

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2022

2005 SENATE APPROPRIATIONS

SB 2022


2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2022

Senate Appropriations Committee

☐ Conference Committee

Hearing Date 02/11/05

Tape Number	Side A	Side B	Meter #
2	x		79-220
Committee Clerk Signature 			

Minutes: **Chairman Holmberg** opened meeting on SB 2022.

Chairman Holmberg went over proposed amendments, he also explained them stating that the only change is the removing of the compensation/ salaries and wages. A motion was made by Sen. Grindberg, seconded by Sen. Tallackson. A voice vote was taken, please note that Sen. Mathern voted not. A **DO PASS as AMENDED** motion was made by Sen. Bowman, seconded by Sen. Grindberg. There was no discussion. 12 yeas, 0 nays, and 3 absent and not voting. The Bill will be carried by Sen. Tallackson.

Date 2/11/05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2022

Senate SENATE APPROPRIATIONS Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken

Do Pass as Amended

Motion Made By

B

Seconded By

G

Senators	Yes	No	Senators	Yes	No
CHAIRMAN HOLMBERG	/		SENATOR KRAUTER	/	
VICE CHAIRMAN BOWMAN	/		SENATOR LINDAAS	/	
VICE CHAIRMAN GRINDBERG	/		SENATOR MATHERN	/	
SENATOR ANDRIST	/		SENATOR ROBINSON	/	
SENATOR CHRISTMANN	/		SEN. TALLACKSON	/	
SENATOR FISCHER	/				
SENATOR KILZER	/				
SENATOR KRINGSTAD	/				
SENATOR SCHOBINGER	/				
SENATOR THANE	/				

Total (Yes) 12 No 0

Absent 3

Floor Assignment

Tallackson

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

REPORT OF STANDING COMMITTEE

SB 2022: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (12 YEAS, 0 NAYS, 3 ABSENT AND NOT VOTING). SB 2022 was placed on the Sixth order on the calendar.

Page 1, line 21, replace "5,924,650" with "5,912,736"

Page 1, line 23, replace "284,650" with "272,736"

Page 2, line 5, replace "5,924,650" with "5,912,736"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2022 - Seed Department - Senate Action

	EXECUTIVE BUDGET	SENATE CHANGES	SENATE VERSION
Seed Department	<u>\$5,924,650</u>	<u>(\$11,914)</u>	<u>\$5,912,736</u>
Total all funds	\$5,924,650	(\$11,914)	\$5,912,736
Less estimated income	<u>5,924,650</u>	<u>(11,914)</u>	<u>5,912,736</u>
General fund	\$0	\$0	\$0
FTE	30.00	0.00	30.00

Dept. 616 - Seed Department - Detail of Senate Changes

	REDUCES COMPENSATION PACKAGE TO 3/4	TOTAL SENATE CHANGES
Seed Department	<u>(\$11,914)</u>	<u>(\$11,914)</u>
Total all funds	(\$11,914)	(\$11,914)
Less estimated income	<u>(11,914)</u>	<u>(11,914)</u>
General fund	\$0	\$0
FTE	0.00	0.00

2005 HOUSE APPROPRIATIONS

SB 2022

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2022

House Appropriations Committee
Education and Environment Division

☐ Check here for Conference Committee

Hearing Date March 3, 2005

Tape Number	Side A	Side B	Meter #
1	X		44.1-53.8
Committee Clerk Signature <i>Robin Runley</i>			

Minutes: Chairman Martinson opened hearing on SB2022.

Ken Bertsch, North Dakota State Seed Director (See page one attached testimony 1-SB2022)

You should have received my information in the packets handed out at the full committee. I would like to point out a couple of extras pieces of information. One of the main points is that our agency is self funded. We derived our revenues from service fees. Page one of handout shows a graph with our programs and how they breakdowns in 2005-2007, accompanied by a chart containing 2003-2005 and 2005- 2007 budgets in comparative format. Second page does the same thing based on line items. Page three I simply tried to lay out some of the differences in those line item categories. I probably don't have a lot of new information for you. I would like to point out put agency is very unique in state government. We are guide by a board of directors, the State Seed Commission. The extra additional information I did include on this is a report we put

together for the Interim Public Services Committee which does a fair good job of laying out everything about our agency.

