health of grasslands. Program participants shall develop and implement a grazing land plan in compliance with local soil conservation district guidance and the plan must be approved by the local soil conservation district. The agriculture commissioner shall establish additional guidelines for the program."

Page 5, line 2, replace "thirty" with "thirty-one"

Page 5, line 3, after "~~fifty-three~~" insert "four hundred twenty-three"

Page 5, line 4, replace "thirty-five" with "thirty-six"

Page 5, line 4, replace "two" with "six"

Page 5, line 4, after "~~eighty-four~~" insert "eighty"

Page 5, replace lines 5 through 14 with:

"SECTION 16. AMENDMENT. Section 4.1-01-18 of the North Dakota Century Code is amended and reenacted as follows:

4.1-01-18. Federal environmental law impact review committee.

1. The federal environmental law impact review committee consists of:
 - a. The commissioner, who shall serve as the chairman;
 - b. The governor or the governor's designee;
 - c. The majority leader of the house of representatives, or the leader's designee;
 - d. The majority leader of the senate, or the leader's designee;
 - e. One member of the legislative assembly from the minority party, selected by the chairman of the legislative management;
 - f. One individual appointed by the North Dakota corn growers association;
 - g. One individual appointed by the North Dakota grain growers association;
 - h. One individual appointed by the North Dakota soybean growers association;
 - i. One individual appointed by the North Dakota stockmen's association;
 - j. One individual appointed by the North Dakota farm bureau;
 - k. One individual appointed by the North Dakota farmers union;
 - l. The chairman of the public service commission or the chairman's designee;
 - m. The director of the department of water resources or the director's designee;
 - n. The director of the game and fish department, or the director's designee;
 - o. The director of the department of transportation, or the director's designee;
 - p. The director of the department of environmental quality, or the director's designee;
 - q. One representative of an investor-owned utility company;
 - r. One representative from the North Dakota association of rural electric cooperatives; and
 - s. Two individuals from the energy community, of which one individual must be a representative of an organization that supports lignite energy in the state appointed by the commissioner and one individual must be a representative of an organization that supports oil and gas activity in the state appointed by the governor.
2. The committee shall review federal environmental legislation and regulations detrimentally impacting or potentially detrimentally impacting the state's agricultural, energy, or oil production sectors. The committee shall confer with the attorney general with respect to participation in

administrative or judicial processes pertaining to the legislation or regulations.

3. a. Any member of the legislative assembly serving on the committee is entitled to compensation at the rate provided for attendance at interim committee meetings and reimbursement for expenses, as provided by law for state officers, if the member is attending meetings of the committee or performing duties directed by the committee.
- b. The compensation and reimbursement of expenses, as provided for in this subsection, are payable by the legislative council."

Page 5, line 22, overstrike "agriculture"

Page 5, line 26, overstrike "Contracting for consultation" and insert immediately thereafter "Consultation"

Page 5, line 26, after "engineers" insert ", industry specialists, or others"

Page 5, line 27, after "to" insert "analyze or"

Page 5, line 29, overstrike "Reclamation or mitigation" and insert immediately thereafter "Creation, restoration, or mitigation of similar habitat affected by the construction or operation of an energy conversion or transmission facility. Mitigation"

Page 5, line 29, after "development" insert "under this section shall be conducted in the following order of priority:

- (1) The area immediately impacted by the development;
- (2) The county impacted by the development;
- (3) The region impacted by the development; and
- (4) Other areas within the state"

Page 6, line 1, overstrike "The federal environmental law impact review committee shall establish criteria for"

Page 6, line 2, overstrike "disbursement of"

Page 6, line 2, remove "moneys in the"

Page 6, line 2, overstrike "environmental impact"

Page 6, line 2, replace "mitigation fund" with "In consultation with the federal environmental law impact review committee, the commissioner shall adopt rules pursuant to chapter 28-32 to implement the provisions of this section"

Page 6, line 3, overstrike "The commissioner shall make disbursements"

Page 6, line 3, remove "of moneys in the environmental impact"

Page 6, line 4, remove "mitigation fund"

Page 6, line 4, overstrike "based upon the determinations made by the federal environmental law"

Page 6, overstrike lines 5 through 10

Page 6, line 11, overstrike "the disbursement of"

