

SB 2327
2/19/25

Agriculture Development & Diversification

Has a continuing appropriation. There are three components to the program \$10 million is available to political subdivisions for infrastructure projects that will upgrade roads and bridges, as well as utilities for projects in counties and townships, where a lack of funds are available to support projects. \$7.5 million is available for interest buy down, \$7.5 million is available for grants.

Most ag related projects are classified as agricultural property so there is a limited amount of resources to support infrastructure in their respective communities. It's primarily why most counties and townships vote against siting a project because it has an impact on infrastructure but does not generate extra tax revenue.

To date no political subdivision has been approved, but the program has only been operating a little over 18 months. We are aware that there are likely 3 projects in the near future that will be eligible. It stands to reason that it takes time to permit facilities and no infrastructure improvements will be made until there are secured projects. Once a project is permitted then the county or Township is eligible to apply to the program and the agriculture commissioner and the department of transportation Director will review the application to determine its eligibility and funding.

Attached are several examples of companies/entities that received funding and outlines the return or value back to the community and industry.

Projects are required to submit expenses for reimbursement and a final report before all funds are dispersed. Approximately 60% of the projects in this biennium have been completed and a few examples are what you can review in the following document. The attached booklet outlines the types of projects approved.

Agriculture Infrastructure

\$10 million – Cash on Hand – No viable projects to date

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.

Eligible Uses of Grant Funding:

1. Roadway and Bridge Improvements:

Grants can be utilized for corridor improvements on county and township roadways, ensuring better access and safety for agricultural transport. Funding is also available for enhancements to roads and bridges that specifically provide access to value-added agriculture businesses. It is important to note that projects within city limits are not eligible for this program.

2. Utility Improvements Grants may be allocated for necessary upgrades to water and wastewater lines, facilitating efficient operations for value-added agricultural activities. Additionally, funding is available for improvements to electrical and gas supply infrastructure, essential for supporting the growth and sustainability of agricultural businesses.

Loans and Interest Buydowns

21-23 Biennium

\$7,500,000.00 was allocated for interest buydowns

23-25 biennium

\$7,500,000.00 was allocated for interest buydowns

Total Appropriated from 2021-2025: \$15million

\$8,653,188 has been committed

\$6,346,812 is remaining

Value of Loans: \$125 million

Grants

21-23 Biennium

\$2,500,000 was funded

\$2,250,000 was awarded

\$250,000 was carried over (extension)

12 total projects – all closed

23-25 Biennium

\$7,500,000 Unappropriated

\$5,813,921 Obligated

\$1,556,065 Remaining – Upcoming Meetings (February 26 & May 28)

\$132,347 Interest

29 Total Projects – 14 closed, 15 open

Granting Process

Submit online Application

At the Meeting:

1. Each applicant presents their proposal followed by questions from the ADD board members.
2. After presentations, the board discusses the merits of each proposal.
3. Projects are scored and ranked. Decisions are funded or denied.

After the Meeting:

1. Applicants are called within one to two business days after the meeting.
2. Throughout the grant period, grantees submit financial documentation for reimbursement.
 - a. All financial documentation must include the purpose, date, and amount of the expense.
 - b. Eligibility of the expenses is determined by cross-referencing the NOGA and approved grant application.
3. Upon the completion of the project, a final report is required and final payment is made.

Pingree Transload LLC

\$1 million in premiums of sales to growers in the area

Conversations and partnerships with growers would not have happened without the expansion of the facility.

Dairy Dozen Milnor

Economic Impact ROI Study alone costs \$13,000

1. Efficient Use of Grant Funds

- The 1,600 head robotic milking dairy farm project supports 65 total jobs during construction, with a one-time economic impact of \$4.6 million in labor income, \$6.4 million in value-added, and nearly \$13.2 million in total sales.

2. Tax Revenue Generation

- Estimated \$1.4 million in total tax revenue from construction, including \$545,000 at the federal level and \$133,000 at state and local levels.

3. Operational Impact

- The dairy's operations will employ 10 workers with \$1.2 million in labor income annually and generate \$1.1 million in value-added.
- Total operational impact is projected at \$14.3 million in output, \$4.8 million in value-added, and 36 jobs when accounting for indirect effects.

4. Tax Revenue from Operations

- Annual tax revenue from operations estimated at \$763,000, including \$599,000 at the federal level and \$164,000 at state and local levels.

North American Bison

Total Expansion Cost = \$6 million

* \$500,000 in revenue / \$250,000 in benefits and labor in ND/yr *

Only plant in the U.S. that only processes Bison

Phase 1

1. Efficient Use of Grant Funds

- North American Bison LLC utilized ADD funding to expand its New Rockford plant, increasing processing capacity from ~11,000 to ~17,000 head annually.

2.. Support for Independent Ranchers

- Increased processing capacity supports more animal purchases from independent ranchers, fostering agricultural growth.

3.Sustainable Growth

- Supports bison herd regeneration, sustainable ranching, and local economic development through expanded production and employment.

Phase 2

1. Efficient Use of Grant Funds

- North American Bison LLC utilized ADD funding to reconfigure its plant barn, enhancing bison processing and distribution operations in New Rockford, ND.

2. \$38 million to \$60 million

Four Star Ag

1. Efficient Use of Grant Funds

- ADD funding enabled the purchase of weighing, bagging, and palletizing equipment, increasing capacity from 500-900 50-pound bags per hour with minimal labor.

