

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

21941

2001 SENATE AGRICULTURE

SB 2194

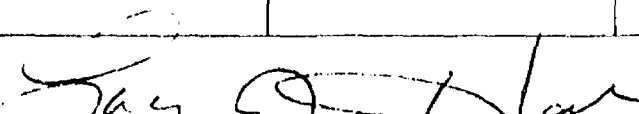
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2194

Senate Agriculture Committee

Conference Committee

Hearing Date January 25, 2001

Tape Number	Side A	Side B	Meter #
2	X		39.0 - End
2		X	0.0 - 20.0
3	X		43.5 - 45.5
Committee Clerk Signature 			

Minutes:

SENATOR KLEIN, introduced the bill.

Allows beginning farmers to purchase livestock and farm equipment.

SENATOR NICHOLS, this is a good change. Reduced interest rate and better payment plans.

SENATOR KROEPLIN, with increasing cost of equipment I hope it will be possible to expand some of the dollars and interest rates to finance young farmers.

REP. D. JOHNSON, the loan program for young farmers for real estate has been successful in North Dakota and excited to see the possibility of extending it to livestock and equipment.

CLAIRE CARLSON, Governors Office, testified in support of this bill.

SENATOR URLACHER, can a farmer rent land and still be eligible for the loan on the livestock and equipment?

CLAIRE CARLSON, the way I read the bill you can.

JEFF KNUDSON, Agriculture Department, Testified in support of this bill. See attached testimony.

WOODY BARTH, ND Credit Review Board, testified in support of this bill.

ROBERT HUMANN, Bank of North Dakota, testified in support of this bill. See attached testimony.

SENATOR ERBELE, the definition of a beginning farmer, can that be someone who has been farming for a year or two and has already purchased livestock and equipment can they roll into this fund or is there a net worth ceiling?

ROBERT HUMANN, we have not identified these parameters for the chattle part of this program, but with the existing real estate beginning farmer program the requirement is that their primary occupation is farming and that they have a net worth of less than \$200,000 and that they have not previously owned more than 30% of the medium farm size in that county. There will have to be some stipulations put in place on what is eligible and who is eligible for the program and who is not.

SENATOR WANZEK, are the parameters set by the bank or by statute?

ROBERT HUMANN, the \$200,00 is the net worth of the borrower, were not identifying a loan maximum at this time. The bank can set the policies on this along with input from the credit review board.

SENATOR WANZEK, what incentive is there for the bank?

ROBERT HUMANN, they will probably pick up an operating loan from someone who they haven't provided financing for before and pick up additional volume. A way to jump start a beginning farmer.

SENATOR KROEPLIN, is there a fee that the bank gets for this, no finders fee or commission?

ROBERT HUMANN, we are currently using a finders fee only for our established farmer program.

SENATOR ERBELE, is there going to be two limits, one for real estate and one for chattel?

ROBERT HUMANN, those detail havn't been worked out yet.

ERIC HARDMEYER, Bank of North Dakota, testified in support of this bill. He explained the Revolving fund.

SENATOR WANZEK, as payment are made they go back into the funds.

ERIC HARDMEYER, as the loans get payed the principle and interest go back into the fund.

SENATOR WANZEK, for purposes of being there for further funding for more loans?

ERIC HARDMEYER, that is correct.

WOODY BARTH, answered questions for the committee. The Credit Review Board only recommends to the ND Industrial Commission policy changes for the Bank of North Dakota. The direct policy changes go through the Industrial Commission. There would be separate parameters and separate lines of credit available for chattel and for real estate.

Hearing was closed.

SENATOR KLEIN moved DO PASS on SB 2194.

SENATOR NICHOLS seconded the motion.

Roll call vote: 6 Yeas, 0 No, 0 Absent and Not voting.

SENATOR KLEIN will carry the bill.