Page 6, line 11, remove "environmental impact mitigation fund"

Page 6, line 11, overstrike "grants in accordance with"

Page 6, line 12, overstrike "subsection 2 and provide those determinations to the commissioner" and insert immediately thereafter "Easements or leaseholds purchased by a person to mitigate adverse environmental effects of the construction or operation of an energy conversion or transmission facility under chapter 49-22 must be limited to the operational life of the facility as defined under chapter 49-22. Any payment made to mitigate adverse environmental effects of the construction or operation of an energy conversion or transmission facility under chapter 49-22 must be made to the commissioner who shall deposit the payment into the environmental impact mitigation fund. Prior to the public service commission issuing a permit or certificate to an applicant under chapter 49-22, the commissioner shall notify the public service commission of mitigation efforts under this section to create, restore, or mitigate similar habitat affected by the construction or operation of an energy conversion or transmission facility"

Page 6, line 13, overstrike "8." and insert immediately thereafter "6."

Page 6, line 13, overstrike "federal environmental law impact review committee" and insert immediately thereafter "commissioner"

Page 6, line 15, overstrike "9." and insert immediately thereafter "7."

Page 6, remove lines 17 through 31

Page 7, remove lines 1 through 16

Page 7, line 19, overstrike "**direct** "

Page 7, line 19, remove "**or indirect**"

Page 7, line 20, overstrike "1. An applicant"

Page 7, line 20, remove "shall"

Page 7, line 20, overstrike "provide payment to mitigate any assessed adverse"

Page 7, line 21, overstrike "direct"

Page 7, line 21, remove "or indirect"

Page 7, line 21, overstrike "environmental impacts of a proposed site, corridor, route, or facility."

Page 7, line 22, overstrike "The applicant"

Page 7, line 22, remove "shall"

Page 7, line 22, overstrike "provide"

Page 7, line 22, remove "a minimum of fifty percent of"

Page 7, line 22, overstrike "the payment to"

Page 7, overstrike lines 23 and 24

Page 7, line 25, overstrike "environmental impacts of a proposed site, corridor, route, or facility"

Page 7, line 26, overstrike "into the environmental impact mitigation fund"

Page 7, line 27, after "fund" insert "If an applicant elects to provide a payment to mitigate the environmental impact of the construction or operation of an energy conversion or transmission facility, the payment must be made to the agriculture commissioner who shall deposit the payment into the environmental impact mitigation fund under section 4.1-01-21.1. Nothing in this section shall be construed to limit an applicant from conducting mitigation activities"

Page 8, line 3, after "PROGRAM" insert "AND COVID-19 STRESS ASSISTANCE PROGRAM"

Page 8, line 4, replace "5,000,000" with "5,500,000"

Page 8, line 4, after the second "funds" insert ", of which \$5,000,000 was"

Page 8, line 5, after "program" insert "and \$500,000 was for stress assistance program operating expenses,

Page 8, line 7, replace "program" with "programs"

Page 8, after line 8, insert:

"SECTION 21. EXEMPTION - GRASSLANDS GRAZING GRANTS. The amount of \$5,000,000 appropriated from the strategic investment and improvements fund for grasslands grazing grants in the grants line item in section 1 of chapter 9 of the 2021 Session Laws is not subject to section 54-44.1-11 and may be continued into the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 22. LEGISLATIVE MANAGEMENT STUDY - ENERGY CONVERSION OR TRANSMISSION FACILITY - ENVIRONMENTAL MITIGATION. During the 2023-24 interim, the legislative management shall consider studying plans for mitigation of adverse wildlife and environmental impacts and monetary payments made to state agencies, contractors, nongovernmental organizations, and others by applicants or other persons for mitigation during the siting and operation of energy conversion or transmission facilities. The study must include consideration of the provisions of law that affect the ability of developers to effectively mitigate adverse wildlife habitat and environmental impacts, applicant payments used for the purchase of perpetual or nonperpetual conservation easements, the distinction between an adverse direct environmental effect or an adverse indirect environmental effect, methods to monetarily quantify adverse direct or adverse indirect environmental effects, and alternative programs that may be used or developed for the mitigation of adverse wildlife and environmental effects. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-ninth legislative assembly.

