Testimony in favor of 1501

Good Morning, Chairman and Committee, my name is Phil Murphy, Government Liaison for the ND Soybean Growers Association (NDSGA).

This is a simple bill which changes the ND Soybean Council (NDSC) in the Century Code from a Special Funds state agency to become a private or nongovernmental entity. 1501 offers a chance for all legislators to be able to do what nearly all would like (as someone who also served on the Agriculture Committee I feel fairly confident in stating this), which is to downsize government, eliminate regulation/redundancies and red tape. You may have already heard testimony explaining that the NDSC uses no taxpayer dollars – it all comes from soybean grower's pockets through the Federal Checkoff. At first, all soybean checkoffs were by state authorities when the crop began to grow in popularity. In ND, 1982 saw soybeans grown mostly in just a few counties use acreage dwarfed by wheat, sunflowers and barley. Those three used over 15 million acres while soybeans were under 500,000. By 1991, as a result of farmer led efforts, the national soybean checkoff was created by the USDA, gathering all state soy checkoffs under its umbrella. Because there is already a Federal framework for accountability and compliance with state regulation no longer needed, most of the 31 major soybean producing states eventually transitioned themselves away from the redundancies 1501 is striving to eliminate. There are a few states like ND which have simply never taken up the effort. The past forty years have seen soybean acres and crop value rise to often become the number one crop in the state, but now our soybean industry is poised to take off like never before. The timing of new crush plants combined with the value of soybean oil means opportunity to grow and change with the times. The ability to pivot and react in our quickening era would be enhanced by the passage of 1501. There has a NDSC Board of Directors and Executive Director experienced and confident enough to make the next step and operate as the privately funded business they could have been since 1991.

The inefficiencies imposed by state regulations are real. Here are some examples of how operating privately would help the business of the Council and relieve state agencies of burden; When the Council wishes to help, say, a research station buy a tractor or combine, they might have the money and full board approval, but must submit and put in a RFP to the Office of Management and Budget for any amount over ten thousand dollars. There is also the HR component which includes a lengthy vetting for hiring and another process for reduction of staff. Legal consultations require usage of an attorney from the Attorney General's office. Also, the State Auditor's Office must conduct a yearly audit whereas all other state commodity groups require one every two years. The State Auditor's office recently testified that they have forty clients waiting to get on the auditing list. When trying to get things done in your business whether its farming or not, regulations slow the pace of one's progress. Executive Director Sinner has typified the work involved dealing with state regulations as taking about one third of her time as well as that of her financial staffer.

You all may know that the NDSGA can advocate while the Soybean Council is held primarily to education, research and creating market value. That is why I stand before you contracted by the Growers rather than the Council. NDSC Executive Director Stephanie Sinner and Board Chairman Chris Brossart are seated behind me. Both are more than capable of delivering this message, but are

concerned that it might be too easy to make a request of you which they are forbidden by federal and state law to do. If, however there are questions that a part-timer like me cannot answer, they are here to help educate.

To highlight a few facts: The NDSC is like ~~no~~ other checkoff entity in our state as it ~~is the only one that is solely~~ Federal. This bill could be seen as a housekeeping bill in that the NDSC will still report to the Commissioner of Agriculture and the Legislature as you saw in the first couple weeks of this session. Its passage will free up agencies to better utilize the taxpayer dollars our state uses to function. Another point for consideration is one which has caused the Board more concern than any other and that is their staff. There are ~~seven~~ people employed by the NDSC with three of them, including the Executive Director, vested in the Public Employee Retirement System (PERS). Facing the possibility of some choosing to leave employment if the NDSC becomes a private business, the Directors asked for the effective date of HB1501 move a year farther down the road, allowing time to seek either another state job or to move on elsewhere. This potential transition could cost their defined benefit so the NDSC board has agreed to cover the cost of fulfilling their obligation. Because a study to supplant those dollars owed to the fund would be dependent on whom, when and if some opted out, a study done now would be inaccurate in a year and one half. An estimate for how long a study would take and the dollars needed to make whole was done by OMB. They believe it would take a few months to do the study and that dollars could be somewhere between one hundred thousand and five hundred thousand. The Board voted to do the study closer to the effective date of the bill and again, to cover whatever was owed.

In conclusion, the purpose of this bill is to relieve redundant government oversight and costs for ND tax payers, state agencies, and soybean farmers. The NDSC will remain the Qualified State Soybean Board, authorized by USDA to collect the Federal soybean checkoff for our ND farmers. The role will remain the same as it is today – collect the federal checkoff to be directed by farmer leaders for investment in research, promotion, communication, education and market development.

Vision: to ensure the NDSC and the soybean checkoff is best structured to serve the ND soybean farmers of 20 years from today by being a nimble, proactive, farmer led *and* farmer funded organization that ensures a legacy of effective investment resulting in profitable farmers and communities in ND. Thank you all for your kind consideration.