FISCAL NOTE

Requested by Legislative Council

01/15/2001

Bill/Resolution No.: SB 2194

Amendment to:

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

SB 2015 appropriates \$1,000,000 for the Beginning Farmer Fund. With the changes contemplated to the program under SB 2194, BND does not anticipate the need for a fiscal note.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Eric A Hardmeyer	Agency:	Bank of North Dakota
Phone Number:	328-5674	Date Prepared:	01/18/2001

Date: 1-25-01
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2194

Senate Agriculture Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By SEN. KUETH Seconded By SEN. NICHOLS

Senators	Yes	No	Senators	Yes	No
Senator Wanzek - Chairman	✓		Senator Kroeplin	✓	
Senator Erbele - Vice Chairman	✓		Senator Nichols	✓	
Senator Klein	✓				
Senator Urlacher	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment SENATOR KUETH

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

REPORT OF STANDING COMMITTEE (410)
January 25, 2001 4:05 p.m.

Module No: SR-13-1664
Carrier: Klein
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2194: Agriculture Committee (Sen. Wanzek, Chairman) recommends DO PASS
(6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2194 was placed on the
Eleventh order on the calendar.

2001 HOUSE AGRICULTURE

SB 2194

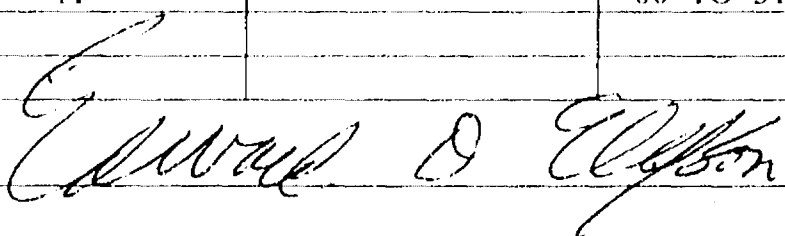
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2194

House Agriculture Committee

Conference Committee

Hearing Date 3--01--01

Tape Number	Side A	Side B	Meter #
THREE	A		00 TO 3163
Committee Clerk Signature 			

Minutes:

1A:00 CHAIRMAN NICHOLAS: Committee Members we will open the hearing on SB 2194.

SEN. KLEIN: SB 2194 is one of those simple Bills. Allows Farmers to have a stepping stone to startup farmers. Allows beginning farmers to participate with the Bank of N.D for equipment and live stock. We feel with the numerous changes facing farmers in Agriculture in general this will give them the stepping stone.. I ask for your consideration on this Bill.

SENATOR NICHOLS: I am appearing in favor of SB 2194. In my work as a part time Agr. Loan officer. I have worked with this program some. The Real estate aspects of it. I feel this is a good proposal to improve capitol purchases. I'd appreciate your support on this Bill.

CHAIRMAN NICHOLAS: Sen. Nichols, as a bank loan officer, do you use this program quite a bit in your banking operations.

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House Agriculture Committee

Bill/Resolution Number SB 2194

Hearing Date 3--1--01

Sen. Nichols: Mr Chairman, we have used this some. The part that we have a little problem with ofcourse as being a lender, we have to have security and regard with the beginning farmer loans. There is a need for a father, an uncle or a friend to be a part of this process in a lot of cases because the BANK OF N.D. dose require first mortgage. and requires and will lend up to seventy five percent of appraised value. It depends upon the amount being paid for the reestate and depends on the position that this young farmer is in. We have used it some. We would like to use it more. In some cases we can't.

CHAIRMAN NICHOLAS; If you as a lender what would you do as to make this bill a betterprogram? To make this a perfect program, what would you do?

Sen. Nichols: We need to be secured and ofcourse the BANK OF NORTH DAKOTA DOSE REQUIRE FIRST LIEN and that is sometimes where the problem enters in. If you can purchase land for less then the appraised value or find some help then we are in good shape to put some things together. I don't see that changing.

CHAIRMAN NICHOLAS: Would it help if we raised the equity requirement or lessened it to twenty percent.?

Sen. Nichols: It would help.

Rep. Berg: Mr. Chairman, Sen. Nichols. What exactly dose the change in this Bill do?

Sen. Nichols: Primarily to purchase machinery and livestock. My question is line 8.

The primary change is on line 9 in regard to including equipment and livestock. Being more flexible. Not just restricted to real-estate.

Rep. Lemieux: When I look at the definition of beginning farmers according the ND Century Code would this allow people to participate in the Agr. Community. Say a person working at

the local implement dealership. Would this Bill help them, saying they wanted to get into the hog production. Will this Bill help them more then the old Bill.

Sen. Nichols: This Bill will not change the definition of the Beginning Farmer.

