

FISCAL NOTE

Requested by Legislative Council
01/26/2009

Amendment to: SB 2208

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$2,083,574	\$0	\$2,533,848	\$0	\$2,533,848
Expenditures	\$0	\$2,196,568	\$0	\$2,450,000	\$0	\$2,450,000
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

The bill proposes to increase the current assessment on flax and sunflower grown in the state or sold to a first purchaser.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 of the bill proposes to increase the current 2 cents per bushel assessment on flax to 3 cents per bushel and also proposes to increase the current 3 cents per hundredweight assessment on sunflower to 4 cents per hundredweight on all sunflower and flax grown in the state or sold to a first purchaser. Section 2 of the bill amends HB1025 changing the assessments to match the assessments proposed in this bill.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The program at the current assessment for flax has the potential to generate \$370,000 in gross revenues per biennium, based on a five-year average of the North Dakota flax crop. The proposed increase could raise potential gross revenues by \$185,000 per biennium based on similar assumptions of average production. The program at the current assessment for sunflower has the potential to generate \$800,000 in gross revenues per biennium, based on a five-year average of the North Dakota sunflower crop. The proposed increase could raise potential gross revenues by \$267,000 per biennium based on similar assumptions of average production. Projected revenue for the 2007-2009 biennium is \$2,187,425. The proposed increase in checkoff for sunflower and flax will potentially increase total revenue to \$2,639,425.

Producers are allowed a refund of these assessments. In the 2007-2009 biennium, the expected refund rate is approximately 4%. The refunds in the 2007-2009 biennium would reduce the total potential gross revenue of \$2,187,425 to a net revenue estimate of \$2,083,574. The impact of producer refunds during the 2009-2011 and 2011-2013 bienniums would reduce the total potential gross revenue of \$2,639,425 to a net revenue estimate of \$2,533,848, a reduction of \$105,577.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The assessment is the only source of NDOC funding and is used for research, development, marketing and

promotion of the NDOC oilseed crops. With the increase in checkoff , total expected expenditures would increase to \$2,450,000 in the 2009-2011 biennium. In the 2011-2013 biennium, we expect expenditures to remain at \$2,450,000. Prospective expenditures in the next two bienniums will be focused on the core program areas of marketing and promotion with enhanced production research for sunflower and flax. The current estimates also allow for the NDOC to address other important issues and industry needs that to date have been relegated to lower priority under present budget demands.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

All funds are special funds and are non-appropriated, with continuing appropriation authority granted under NDCC 4-10.2-08.

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