

PROPOSED AMENDMENTS TO SENATE BILL NO. 2147

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 4-01, a new section to chapter 6-09, a new section to chapter 57-39.2, and a new section to chapter 57-39.5 of the North Dakota Century Code, relating to the establishment of a beef marketing and a livestock loan guarantee program and to provide a sales tax exemption; to amend and reenact section 4-14.1-03.1 and subsection 1 of section 57-38.6-01 of the North Dakota Century Code, relating to agricultural grants; to provide for a report; to provide an appropriation; and to provide an expiration date.

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

**SECTION 1.** A new section to chapter 4-01 of the North Dakota Century Code is created and enacted as follows:

**Beef marketing program - Establishment.** The agriculture commissioner shall establish a source-verified and process-verified beef marketing program in consultation with the state board of animal health, the North Dakota stockmen's association, the North Dakota state university beef systems center of excellence, and the United States department of agriculture.

**SECTION 2. AMENDMENT.** Section 4-14.1-03.1 of the North Dakota Century Code is amended and reenacted as follows:

**4-14.1-03.1. Agricultural products utilization commission - Authority.**

1. The North Dakota agricultural products utilization commission may apply for, accept, and expend any appropriation, grant, gift, or service made available from public or private sources consistent with the purpose of this chapter.
2. The commission may administer grant programs consistent with the purpose of this chapter including ~~a~~:
  - a. A basic and applied research grant program;
  - b. A utilization and marketing grant program;
  - c. A cooperative marketing grant program;
  - d. A nature-based tourism grant program;
  - e. A technical assistance grant program for value-added businesses;
  - f. A farm diversification grant program;
  - g. An agricultural prototype development grant program; and a
  - h. A North American marketing grant program.
3. ~~The As a condition of the grant, the commission may require, by contract, repayment of a grant, in whole or in part, that the recipient repay some or all of the grant if the grant recipient does not fulfill the conditions under~~

~~which the grant was awarded~~ of the grant. Repayment may be monetary or may be of any other type or method determined by the commission to be in the public interest.

**SECTION 3.** A new section to chapter 6-09 of the North Dakota Century Code is created and enacted as follows:

**Livestock loan guarantee program - Establishment - Rules.**

1. The Bank of North Dakota shall establish and administer a livestock loan guarantee program that is designed to expand livestock feeding in this state.
2. Under the program, the Bank may guarantee a loan made by a bank, a credit union, a savings and loan association, or any other lending institution in this state to the owner of a commercial feedlot that backgrounds or feeds cattle to harvest-ready weight. In the event of a default, the Bank shall pay to the lender the amount agreed upon, provided that the amount may not exceed eighty-five percent of the principal due the lender at the time the claim is approved.
3. The Bank shall adopt rules governing additional terms, conditions, and procedures necessary to meet the requirements of this section. The rules must include an administrative fee payable to the Bank and must provide that equity requirements may not exceed fifteen percent.

**SECTION 4. AMENDMENT.** Subsection 1 of section 57-38.6-01 of the North Dakota Century Code is amended and reenacted as follows:

1. "Agricultural commodity processing facility" means ~~a facility that through processing involving the employment of knowledge and labor an~~ agricultural operation that adds value to an agricultural commodity capable of being raised in this state and includes dairy operations, livestock feedlot operations, and swine feeding and finishing operations.

**SECTION 5.** A new section to chapter 57-39.2 of the North Dakota Century Code is created and enacted as follows:

**Sales tax exemption - Production livestock facility construction.**

1. Gross receipts from the sale of machinery, equipment, and structural materials incorporated into a new or expanding production livestock facility during or at the time of the facility's construction are exempt from taxes under this chapter for the period beginning after June 30, 2005, and ending as of July 1, 2009.
2. The owner of the production livestock facility may apply to the commissioner for a refund of any taxes paid by a contractor, subcontractor, or builder if those taxes are claimable as an exemption under this section. The application for a refund must be made at the time and in the manner directed by the commissioner.
3. If the production livestock facility is not operational as a production livestock facility within five years from the date of the earliest refund to the facility's owner under this section, the owner of the facility is liable for the repayment of all exemptions granted to the owner under this section.
4. For purposes of this section, "livestock" means beef and dairy cattle, hogs, poultry, and sheep and "production livestock facility" does not include grain bins or other storage structures incidental to livestock production.

**SECTION 6.** A new section to chapter 57-39.5 of the North Dakota Century Code is created and enacted as follows:

**Gross receipts tax exemption - Production livestock facility construction - Farm machinery and equipment.** Gross receipts from the sale of farm machinery and equipment incorporated into a new or expanding production livestock facility at the time of the facility's construction and used exclusively in the production livestock facility are exempt from taxes under this chapter for the period beginning after June 30, 2005, and ending as of July 1, 2009. For purposes of this section, "livestock" means beef and dairy cattle, hogs, poultry, and sheep.

**SECTION 7. REPORT TO COMMITTEES.** Between the first and tenth legislative days of the regular session of the sixtieth legislative assembly as selected by the legislative council, the agriculture commissioner, the Bank of North Dakota, and the North Dakota stockmen's association shall provide a joint report regarding the livestock loan guarantee program to the standing agriculture committee of each house of the legislative assembly.

**SECTION 8. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$100,000, or so much of the sum as may be necessary, to the agriculture commissioner for the purpose of administering the beef marketing program, for the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 9. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$100,000, or so much of the sum as may be necessary, to the agriculture commissioner for the purpose of administering the farmers' market development and promotion program, for the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 10. EXPIRATION DATE.** Section 3 of this Act is effective through June 30, 2009, and after that date is ineffective."

Renumber accordingly