It would help the beginning farmer to purchase real-estate, equipment, and livestock.

There are limits that can be loaned to beginning farmers. \$150,000.00 for real-estate.

Local lender can keep a portion of this.

Rep. Lloyd: The word is loan. I would expect the beginning farmer wanting to lease.

Dose the BANK OF NORTH DAKOTA ever go a four or five year lease?

Sen. Nichols: Not that I am aware of. It would have to be pretty well detailed.

CHAIRMAN NICHOLAS: Any other questions.

Who would like to testify in support of 2094 next.

Jeff Knutson: I am here on behalf of Agr. Commissioner Roger Johnson and myself n support of SB 2194. Please see printed testimony. We believe that this is a good Bill and we support the Bill. I am also mentioning that the Credit Review board supports this Bill.

ROBERT "BOB" HUMANN - BANK OF N.D. Please see printed testimony.

CHAIRMAN NICHOLAS: Bob, I have a couple of questions for you. First one is what is the net worth of that beginning farmer for definition of beginning farmer.

Humann: It is \$200,000.00 or less.

CHAIRMAN NICHOLAS: Do you have adequate moneys now. You are not short of money.

Humann: Right now we have adequate funds to last through the biennium. Basically what happens is the million dollars of buy down allows us to do j\$10,000,000.00 in loans. Under the beginning farmers program. You actually end up getting ten times the value of the buy down.

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House Agriculture Committee

Bill/Resolution Number SB 2194

Hearing Date 3--1--01

Rep Renner: Are these loans direct loans from the Bank OF ND or are they combination.

How dose it work.

JEFF: The plan is to do the reestated loans as we do presently. Directly with the Bank of ND. It is a direct application. Under state law we can work with farmers on a direct basis. When it come to livestock and equipment we have to through local lender. We prefer to do that because we don't have the staff to around the state to do inspections as to equipment, livestock, etc. We envision that we will continue to do the real-estate loans the way we have. We will make the equipment and livestock loans out of a revolving fund. That will be a participation loan and basically how that will work the loans will be funded at an interest rate of 6 percent out of the buy down funds. We will buy the interest rate down on the wheat lenders share of the loan. We will probably split the loan 50--50, like we do now. We will use buy down to buy the interest rate down to get it to 6% rate so that the beginning farmer has a fixed rate for 5 to 6 years. The question is then where dose that money come from. We have a million dollars of buy down. The plan is that we will use the cash balances that are in the fund right now and if we run short we will go into the AGR buy down fund and will use those funds.

REP. RENNER: Is there a limit as to what the lead bank can charge on interest rates.

HUMMAN: Generally, we do not limit what the lead bank can charge. If we do that discourages them from sending the application because they already know they are going to loose loan volume by not having one hundred percent of the loan. They know that they will have fifty percent of the loan. Generally they will charge a fair market rate if not higher.

Rep. Peitsch: It says you can not have a net worth of more then \$200,000. dollars in order to qualify. How long can one be considered a starting farmer.

HUMMAN: That is something that the Bank has struggled with for years. We try to come up with a definition that works in all cases and basically if they have a net worth of less than two hundred thousand dollars we will allow the application to come in.

REP. RENNER: When you are defining the net worth. Are you considering all of the assets of that individual.

HUMMAN: All assets. We encourage non farm income as an asset.

Rep. Mueller: How good has this plan worked.

HUMMAN: We have a very high success rate right now. We can lend up to 75% of appraised value of farm land. If someone puts 25 down as to a loan, it is hard to walk away from that. The purchaser if he were having trouble could cash rent the land and still make payments to the bank so that there is little default.

REP. BERG: What is the Banks current Base Rate:

HUMMAN: It is same as prime. Eight and a half percent. The lending rate is a bench mark. The beginning farmer has a fixed rate of 6%. Under our current law the beginning interest loan rate is 6% fixed for five years. The bank of ND actually get paid 8%. The balance of interest comes out of the million years. After a 5 year period the interest rate get adjusted annually. One percent below Bank of ND prime rate. With the equipment purchase and livestock proposal that we are looking at here today. That rate will be fixed for the entire term of the loan. Either 5 or 7 years. The lead lender can charge a higher rate. We would still have a buy down so that the farmer would not be paying more than 6% on his cattle loan. The mechanics of the program we will be working on. We may have to adjust. The 6% is just on the loans that we are going to make on the revolving fund. If we run short over the

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House Agriculture Committee

Bill/Resolution Number SB 2194

Hearing Date 3--1--01

previous biennium, if we run short of the million dollars. What we have been doing is we make loans directly out of the fund.