Rep. Aarsvold As you are aware, there was an essential cutback in the greenhouse request over in the Senate for the campus. Are we able to share any resources in terms of greenhouse space between your agency and the campus or are the programs so different it wouldn't work?

Ken Bertsch We've got a very solid greenhouse facility - it probably is one of the best ones on campus. The problem is what we do in ours is produce foundation potato seed. The campus's greenhouses are research based and coordination between the two is very difficult. However we do participate with the potato breeding program on campus. The greenhouse project on campus, the \$9 million project. We are basically the second step for everything that comes off campus in terms of any variety of crop that is breed there. They are in desperate need of better facilities to kick out more variety of seeds of all types. We need to have that done to keep the cycle of the industry going.

Chairman Martinson I'm a believer in that project. That's really important to the school. Those greenhouses are really in tough shape.

Ken Bertsch Our greenhouse is intended to be a sterile environment. There is such a lack of greenhouse space on campus that is suitable for what they do, that they end up growing some of this potato project seed in open air west and northwest of our greenhouse. There is a cycle here that says bring us foundation product. We are going to have to increase it in the field as the second step but one doesn't work well with the other when you don't have adequate facilities used on campus for those purposes.

Rep. Aarsvold Are we in jeopardy of losing the ability to produce foundation seed in the process? Are we in jeopardy of losing part of our program and certification as a consequence of these greenhouse problems that you just identified?

Ken Bertsch I don't know if we are in danger of losing anything. North Dakota has the largest field certification program in the entire United States. We have the second largest potato certification program in the United States. I don't think we are in danger or losing those, I think the real danger is as we fight to retain adequacy, I don't think we are going to go very far beyond where we are right now. The risk in my mind is, if we don't keep pace with the changes in the agriculture industry because of lack of infrastructure.

Chairman Martinson My biggest surprise on those greenhouses when I saw them a couple years ago is they are really expensive.

Chairman Martinson closed hearing on SB2022.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2022

House Appropriations Committee
Education and Environment Division

☐ Check here for Conference Committee

Hearing Date March 17, 2005

Tape Number	Side A	Side B	Meter #
1	X		14.2-15.8
Committee Clerk Signature <i>Robin Pursley</i>			

Minutes: Chairman Martinson opened hearing on SB2022.

Vice Chairman Brusegaard When the State Seed Commission was in front of us, Ken Bertsch was talking about the need to pay members of the State Seed Commission at least some form of per diem. It makes good sense to me and most members of the committee, Ken mentioned a figure of up to \$100 and I think Rep. Aarsvold questioned if that was appropriate amount. At that point I went and got an analysis and we do a poor job of keeping our code consistent. When I saw the State Fair I got sidetracked and I did not have formal amendments drafts.

Roxanne SB2044 provides that the Seed Commission receive a per diem of \$75 a day.

Vice Chairman Brusegaard On SB2022 I move a Do Pass.

Roxanne I want to remind the committee we are doing health insurance adjustments to preparation bills. If you recall in full committee we passed out earmarked - minor adjustment to health insurance premium, about \$5 decrease per employee per month. If we can move on the

Page 2

Education and Environment Division

Bill/Resolution Number SB2022

Hearing Date March 17, 2005

amendment and then when we do pass the bill, we can have that amendment before the full committee.

Vice Chairman Brusegaard I meant to say amend.

Chairman Martinson We just assumed that on all the budgets.

Rep. Rennerfeldt Second.

VOICE VOTE on amendment passed.

Vice Chairman Brusegaard I move a Do Pass As Amended on SB2022.

Rep. Rennerfeldt Second.

VOTE 6 YES 0 NO and 0 absent and not voting. DO PASS AS AMENDED.

Vice Chairman Brusegaard will carry to the full committee.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2022
State Seed Department

House Appropriations Full Committee

☐ Conference Committee

Hearing Date March 22, 2005

Tape Number	Side A	Side B	Meter #
1		X	#5.8 - #14.2
Committee Clerk Signature <i>Chris Alexander</i>			

Minutes:

Rep. Ken Svedjan, Chairman opened the discussion on SB2022.