SECTION 23. LEGISLATIVE MANAGEMENT STUDY - TRANSFER OF AGRICULTURE EDUCATION PROGRAMS. During the 2023-24 interim, the legislative management shall consider studying the feasibility and desirability of transferring agriculture education programs in the department of career and technical education to the agriculture commissioner. The study must include an analysis of each program, duties and responsibilities of the programs and department of career and technical education staff, the potential to gain administrative and resource efficiencies if the programs are transferred to the agriculture commissioner, and future staffing, operating, and equipment needs of the programs. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-ninth legislative assembly."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2009 - Department of Agriculture - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$15,717,126	\$17,410,572	(\$819,558)	\$16,591,014	\$16,591,014	
Operating expenses	6,848,052	7,436,173	(10,000)	7,426,173	7,426,173	
Capital assets	15,000	7,000		7,000	7,000	
Grants	9,031,774	10,953,969	2,000,000	12,953,969	12,953,969	
State Board of Animal Health	865,718	865,718		865,718	865,718	
Wildlife services	1,457,400	1,657,400		1,657,400	1,657,400	
Crop Harmonization Board	75,000	75,000		75,000	75,000	
Pipeline restoration and reclamation	200,000	200,000		200,000	200,000	
Ag. Products Utilization Commission	1,760,417	5,110,417		5,110,417	5,110,417	
North Dakota trade office	1,600,000	2,100,000		2,100,000	2,100,000	
Bioscience innovation program transfer			6,500,000	6,500,000	6,500,000	
Total all funds	\$37,570,487	\$45,816,249	\$7,670,442	\$53,486,691	\$53,486,691	\$0
Less estimated income	24,110,775	30,135,848	831,270	30,967,118	30,967,118	0
General fund	\$13,459,712	\$15,680,401	\$6,839,172	\$22,519,573	\$22,519,573	\$0
FTE	79.00	81.00	(1.00)	80.00	80.00	0.00

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

	Adjusts Funding for Salary and Benefit Increases ¹	Removes Funding for Elected Official Salary Equity ²	Removes FTE Position ³	Removes Salary Funding for Funding Pool ⁴	Adjusts One-Time Funding for Bioscience Innovation Grants ⁵	Adds One-Time Funding ⁶
Salaries and wages	\$230,303	(\$2,535)	(\$170,326)	(\$877,000)		
Operating expenses			(10,000)			
Capital assets						
Grants						\$2,000,000
State Board of Animal Health						
Wildlife services						
Crop Harmonization Board						
Pipeline restoration and reclamation						
Ag. Products Utilization Commission						
North Dakota trade office						
Bioscience innovation program transfer					\$6,500,000	
Total all funds	\$230,303	(\$2,535)	(\$180,326)	(\$877,000)	\$6,500,000	\$2,000,000
Less estimated income	99,543	0	0	(268,273)	0	1,000,000
General fund	\$130,760	(\$2,535)	(\$180,326)	(\$608,727)	\$6,500,000	\$1,000,000
FTE	0.00	0.00	(1.00)	0.00	0.00	0.00

	Total Conference Committee Changes
Salaries and wages	(\$819,558)
Operating expenses	(10,000)
Capital assets	
Grants	2,000,000
State Board of Animal Health	
Wildlife services	
Crop Harmonization Board	
Pipeline restoration and reclamation	
Ag. Products Utilization Commission	
North Dakota trade office	
Bioscience innovation program transfer	6,500,000
Total all funds	\$7,670,442
Less estimated income	831,270
General fund	\$6,839,172
FTE	(1.00)

¹ Salaries and wages funding is adjusted to provide for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	\$141,284	\$103,774	\$245,058
Health insurance adjustment	(10,524)	(4,231)	(14,755)
Total	\$130,760	\$99,543	\$230,303

The Senate provided salary adjustments of 4 percent on July 1, 2023, and July 1, 2024. The House approved the same salary and health insurance adjustments as the Conference Committee.

² Funding of \$2,535 from the general fund for a salary equity increase for the Agriculture Commissioner is removed. The House also removed this funding.

³ Funding of \$180,326 added by the Senate from the general fund for 1 FTE project manager and systems coordinator position, including \$170,326 for salaries and wages and \$10,000 for operating expenses, is removed. The House also removed this position.