The fund has a cash surplus. Those dollars we intend to use for the interest buy down. That fund is presently \$6,500,000.00 dollars.

CHAIRMAN NICHOLAS: Anyone else as to support of this Bill. Any one in opposition to this Bill.

LANCE HAGEN: North Dakota Grain Growers Association. Our board supports this Bill. We should be going down to 20% on this bill rather than the 25%. We would like the twenty percent.

ROBERT FEVEBRE: I am with the ND Grain Growers. We support this Bill.

This one way we can keep young people around. We support going to \$250,000.00 rather than the \$200,000.00. It takes the larger amount to get going right now. We would appreciate that raise. I like the 6% rate.

CHAIRMAN NICHOLAS: WE WILL CLOSE THE HEARING ON AB 2194.

1A: 31D63

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2194

House Agriculture Committee

Conference Committee

Hearing Date 3--1-01

Tape Number	Side A	Side B	Meter #
FOUR	A		4710 TO 4900
Committee Clerk Signature <i>Edward D. Ellyson</i>			

Minutes:

CHAIRMAN NICHOLAS: Committee Members, we will open the hearing on SB 2194.

Do any of you want more time on SB2194? That is the beginning farmer legislation.

Chairman Nicholas was addressed by a committee member: I think it is a good piece of legislation. There was some concern that Rep. Berg alluded to. Floating Rates.

I think one of the points made by one of the proposes. There issue is not necessarily owning land. It is getting some equipment and a heard of sheep etc. In allowing that 6% to be on line for them and not jeopardize that give them a good thing. If we are involved in land that is kind of a no turn back situation. in a lot cases. I think we should maintain that 6% interest.

REP. BERG: My thought Mr. Chairman is if you want to look at this program in a little more depth we can pass it as it is but I think the issue that I was trying to get at is if this program is good and we want to leverage it even more and we want to raise some of the caps or do some different things we could put more money out by taking a look at the interest rates that we have.

It would still be better than borrowing from a local bank. It is a little more complicated but I have always had a little frustration with the beginning farmer program because it inflates the price of land. In the early 80's. The part about putting livestock and equipment should have been put in there. We could raise the cap also.

CHAIRMAN NICHOLAS: I am going to appoint a subcommittee. Rep. Renner you are in charge. Rep. D Johnson and Rep. Onstad.

CHAIRMAN NICHOLAS: WE WILL CLOSE ON SB 2194

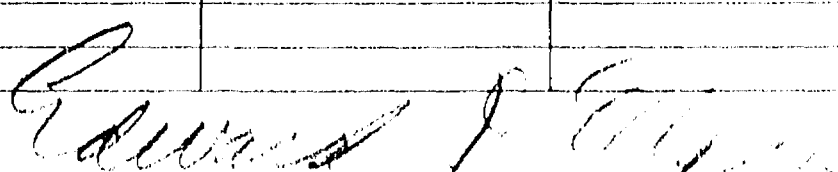
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2194

House Agriculture Committee

Conference Committee

Hearing Date 3-16-01

Tape Number	Side A	Side B	Meter #
TWO	A		3292 TO 3729
Committee Clerk Signature 			

Minutes:

CHAIRMAN NICHOLAS: COMMITTEE MEMBERS WE WILL OPEN THE HEARING ON SB 2194.