Rep. Bob Martinson moved to adopt amendment #0201 to SB2022.

Rep. Pam Gulleon seconded

Rep. Bob Martinson explained that these are all special funds and we proposed an amendment that changes the 1% on the health care.

Rep. Al Carlson asked if this is the first time that we have rolled the whole budget into one line item when we're done.

Rep. Bob Martinson answered that this is the same way it was presented 2 years ago

Ms Celeste Kubasta from OMB answered that this was new this biennium because June is their big month to make determinations and they wanted to make sure they had flexibility so they didn't have to appear before the budget section during this short time in June. Another effect is

that the Seed Department is a small agency and their back up agency is Ag Research. This format change sets them up the same way that Ag Research is done.

Rep. Ken Svedjan, Chairman asked legislative council about the reference for the compensation level being changed to 3-4 but the footnote says that this is health insurance.

Mr Don Wolf answered that the title is wrong and it will be corrected.

Rep. Ken Svedjan, Chairman called for a voice vote on the motion to adopt amendment #0201. Motion carried.

Rep. Bob Martinson moved a Do Pass As Amended motion to SB2022.

Rep. Earl Rennerfeldt seconded .

Rep. Jeff Delzer commented that he would oppose this bill instead of asking for the format to be changed back from the one line item.

Rep. Mike Timm, Vice Chairman asked OMB if there were other departments where similar changes were made

Ms Celeste Kubasta answered that the Department of Transportation was also changed in the same manner. This will only be done on agencies that asked for these changes.

Rep. Jeff Delzer commented that the contingency was not removed in this but simply rolled up, and asked if there was one way to request information in these bills or is this up to the agencies discretion of how they present their material. (meter Tape #1, side B, #10.7)

Rep. Ken Svedjan, Chairman answered that he was unaware of anything in code that requires a certain format and asked legislative council if there were any such requirements or limitations

Mr Don Wolf answered that OMB reports the changes in the October Budget meeting before the session starts and there may be a requirement to report line item changes.

Page 3

House Appropriations Committee

Bill/Resolution Number SB2022

Hearing Date March 22, 2005

Rep. Ken Svedjan, Chairman commented that this doesn't deal with the formatting of budgets

Mr Don Wolf commented that many budgets have changed their formats in the past.

Rep. Ken Svedjan, Chairman called for a roll call vote on the Do Pass As Amended motion for SB2022. Motion carried with a vote of 18 yeas, 4 nays and 1 absence. Rep Gulleson will carry the bill to the house floor.

Rep. Ken Svedjan, Chairman closed the discussion on SB2022.

March 17, 2005

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2022

Page 1, line 21, replace "5,912,736" with "5,909,117"

Page 1, line 23, replace "272,736" with "269,117"

Page 2, line 5, replace "5,912,736" with "5,909,117"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2022 - Seed Department - House Action

	EXECUTIVE BUDGET	SENATE VERSION	HOUSE CHANGES	HOUSE VERSION
Seed Department	<u>\$5,924,650</u>	<u>\$5,912,736</u>	<u>(\$3,619)</u>	<u>\$5,909,117</u>
Total all funds	\$5,924,650	\$5,912,736	(\$3,619)	\$5,909,117
Less estimated income	<u>5,924,650</u>	<u>5,912,736</u>	<u>(3,619)</u>	<u>5,909,117</u>
General fund	\$0	\$0	\$0	\$0
FTE	30.00	30.00	0.00	30.00

Dept. 616 - Seed Department - Detail of House Changes

	REDUCES COMPENSATION PACKAGE TO 3/4 ¹	TOTAL HOUSE CHANGES
Seed Department	<u>(\$3,619)</u>	<u>(\$3,619)</u>
Total all funds	(\$3,619)	(\$3,619)
Less estimated income	<u>(3,619)</u>	<u>(3,619)</u>
General fund	\$0	\$0
FTE	0.00	0.00

¹ This amendment reduces funding for state employee health insurance premiums from \$559.15 to \$553.95 per month.

