

**1999 SENATE AGRICULTURE**

**SB 2339**

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2339

Senate Agriculture Committee

Conference Committee

Hearing Date 1/29/99

Tape Number	Side A	Side B	Meter #
1	X		4533-END
1		X	0-3405
2/4	2	X	4659-6192
Committee Clerk Signature <i>Cherie Bergeson</i>			

Minutes:

Senator Wanzek called the meeting to order, roll call was taken, all were present.

Senator Wanzek opened the hearing on SB 2339.

Senator Tomac introduced the bill. Goal number 2 in the series of 5 bills. Most of the sections in this bill relate to what we can do as a state to help the processors getting started and staying alive.

Senator Kroeplin a sponsor of the bill, went through and pointed out different changes in the bill.

Senator Sand: If someone should come to ND with all these provisions in here do you suppose the firm would think the competition is fair and if they think it isn't fair do you think they'll even come to ND?

Senator Kroeplin: I hadn't really thought about the German firm, the main concern was with ND farmers being able to see wealth.

Senator Wanzek: Is there something different about this bill and the one in the House?

Senator Kroeplin: That bill includes LLC and the fiscal note is higher on that one.

Bill Patrie spoke in support of SB 2339. He answered Senator Sand question saying no, in fact it would be an opportunity to form an alliance. This new law would allow an equity fund to be established to provide equity investments.

Senator Kinnoin: In section 6, is the bank, by law, able to do that?

Bill Patrie: I think they would have to find some other mechanism to do that.

Senator Kinnoin: Who would administer this mutual fund?

Bill Patrie: I think it would be developed by the department of economic development and financing to develop the rules and mechanisms.

Senator Sand: Explain how tax credits are viable things.

Bill Patrie: I would yield to others.

Senator Wanzek: I might attempt to answer. 50% of your investment qualifies as a credit, and you cannot apply that credit against more than 50% of you taxes, and you can do that for 15 years until all the tax credit is gone or you didn't use it.

Senator Kroeplin: 50% only goes to amount used in Senator Sand example.

Senator Wanzek: Does that address where the equity problem really is? How do we get equity into the farm?

Bill Patrie: This bill would allow the state to come in and help the farmer finance the acquisition in a corporation and the construction of the barn, allows the farmer to redeem that over the years that he invests in this enterprise and buy back that equity from the bank.

Senator Wanzek: Farmer might, in his investment, might figure he's making more money here and say why am I raising hogs?

Bill Patrie: These value added cooperatives tie production to patronage and utilization of that facility, so you can't be one without the other.

Senator Wanzek: There was a concern there might be a tendency for an appointee to be bias towards a commodity, is that a concern?

Bill Patrie: The concern was not with equal representation, it was the reverse, we were looking for buy ins.

Mark Sitz from the ND Farmer's Union, spoke in support of the bill. Feels the bill is very important. In favor of investment tax credit.

Senator Sand: This tax credit thing in ND, what are the federal implications of that?

Mark Sitz: I am not qualified to answer that.

Senator Wanzek: This has nothing to do with federal tax credit.

Senator Wanzek: It would allow the Ag Products Utilization Commission in certain instances to recollect on their grants by collecting through preferred stock and patents and other methods?

Mark Sitz: That would be my understanding.

Senator Wanzek: If a company moved out of state the commission could hold stock in that company and collect preferred stock and repayment of the grant and hold it?

Mark Sitz: I think that would be in the boundaries.

Russ Hanson, executive director of APUC, spoke in support. Clarified Senator Wanzek question. That is the intent. The funding source is a source of concern, monitored very closely, it has declined quite a bit.

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Senate Agriculture Committee  
Bill/Resolution Number Sb 2339  
Hearing Date 1/29/99

Senator Wanzek: We are not going to go back ask for repayment of grants.

Russ Hanson: That's correct.

Jim Moench from COFA spoke in support of SB 2339. He made the statement that on line 14 page 3 the amount was reduced from \$50,000 to \$20,000 in an attempt to take a look at the fiscal note.

Senator Wanzek closed the hearing on SB 2339.

FEBRUARY 4, 1999

Discussion was held.

Senator Klein made the motion for a Do Not Pass.

Senator Urlacher seconded.

ROLL CALL: 4 Yes, 0 No

CARRIER: Senator Wanzek

## FISCAL NOTE

(Return original and 14 copies)

Bill/Resolution No.: SB 2339

Amendment to: \_\_\_\_\_

Requested by Legislative Council

Date of Request: 1/20/99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts. Please provide breakdowns, if appropriate, showing salaries and wages, operating expenses, equipment, or other details to assist in the budget process. In a word processing format, add lines or space as needed or attach a supplemental sheet to adequately address the fiscal impact of the measure.

**Narrative:** If enacted SB 2339 is expected to reduce revenues by \$1,475,000 in the 1999-2001 biennium.

2. State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>			-\$1,475,000			
<b>Expenditures</b>						

3. What, if any, is the effect of this measure on the budget for your agency or department:

- a. For rest of 1997-99 biennium: \_\_\_\_\_  
(Indicate the portion of this amount included in the 1999-2001 executive budget:)
- b. For the 1999-2001 biennium: \_\_\_\_\_  
(Indicate the portion of this amount included in the 1999-2001 executive budget:)
- c. For the 2001-03 biennium: \_\_\_\_\_

4. County, city, and school district fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

If additional space is needed  
attach a supplemental sheet.

Signed: *Kathryn L. Strombeck*

Typed Name: Kathryn L. Strombeck

Department: Tax

Date Prepared: January 29, 1999

Phone Number: 328-3402

Date: 2/1  
Roll Call Vote #: \

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2339

Senate Agriculture Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Not Pass

Motion Made By Klein Seconded By Urlacher

Senators	Yes	No	Senators	Yes	No
Senator Wanzek	✓				
Senator Klein	✓				
Senator Sand	✓				
Senator Urlacher	✓				
Senator Kinnoin		✓			
Senator Kroeplin		✓			
Senator Mathern		✓			

Total (Yes) 4 No 3

Absent \_\_\_\_\_

Floor Assignment Senator Wanzek

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE (410)**  
**February 4, 1999 5:15 p.m.**

**Module No: SR-23-1972**  
**Carrier: Wanzek**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2339: Agriculture Committee (Sen. Wanzek, Chairman) recommends DO NOT PASS**  
**(4 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). SB 2339 was placed on the**  
**Eleventh order on the calendar.**