THE CHAIR WILL ENTERTAIN A MOTION ON 2194. MOTIONS WERE WITHDRAWN. THE BILL WAS HELD OVER FOR POSSIBLE AMENDMENTS.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2194

House Agriculture Committee

Conference Committee

Hearing Date 3--22--01

Tape Number	Side A	Side B	Meter #
ONE	A		00 TO 1970
Committee Clerk Signature <i>Edward D. Ellyson</i>			

Minutes:

CHAIRMAN NICHOLAS: COMMITTEE MEMBERS, WE WILL OPEN THE HEARING ON SB 2194. THIS MORNING ABOUT FIVE OR SIX OF US MET WITH THE BANK OF N.D. TO SEE IF THERE WERE SOME CHANGES OR SOME THINGS THAT WE COULD DO WITH THE BEGINNING FARMER BILL THAT WE HEARD LAST WEEK. SB2194..... OUR DISCUSSION REVOLVED AROUND AS YOU CAN REMEMBER THE SEVEN MILLION DOLLARS THAT IS IN THE FUND. THE QUESTIONS THAT WE ASKED WERE HOW THAT MONEY WAS BEING UTILIZED AND ERIC WHY DON'T YOU TAKE THE PODIUM AND MAYBE YOU CAN TELL THE WHOLE COMMITTEE BECAUSE I THINK IT IS PERTINENT SO EVERYONE UNDERSTANDS WHAT YOU ARE DOING WITH THAT MONEY WHEN IT COMES BACK IN. JUST GIVE THE

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House Agriculture Committee

Bill/Resolution Number SB 2194

Hearing Date 3-22--01

COMMITTEE AN EXPLANATION. WE WILL NOT HOLD YOU REAL LONG AND THEN WE WILL PASS THIS BILL OUT.

ERIC HARDMEYER: INTERIM PRESIDENT OF THE BANK OF NORTH DAKOTA. THE FUND ITSELF IS ABOUT SIXTEEN MILLION DOLLARS. TEN MILLION DOLLARS ARE LOANS AND SIX MILLION IS CASH. WHAT WE INTEND TO DO WITH THE PROGRAM IS TO OPEN IT UP FOR CATTLE, LIVESTOCK PURCHASE AND USE THE CASH WITHIN THE FUND TO FUND THOSE CATTLE AND LIVESTOCK PURCHASES. SAME RATE THAT WE ARE LOOKING AT UNDER THE BEGINNING FARMER PROGRAM. RIGHT NOW WE HAVE A MILLION DOLLARS IN CASH THAT WE GET FOR THE BUY DOWN WE USE THAT TO REDUCE THE RATE THAT WE GET ON THE REAL-ESTATE TAXES. THAT IS OUR INTENT. ONE HUNDRED AND FIFTY THOUSAND DOLLARS IS THE MAXIMUM THAT WE CAN PROVIDE. WE USE THE BUY DOWN TO REDUCE THE RATE FROM EIGHT PERCENT TO SIX PERCENT AND THE BORROWER PAYS SIX PERCENT FOR FIVE YEARS AND A TWENTY FIVE YEAR TERM. THE EQUITY FOR THE BORROWER HAS TO BE TWO HUNDRED THOUSAND. THAT IS OUR INTENT TO USE THE CASH THAT HAS BUILT UP IN REVOLVING FUND AND OPEN UP THE PROGRAMS TO ALLOW BEGINNING FARMERS TO PURCHASE LIVESTOCK AND CATTLE.

REPRESENTATIVE RENNER: THAT MILLION DOLLARS IS AN APPROPRIATION FROM THE GENERAL FUND. CORRECT. ERIC: CORRECT.

RENNER: THESE LIMITS, MAYBE WE WOULD BE BETTER OFF LEAVE THE NET WORTH CLOSE TO WHERE IT IS BUT CONSIDER INCREASING THE FUNDING LIMIT.

ERIC: IT IS OUR INTENT TO EXPAND THIS A LITTLE BIT TO ALLOW PURCHASE OF REAL-ESTATE AT ONE HUNDRED AND FIFTY THOUSAND. ADDITIONAL MONEY FOR EQUIPMENT AND CATTLE. YES, I THINK WE ARE GOING TO HAVE TO OPEN THIS UP A LITTLE BIT TO ALLOW FOR ADDITIONAL FUNDING FOR THE CATTLE. THE ONE HUNDRED AND FIFTY IS NOT STATUE.

CHAIRMAN NICHOLAS;; THE LIMIT OF A LOAN RIGHT NOW IS ONE HUNDRED AND FIFTY THOUSAND. SO WHAT YOU SAY REP. RENNER IS MAYBE THAT SHOULD BE MOVED TO TWO FIFTY OR THREE HUNDRED THOUSAND DOLLARS SO THAT IF SOMEONE WANTED TO DO TWO HUNDRED COWS ART EIGHT HUNDRED DOLLARS THEY WOULD HAVE ENOUGH MONEY TO BUY SOME EQUIPMENT, AND BUY THE COWS AND ACTUALLY GET STARTED FARMING AT SIX PERCENT. MORE VIABLE OPERATION.