Date: 3.17.05
Roll Call Vote #: _____

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2022

House Appropriations Education and Environment

☐ Check here for Conference Committee

Legislative Council Amendment Number 58022.0201

Action Taken Do Pass As Amended

Motion Made By Rep. Brusegaard Seconded By Rep. Rennerfeldt

Representatives	Yes	No	Representatives	Yes	No
Chairman Martinson	<input checked="" type="checkbox"/>		Rep. Aarsvold	<input checked="" type="checkbox"/>	
Vice Chairman Brusegaard	<input checked="" type="checkbox"/>		Rep. Gulleon	<input checked="" type="checkbox"/>	
Rep. Rennerfeldt	<input checked="" type="checkbox"/>				
Rep. Wald	<input checked="" type="checkbox"/>				

Total 6 (Yes) 6 No 0

Absent 0

Floor Assignment Rep. Brusegaard

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

Date: March 22, 2005
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB2022

House Appropriations - Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 58022.0202

Action Taken **DO PASS AS AMENDED**

Motion Made By **Rep Martinson** Seconded By **Rep Rennerfeldt**

Representatives	Yes	No	Representatives	Yes	No
Rep. Ken Svedjan, Chairman	X		Rep. Bob Skarphol		X
Rep. Mike Timm, Vice Chairman	X		Rep. David Monson	X	
Rep. Bob Martinson	X		Rep. Eliot Glassheim		X
Rep. Tom Brusegaard	AB		Rep. Jeff Delzer		X
Rep. Earl Rennerfeldt	X		Rep. Chet Pollert	X	
Rep. Francis J. Wald	X		Rep. Larry Bellew	X	
Rep. Ole Aarsvold	X		Rep. Alon C. Wieland	X	
Rep. Pam Gulleeson	X		Rep. James Kerzman	X	
Rep. Ron Carlisle	X		Rep. Ralph Metcalf	X	
Rep. Keith Kempenich	X				
Rep. Blair Thoreson	X				
Rep. Joe Kroeber	X				
Rep. Clark Williams	X				
Rep. Al Carlson		X			

Total Yes 18 No 4

Absent 1

Floor Assignment **Rep Gulleeson**

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

REPORT OF STANDING COMMITTEE

SB 2022, as engrossed: Appropriations Committee (Rep. Svedjan, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (18 YEAS, 4 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2022 was placed on the Sixth order on the calendar.

Page 1, line 21, replace "5,912,736" with "5,909,117"

Page 1, line 23, replace "272,736" with "269,117"

Page 2, line 5, replace "5,912,736" with "5,909,117"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2022 - Seed Department - House Action

	EXECUTIVE BUDGET	SENATE VERSION	HOUSE CHANGES	HOUSE VERSION
Seed Department	<u>\$5,924,650</u>	<u>\$5,912,736</u>	<u>(\$3,619)</u>	<u>\$5,909,117</u>
Total all funds	\$5,924,650	\$5,912,736	(\$3,619)	\$5,909,117
Less estimated income	<u>5,924,650</u>	<u>5,912,736</u>	<u>(3,619)</u>	<u>5,909,117</u>
General fund	\$0	\$0	\$0	\$0
FTE	30.00	30.00	0.00	30.00

Dept. 616 - Seed Department - Detail of House Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE ¹	TOTAL HOUSE CHANGES
Seed Department	<u>(\$3,619)</u>	<u>(\$3,619)</u>
Total all funds	(\$3,619)	(\$3,619)
Less estimated income	<u>(3,619)</u>	<u>(3,619)</u>
General fund	\$0	\$0
FTE	0.00	0.00

¹ This amendment reduces funding for state employee health insurance premiums from \$559.15 to \$553.95 per month.

