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**Testimony of Lance Gaebe
North Dakota Farmers Union
In Support of HB 1235
House Political Subdivisions Committee
February 6, 2025**

Chairman Longmuir and members of the Political Subdivisions Committee. Thank you for the opportunity to testify on behalf of the members of North Dakota Farmers Union (NDFU) in support of House Bill No. 1235. I am Lance Gaebe.

NDFU has appreciated working with recent legislative assemblies to support and develop new value-added programs that create opportunities for family farmers and ranchers as well as bolster economic activity in the state.

House Bill 1235 makes a simple change to the law that authorizes the Agricultural Infrastructure Grant Program. It adds "cities" to the list of eligible political subdivisions, joining townships and counties, that can receive corridor improvements road infrastructure support funding. NDFU supports this inclusion.

The 2023 Legislature established the Agricultural Infrastructure Program within the \$25 million Agriculture Diversification and Development (ADD) Fund. This program helps address the external costs associated with establishing and expanding livestock and commodity processing facilities. Agricultural infrastructure grants are available to political subdivisions to assist with necessary road improvements that facilitate value-added agricultural development. The relevant section of North Dakota Century Code is attached.

This session, the Legislature is also considering Senate Bill 2327, which would appropriate \$25 million to replenish the ADD Fund. That bill also renews the Agriculture Commissioner's authority to allocate up to \$10 million of the fund for agricultural infrastructure grants, matching the allocation from the previous legislative session.

Since its creation in 2021, the ADD Fund has leveraged \$8.7 million in interest buydowns to support \$126 million in value-added agricultural investments. The fund has significantly benefited North Dakota's economy, supporting diverse projects such as meat processing facilities, ethanol production, pasta manufacturing, and craft malting operations. It has also aided dairy producers in adopting robotic milking parlors and beef cattle producers in constructing new finishing barns.

North Dakota Farmers Union urges your favorable consideration of HB 1235. This modest change will help cities to support future value-added agricultural investments, from which they will benefit. I am happy to answer any questions you may have.



NDCC

4.1-01-27. Agriculture infrastructure grant program.

1. The agriculture commissioner, in consultation with the director of the department of transportation, shall develop policies to administer the agriculture infrastructure grant program to include a grant application process and eligibility criteria.
2. The agriculture commissioner, in consultation with the director of the department of transportation, shall award grants to political subdivisions for road and bridge improvements necessary to accommodate value-added agriculture businesses. Grant funding under this subsection may be used for:
 - a. Corridor improvements on city, county and township roadways; and
 - b. Improvements to roads or bridges that provide access to value-added agriculture businesses.
3. The agriculture commissioner shall award grants to entities for water and sewer line improvements and electrical and gas supply improvements necessary to accommodate value-added agriculture businesses.
4. Grants awarded under this section may not exceed:
 - a. The lesser of one million two hundred fifty thousand dollars per project or eighty percent of the infrastructure project cost for grants awarded under subsection 2.
 - b. The lesser of three hundred fifty thousand dollars per project or eighty percent of the capital improvement project costs for grants awarded under subsection 3.
5. For purposes of grant eligibility under this section, value-added agriculture businesses include the same businesses as provided under section 4.1-01.1-07.
6. Grant funding under this section may not be used for routine maintenance or operating costs.