CHAIRMAN NICHOLAS ANY OTHER QUESTION COMMITTEE MEMBERS?

REPRESENTATIVE LEMIEUX: A MILLION OF BUY DOWN. WE CAN LOAN TEN MILLION ON ONE MILLION. IN BUY DOWN WE COULD LOAN SEVENTY MILLION ON SEVEN MILLION. BUY DOWN SIX PERCENT. THE RATE WE GET AT THE BANK IS EIGHT PERCENT. WE BUY DOWN THE SIX PERCENT. ARE YOU LOOKING AT THOSE BEGINNING FARMER LOANS AS MORE AS A PARTICIPATING WITH THE LOCAL BANK RATHER THEN BANK OF NORTH DAKOTA?

FRENCH

NEXT FIGHE

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House Agriculture Committee

Bill/Resolution Number SB 2194

Hearing Date 3--22--01

ERIC: ON THE REAL-ESTATE PORTION WE WOULD FUND THOSE DIRECTLY BECAUSE WE ARE AUTHORIZED TO DO. ON THE CHATTEL SIDE YES PARTICIPATING WITH THE LEAD LENDER. IN THE NEIGHBORHOOD OF FIFTY TO EIGHTY PERCENT. OUR THOUGH ON THAT IT IS A LOT EASIER TO KEEP YOUR EYE ON DIRT THEN IT IS ON LIVESTOCK AND EQUIPMENT. SERVICING ALL THE CATTLE AND LIVESTOCK DEBT FROM BISMARCK IS NOT EASY. WORKING WITH THE LOCAL LENDER I THINK IS APPROPRIATE.

CHAIRMAN NICHOLAS: ERIC, PLEASE EXPLAIN TO ME THE MILLION DOLLARS NOW THAT MILLION DOLLARS, IN THAT BUY DOWN, THAT MONEY GOES INTO THE BANK OF ND AS NORMALLY YOU WOULD GET EIGHT AND A HALF TO NINE PERCENT INTEREST IF YOU WERE PUTTING IT OUT. YOU BUY THAT RATE DOWN TO SIX PERCENT. LETS SAY YOU ARE HALF OVER THE BANK OF NORTH DAKOTA PRIME. IS YOUR PRIME EIGHT AND A HALF. OR BASE RATE.

ERIC: EIGHT

CHAIRMAN NICHOLAS: O.K. SO IF YOU ARE A HALF OVER OR ONE OVER OR WHATEVER. LETS JUST SAY YOU ARE ONE OVER. YOUR RATE THEN WOULD BE NINE PERCENT. YOUR RATE AT NINE PERCENT AND YOU TAKE AND BUY THAT INTEREST RATE DOWN THREE PERCENT TO SIX. THREE PERCENT SHOULD DO MORE, THAT'S ONLY THREE HUNDRED THOUSAND DOLLARS ON TEN MILLION OR AM I MISSING SOMETHING? WHY CAN'T YOU BUY DOWN 33 MILLION?

ERIC: FIRST OF ALL, LET ME EXPLAIN THAT. THE RATE THAT WE GET AT THE BANK IS EIGHT. WE BUY THAT DOWN FOR FIVE YEARS. THAT MAY BE THE DIFFERENCE.

CHAIRMAN NICHOLAS: ALL RIGHT, I GOT YAW. THE MILLION HAS TO BE SPREAD OUT OVER THE WHOLE FIVE YEARS.

LEMIEUX: SHOULD WE PUT CAPS AS FAR AS BUY DOWN ON THOSE LOANS.

ERIC: WE DO IN SOME OF OUR PROGRAMS TAKE BASE FOR EXAMPLE. WE LOOK AT THESE ON A CASE BY CASE BASIS. VERY SENSITIVE ABOUT WHAT WE DICTATE TO LEAD LENDERS. WE DON'T LIKE TO TELL THEM WHAT THEY CAN CHARGE BECAUSE THEN THEY LOOK AT THE PROGRAM AND THEY ARE NOT AS LIKELY TO WANT TO BUY INTO THE PROGRAM. ESPECIALLY IF YOU DICTATE A RATE. THAT THEY CAN CHARGE. RIGHT NOW OUR BASE RATE IS ELEVEN PERCENT. IF IT LOOKS LIKE THEY ARE GETTING EXTRAVAGANT WE WILL TALK TO THEM.

