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**Testimony of
Matt Perdue
North Dakota Farmers Union
Before the
Senate Agriculture and Veterans Affairs Committee
January 30, 2025**

Chairman Luick and members of the committee,

Thank you for the opportunity to testify on Senate Bill No. 2327. My name is Matt Perdue, and I am testifying on behalf of North Dakota Farmers Union's (NDFU) members. NDFU supports SB 2327.

SB 2327 replenishes the Agriculture Diversification and Development (ADD) fund with a \$25 million appropriation. It also allows the ADD Committee to use a small portion of funds for administrative expenses, which is common for other programs.

Section 1 – Administrative Expenses

Section 1 of the bill adds a new paragraph 5, authorizing the ADD Committee to pay for the cost of administering the program. In recent conversations with the Department of Agriculture, we learned that they are unable to cover routine expenses, including reimbursing committee members for mileage, providing per diem, and renting meeting rooms.

Attached to my testimony is Amendment 25.1215.01001. This amends the new paragraph 5. Due to a drafting error, the original legislation authorized a higher amount for administrative expenses than originally intended. The amendment would tie that authority to administrative expenses used for the Agricultural Products Utilization Commission (APUC). APUC and ADD Committee meetings are typically held in conjunction with each other.

The ADD Committee is composed of the same members as APUC, with the addition of two representatives from the banking sector. Tying administrative expenses to the cost of administering APUC ensures the two can be administered consistently.

Section 2 – Appropriation

Section 2 of the bill provides a \$25 million appropriation to replenish the ADD Fund. The legislation also renews authority for the Agriculture Commissioner to utilize up to \$10 million from the ADD fund for agriculture infrastructure grants. The appropriation matches the appropriation from last legislative session, allowing the program to continue to provide a significant boost to value-added ag development in North Dakota.



The ADD fund was established in 2021 to support new and expanding value-added agriculture enterprises. ADD provides interest buydowns and grants to value-added projects that:

- Demonstrate financial feasibility;
- Enhance profitability for farmers and ranchers;
- Create jobs; and
- Grow the state's economy.

In the first three years of its existence, the ADD fund has had a significant impact on the North Dakota economy. The ADD fund has supported meat processing, ethanol production, pasta production, craft malting, and more. The project has also helped dairy producers invest in robotic milking parlors and beef cattle producers construct new finishing barns.

ADD's return on investment is significant. Since ADD's inception, \$8.7 million in interest buydowns alone have supported \$126 million of investment in value-added agriculture in North Dakota. That investment is driving growth in our broader state economy. In the coming weeks, a new agriculture economic contribution study will be unveiled. That study will show that North Dakota agriculture's economic contribution has grown significantly over the last two years, in part due to growth in commodity processing and livestock production.

Conclusion

Thank you for the opportunity to testify. We encourage the committee to adopt the proposed amendment and recommend a "Do Pass" recommendation on SB 2327.

PROPOSED AMENDMENTS TO

SENATE BILL NO. 2327

Introduced by

Senators Wanzek, Erbele, Conley

Representatives Beltz, Brandenburg, Hagert

1 A BILL for an Act to amend and reenact section 4.1-01.1-07 of the North Dakota Century Code,
2 relating to uses of the agriculture diversification and development fund; to provide an
3 appropriation; and to provide for a transfer.

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

5 **SECTION 1. AMENDMENT.** Section 4.1-01.1-07 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **4.1-01.1-07. Agriculture diversification and development fund - Continuing**
8 **appropriation.**

- 9 1. There is created in the state treasury the agriculture diversification and development
10 fund. The fund consists of all moneys transferred to the fund by the legislative
11 assembly, interest upon moneys in the fund, and payments of interest and principal on
12 loans made from the fund. Moneys in the fund are appropriated to the Bank of North
13 Dakota on a continuing basis for loan disbursements and administrative costs
14 pursuant to this section, and moneys in the fund are appropriated to the agriculture
15 commissioner on a continuing basis for grants pursuant to this section and section
16 4.1-01-27. The agriculture diversification and development committee shall designate
17 the amount available from the fund for loans, interest rate buydowns, and grants.
- 18 2. Loans, interest rate buydowns, or grants under subsections 3 and 4 may be issued
19 from the fund to support new or expanding value-added agriculture businesses that
20 demonstrate financial feasibility, enhance profitability for farmers and ranchers, create

1 jobs, and grow the state's economy. Grants under section 4.1-01-27 may be issued
2 from the fund for infrastructure improvements necessary for the development or
3 expansion of new or existing value-added agriculture businesses. Value-added
4 agriculture businesses include food production or processing facilities; feed or pet food
5 processing facilities; commodity processing facilities; agriculture product
6 manufacturers; and animal agriculture production facilities, including swine, poultry,
7 dairy, and feed lot production facilities.

8 3. The Bank of North Dakota shall develop policies for loans and interest rate buydowns
9 from the fund in consultation with the agriculture diversification and development
10 committee. The Bank shall review loan applications. To be eligible for a loan under this
11 section, an entity shall agree to provide the Bank with information as requested. The
12 Bank may develop policies for loan participation with local financial institutions. The
13 Bank shall deposit in the fund all principal and interest paid on the outstanding loans.
14 The Bank may use a portion of the interest paid as a servicing fee to pay for
15 administrative costs, which may not exceed one-half of one percent of the amount of
16 the outstanding loans. The fund must be audited annually pursuant to section 6-09-29,
17 and the cost of the audit must be paid from the fund.

18 4. The agricultural diversification and development committee shall develop policies for
19 grants from the fund to support new or expanding value-added agriculture businesses,
20 including eligibility criteria, maximum grant amounts, and reporting requirements.
21 Based on recommendations from the agricultural diversification and development
22 committee, the agriculture commissioner shall distribute the grant funding.

23 5. The agriculture diversification and development committee may use up to five percent
24 of the funding available in the agriculture diversification and development fund on July
25 first of each odd-numbered year for administrative expenses related to the agriculture
26 infrastructure grant program each biennium only to the extent the administrative
27 expenses paid do not exceed the total administrative expenses paid for the agricultural
28 products utilization commission under section 4.1-01.1-05 from the most recently
29 completed biennium. The agriculture commissioner may reimburse agriculture
30 diversification and development committee members for costs incurred associated
31 with the program.

1 **SECTION 2. APPROPRIATION - TRANSFER TO AGRICULTURE DIVERSIFICATION**
2 **AND DEVELOPMENT FUND.** There is appropriated out of any moneys in the general fund in
3 the state treasury, not otherwise appropriated, the sum of \$25,000,000, which the office of
4 management and budget shall transfer to the agriculture diversification and development fund,
5 for the biennium beginning July 1, 2025, and ending June 30, 2027. Of the \$25,000,000, up to
6 \$10,000,000 is available for agriculture infrastructure grants to political subdivisions under
7 section 4.1-01-27.