⁴ Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	(\$214,930)	\$0	(\$214,930)
Vacant FTE positions	(393,797)	(268,273)	(662,070)
Total	(\$608,727)	(\$268,273)	(\$877,000)

The House also removed this funding.

⁵ One-time funding for the bioscience innovation grant program is adjusted by removing \$6.5 million from the legacy earnings fund and adding \$6.5 million from the general fund to provide a total of \$12 million, of which \$5.5 million is from the strategic investment and improvements fund (SIIF), the same as provided by the House. Funding provided by the Conference Committee from the general fund is added in a new bioscience innovation program transfer line item, the same as provided by the House.

The Senate provided \$12 million, of which \$5.5 million was from SIIF and \$6.5 million was from the legacy earnings fund.

⁶ One-time funding is added as follows:

- Adds \$1 million from SIIF for grasslands grazing grants, the same as provided by the House. The Senate did not provide funding for this program.

- Adds \$1 million from the general fund for a food distribution grant program to be used for the purchase of food and equipment and any distribution costs associated with assisting local food banks to provide food to individuals in the state, the same as provided by the House. The Senate did not provide funding for this program.
-

This amendment also:

- Amends a section providing for a transfer of \$6.5 million to the bioscience innovation grant fund. The Senate provided the transfer from the legacy earnings fund. The Conference Committee and the House provided the transfer from the general fund.
- Amends a section identifying funding in Section 1 from the environment and rangeland protection fund. The Conference Committee did not change the House version.
- Adds a section identifying funding in Section 1 from SIIF. The Conference Committee and the House provided one-time funding of \$1 million for grasslands grazing grants. The Senate did not provide funding for this program. To be eligible for a grant under this program, an organization must provide \$1 of matching funds from nonstate sources for every \$4 of grant funding. An organization that receives a grant under this program may distribute the funding to cooperative grazing associations for eligible infrastructure projects, which must be located on national grasslands within the state. Eligible infrastructure projects include water development; fencing; conservation initiatives; compliance with federal permitting requirements, including fees for professional services; and other projects to enhance wildlife habitat or capture carbon, or to increase the health of grasslands. Program participants shall develop and implement a grazing land plan in compliance with local soil conservation district guidance and the plan must be approved by the local soil conservation district. The Agriculture Commissioner shall establish additional guidelines for the program.
- Amends a section to provide the statutory changes necessary for the salary of the Agriculture Commissioner, the same as provided by the House.
- Removes a section added by the Senate that established a post-production royalty oversight program. This program was created in Senate Bill No. 2194 (2023). The House also removed this section.
- Adds a section to amend Section 4.1-01-18 to provide of the two individuals from the energy community that serve on the Federal Environmental Law Impact Review Committee, the Governor will appoint one individual and the Agriculture Commissioner will appoint one individual, instead of the Agriculture Commissioner appointing both individuals. The House did not add this section.
- Amends two sections related the environmental impact mitigation fund and mitigation of environmental impacts. The House also amended these sections.
- Removes a section added by the Senate that amended Section 49-22-09 related to factors to be considered in evaluating applications and designations of sites, corridors, and routes. The House also removed this section.
- Amends a section to provide an exemption to the Agriculture Commissioner for the COVID-19 specialty crop block grant program (\$5 million) and COVID-19 stress assistance program operating expenses (\$500,000) that were appropriated for the 2019-21 biennium and continued into the 2021-23 biennium to be continued into the 2023-25 biennium. The Senate and House provided an exemption for the COVID-19 specialty crop block grant program but not for COVID-19 stress assistance program operating expenses.
- Adds a section to provide an exemption to authorize the Agriculture Commissioner to continue \$5 million appropriated from SIIF for grasslands grazing grants for the 2021-23 biennium into the 2023-25 biennium. The House also added this section.
- Adds a section to provide for a Legislative Management study of plans for mitigation of adverse wildlife and environmental impacts and monetary payments made to state agencies, contractors, nongovernmental organizations, and others by applicants or other persons for mitigation during the siting and operation of energy conversion or transmission facilities. The House also added this section.
- Adds a section to provide for a Legislative Management study of the feasibility and desirability of transferring agriculture education programs in the Department of Career and Technical Education to the Agriculture Commissioner. The House also added this section.