REPRESENTATIVE: ERIC, IS THE BUY DOWN APPLIED TO THE LEAD BANKS PORTION?

ERIC: THAT IS ALL THAT WE ARE CONTEMPLATING. WE ARE SAYING WE WILL MAKE IF IT IS ONE HUNDRED THOUSAND AND THE REVOLVING FUND WILL COME IN AND FUND FIFTY PERCENT OF THE LOAN AND WE WILL FUND THAT AT SIX PERCENT. DIRECTLY OUT OF THE FUND THE LEAD LENDER THEN WILL ORIGINATE AND PURCHASE THE OTHER FIFTY THOUSAND AND THERE RATE WILL DETERMINE WHAT THEY WILL MAKE THERE OWN DETERMINATION. BUY

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House Agriculture Committee
Bill/Resolution Number SB 2194
Hearing Date 3--22--01

WE WILL BUY THAT PORTION DOWN, THE ONLY BUY DOWN IS ON THE LEAD
LENDER. SHARE. TRY TO GET IT AT SIX PERCENT. SO RATE IS CONSISTENT.

CHAIRMAN NICHOLAS: THANK YOU ERIC FOR COMING DOWN. WE
APPRECIATE IT.

COMMITTEE MEMBERS: COMMITTEE MEMBERS WHAT ARE YOUR WISHES ON
2194? REPRESENTATIVE RENNER MOVES FOR A DO PASS. SECONDED BY
REPRESENTATIVE FROELICH. ANY DISCUSSION.

THE CLERK WILL TAKE THE ROLL. THERE WERE ""14 YES""0 NO""1 ABSENT""

REPRESENTATIVE RENNER WILL CARRY THE BILL

WE WILL CLOSE ON SB 2194

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2194

House Agriculture Committee

Conference Committee

Hearing Date 3--29--01

Tape Number	Side A	Side B	Meter #
ONE	A		540 TO 664
Committee Clerk Signature <i>Edward D. Clayton</i>			

Minutes:

CHAIRMAN NICHOLAS: WE WILL OPEN THE HEARING ON SB 2194.

SOMEONE CAME TO ME THE OTHER DAY AND SAID BEFORE I TURNED IN 2194 WHICH WAS CHANGING THE BEGINNING FARMER LOAN PROGRAM TO INCLUDE EQUIPMENT AND LIVESTOCK AND I DON'T REMEMBER WHO IT WAS BUT I DID HOLD IT.

REPRESENTATIVE BERG: LET IT GO.

OK COMMITTEE MEMBERS WE WILL CLOSE ON SB 2194.

3-22-2001

Date:
Roll Call Vote #:

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO

SB 2194

House AGRICULTURE Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By RENNER Seconded By FROELICH

Representatives	Yes	No	Representatives	Yes	No
Eugene Nicholas, Chairman	✓		Rod Froelich	✓	
Dennis E. Johnson - Vice Chairman	✓		Doug Lemieux	✓	
Rick Berg	✓		Philip Mueller	✓	
Michael Brandenburg	✓		Kenton Onstad	✓	
Joyce Kingsbury	✓		Sally M. Slandvig	✓	
Myron Koppang	✓		Dennis J. Renner	✓	
Edward H. Lloyd	✓		Dwight Wrangham		
Bill Pietsch	✓				

Total (Yes) 14 No 0

Absent 1

Floor Assignment REP RENNER

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

REPORT OF STANDING COMMITTEE (410)
March 22, 2001 1:08 p.m.

Module No: HR-50-6405
Carrier: Renner
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2194: Agriculture Committee (Rep. Nicholas, Chairman) recommends DO PASS
(14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2194 was placed on the
Fourteenth order on the calendar.