Square Butte Farms

1. Efficient Use of Grant Funds
 - Square Butte Farm utilized ADD funding to construct two cattle feeding barns, enhancing their livestock operation despite weather-related construction delays.
2. Economic Contribution
 - Supports North Dakota's agriculture sector by enhancing cattle performance, ensuring steady growth rates, and maintaining optimal feed intake through weather protection.
3. Improved Livestock Management
 - Cattle maintained expected weight gain even during harsh winter conditions, demonstrating improved operational performance.
4. Enhanced Feed Efficiency
 - The barn awnings kept feed bunks free of snow, ensuring consistent feed intake and reducing waste.
5. Scalability & Long-Term Operations
 - The new barns allow for expanded herd management, supporting future growth and operational stability.
6. Support for Local Agriculture
 - Contributes to North Dakota's agricultural economy by supporting cattle production, feed suppliers, and related industries.
7. Sustainable Growth
 - Enhances farm resilience, ensuring better animal welfare, operational efficiency, and economic stability.

Red River Potatoes

1. Efficient Use of Grant Funds

- Red River Potatoes utilized ADD funding to commission two state-of-the-art Norris Thermal Technologies dehydrators, more than doubling production capacity from 15,000 lbs. to over 35,000 lbs. per hour.

2. Enhanced Production Capacity

- Increased intake of raw materials and extended procurement efforts, allowing for higher throughput and efficiency.

Rock Valley Feeders LLP

1. Efficient Use of Grant Funds

- Rock Valley Feeders utilized ADD funding to expand its bison feeding and finishing operation, exceeding the original plan with a larger facility and lagoon/holding pond for runoff management.

2. Increased Bison Production Capacity

- Expanded feeding capacity beyond 500 head, boosting bison production and supporting the local bison processing facility in New Rockford.

- Flexible pen designs allow handling of various herd sizes for current and future growth.

3. Employment Opportunities

- Created and sustained jobs for local employees, contractors, and related industries during and after construction.

4. Scalable Operations

- Infrastructure enhancements position Rock Valley Feeders for future growth and increased production, supporting North Dakota's bison industry.

5. Support for Agricultural Industries

- Increased bison production bolsters North Dakota's agriculture and processing sectors, supporting farmers, feed producers, and processing facilities.

Three Farm Daughters

1. Efficient Use of Grant Funds

- 3 Farm Daughters utilized \$51,581 from the ADD program to acquire a scale, bag sealer, and box taper, significantly improving their bulk pasta packing operations.

2. Cost Savings & Increased Efficiency

- The new equipment increased packing efficiency by over 500%, from 4 cases per hour manually to 25 cases per hour.

3. Revenue Growth

- Achieved over a 6-digit increase in bulk and foodservice sales within a year.
- Expanded distribution to 7 new states, boosting revenue and market presence.

Dakota Hurd

1. Cost Savings & Local Economic Support

- Chose local service providers such as Scott's Electric for electrical setup and local scale operators for product weighing, injecting funds back into the North Dakota economy.

2. Collaborative Partnerships

- Collaborated with North Dakota-based Pure Advantage and Bismarck's Homeland Hempcrete, fostering regional economic growth and strengthening the hemp industry ecosystem.

3. Enhanced Production Efficiency

- Installed a compression bagging machine that improved bagging speed by 5-6 times, enabling high-volume supply to retail markets.

Tharaldson Ethanol

1. Total Project Cost & Funding
 - The project had a total cost of \$5.6 million, with \$250,000 awarded from the program.
2. Tax Revenue Contribution
 - The project will generate additional tax revenue for the state, contributing to North Dakota's economy.
3. Ethanol Yield and Corn Oil Production
 - The SMT™ System increases ethanol yield, starch extraction, and corn oil production.
 - The system has the potential to reduce enzyme costs, which can further improve efficiency and cost savings.
4. Sustainability and Industry Growth
 - The new technology increases efficiency in ethanol production, supporting North Dakota's renewable energy sector.
 - The system can be replicated at other ethanol plants, encouraging further industry expansion.
 - By enhancing production efficiency, the project strengthens North Dakota's position in the renewable energy market.
5. Commercialization Potential
 - The project is moving into its commercial phase, indicating potential for long-term economic and technological impact beyond just the Casselton facility.
 - This technology could attract further investment and new business opportunities in the ethanol and renewable energy industries.

GP Turnkey Tharaldson LLC

1. Total Project Cost & Funding

- The total project cost is \$89 million, with \$250,000 in funding from the ADD program.
- To date, \$38 million has been spent on construction, procurement, and engineering.

2. High-Value Protein & Corn Oil Production

- The MSCTM system will produce high-value protein at 52%, increasing to 60% or greater.
- It will generate a 20% increase in corn oil yield.
- A new DDGS (dried distillers' grains) stream will have a pro-fat content close to 28%.

3. Increased Efficiency & Output

- The MSCTM system aims for a 10% plant throughput gain.
- Expected production capacity: 105,000 tons annually.
- The facility will operate 355 days per year.

4. Agricultural & Renewable Energy Sector Growth

- The system increases demand for local corn feedstock, benefiting North Dakota farmers.
- 54 million bushels of corn annually will be required for target DDGS production.
- Farmers will have increased access to dried distillers' grains and corn oil for livestock feed.

5. Sustainability & Industry Development

- The MSCTM system enhances ethanol plant efficiency and sustainability.
- North Dakota's ethanol industry will gain a competitive edge in high-protein feed markets.
- The project sets the stage for future renewable energy innovations and investments.