2001 TESTIMONY

SB 2194

COMMISSIONER OF AGRICULTURE
ROGER JOHNSON



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DEPARTMENT OF AGRICULTURE
State of North Dakota
600 E. Boulevard Ave. Dept 602
Bismarck, ND 58505-0020

**Testimony of Roger Johnson
Agriculture Commissioner
and
Jeff Knudson
Agricultural Mediation Service
Senate Bill 2194
Senate Agriculture Committee
Roosevelt Park Room
January 25, 2000**

Chairman Wanzek, members of the committee, my name is Jeff Knudson, Administrator of the Agricultural Mediation Service. I am here today on behalf of Agriculture Commissioner Roger Johnson and myself in support of Senate Bill 2194.

An important part of the Agricultural Mediation Service's work is helping beginning farmers with feasibility plans, financing packages, and loan applications. As you know, tough economic times for agriculture have made it increasingly difficult for beginning farmers to enter the business. North Dakota has also seen the average age of its farm population increase at an alarming rate.

The past and continued success of the Beginning Farmer real estate purchase program speaks for itself. However, beginning farmers often have land-leasing opportunities but are in need of

equipment and/or livestock. This bill would provide another financing tool for these types of situations.

Adding farm equipment and livestock purchases to this proven loan program would better meet the varied needs of beginning farmers and their lenders.

Commissioner Johnson and I urge your favorable consideration of this bill. Thank you.

TESTIMONY TO THE
SENATE AGRICULTURE COMMITTEE
SENATE BILL 2194
ROBERT A. HUMANN - BANK OF NORTH DAKOTA

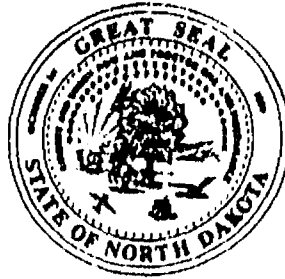
The Bank of North Dakota supports Senate Bill 2194 which amends and reenacts section 6-09-15.5 of the ND Century Code, relating to the Bank of North Dakota loans to Beginning Farmers. This bill will open up the existing Beginning Farmer Real Estate program for the financing of equipment and livestock. The added flexibility will allow Beginning Farmers the opportunity to purchase chattels to see if farming is in their future without making a long term commitment of a land purchase. The option to purchase chattels is important as more farmers opt to rent farmland as they get started.

The proposed language in Section 3 of Senate Bill 2194 allows a Beginning Farmer the flexibility of offering additional collateral if funds are not available for minimum down payments standards. The proposed interest rate of 6% fixed for the term of the chattel loan will enhance and add stability to a Beginning Farmer's cash flow.

With the growth in the Beginning Farmer Revolving Loan Fund the vehicle is provided to enable Beginning Farmers the option of acting more timely when opportunities exist to purchase equipment and livestock. Most of us have heard of the problems facing Beginning Farmers in the areas of availability of funds and the process of getting these funds in a timely fashion.

With the numerous challenges facing farmers and agricultural in general, utilizing the fund to provide a greater variety of financing options is a positive step. Senate Bill 2194 is another important financing tool for Beginning Farmers to transfer ownership of the North Dakota family farm from one generation to another. Your approval is recommended.

COMMISSIONER OF AGRICULTURE
ROKIER JOHNSON



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HB 2194

DEPARTMENT OF AGRICULTURE
State of North Dakota
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Bismarck, ND 58505-0020

**Testimony of Roger Johnson
Agriculture Commissioner
and
Jeff Knudson
Agricultural Mediation Service
Senate Bill 2194
House Agriculture Committee
Peace Garden Room
March 1, 2001**

Chairman Nicholas, members of the committee, my name is Jeff Knudson, Administrator of the Agricultural Mediation Service. I am here today on behalf of Agriculture Commissioner Roger Johnson and myself in support of Senate Bill 2194.

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The past and continued success of the Beginning Farmer real estate purchase program speaks for itself. However, beginning farmers often have land-leasing opportunities but are in need of equipment and/or livestock. Adding farm equipment and livestock purchases to this proven loan program would better meet the varied needs of beginning farmers and their lenders.

Commissioner Johnson and I urge your favorable consideration of this bill. Thank you.

5-2194

TESTIMONY TO THE
HOUSE AGRICULTURE COMMITTEE
SENATE BILL 2194
ROBERT A. HUMANN - BANK OF NORTH DAKOTA

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