2005 TESTIMONY

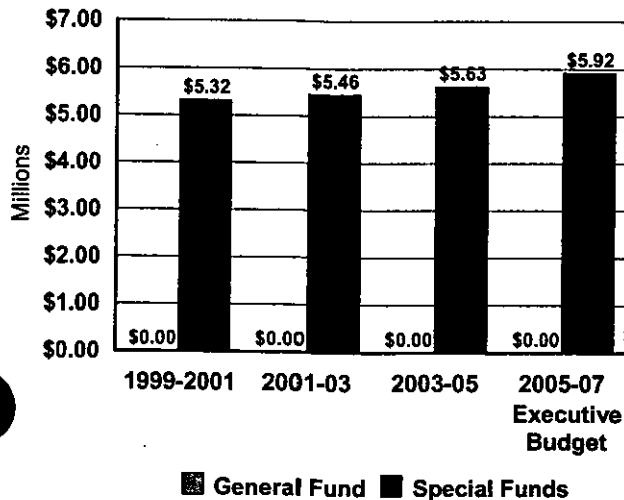
SB 2022

**Department 616 - Seed Department
Senate Bill No. 2022**

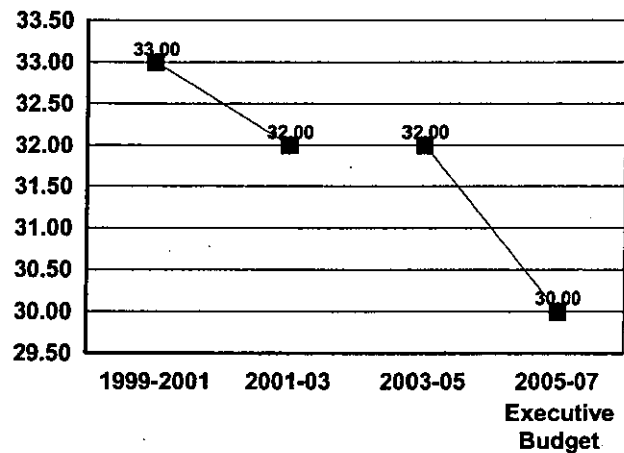
	FTE Positions	General Fund	Other Funds	Total
2005-07 Executive Budget	30.00	\$0	\$5,924,650	\$5,924,650
2003-05 Legislative Appropriations	32.00	0	5,629,950	5,629,950 ¹
Increase (Decrease)	(2.00)	\$0	\$294,700	\$294,700

¹The 2003-05 appropriation amounts have been adjusted to reflect a special funds appropriation reduction of \$10,050 relating to an information technology reduction provided for in Section 3 of House Bill No. 1505.

Agency Funding



FTE Positions



First House Action

Attached is a summary of the first house changes.

**Executive Budget Highlights
(With First House Changes Noted)**

	General Fund	Other Funds	Total
1. Deletes 1 FTE public information specialist I position		(\$61,744)	(\$61,744)
2. Deletes 1 FTE administrative assistant I position		(\$45,970)	(\$45,970)
3. Decreases funding for base operations		(\$50,000)	(\$50,000)
4. Provides special funds spending authority for extraordinary repairs relating to general maintenance and repairs to building		\$100,000	\$100,000
5. Provides special funds spending authority for laboratory testing equipment over \$5,000		\$20,000	\$20,000

Major Related Legislation

Senate Bill No. 2044 provides for the seven Seed Commission members to receive per diem compensation of \$75 per day.

TACH:1

STATEMENT OF PURPOSE OF AMENDMENT:**Senate Bill No. 2022 - Seed Department - Senate Action**

	Executive Budget	Senate Changes	Senate Version
Seed department	<u>\$5,924,650</u>	<u>(\$11,914)</u>	<u>\$5,912,736</u>
Total all funds	\$5,924,650	(\$11,914)	\$5,912,736
Less estimated income	<u>5,924,650</u>	<u>(11,914)</u>	<u>5,912,736</u>
General fund	\$0	\$0	\$0
FTE	30.00	0.00	30.00

Department No. 616 - Seed Department - Detail of Senate Changes

	Reduces Compensation Package to 3/4	Total Senate Changes
Seed department	<u>(\$11,914)</u>	<u>(\$11,914)</u>
Total all funds	(\$11,914)	(\$11,914)
Less estimated income	<u>(11,914)</u>	<u>(11,914)</u>
General fund	\$0	\$0
FTE	0.00	0.00



North Dakota State
NDSSD
Seed Department

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Fargo, ND 58105-525
Phone: (701) 231-5400
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Ken Bertsch
State Seed Commissioner

Testimony

Interim Public Services Committee
Northern Crops Institute
Fargo, ND

January 27, 2004

Good morning Mr. Chairman and members of the Public Services Committee. My name is Ken Bertsch, and I serve as the North Dakota State Seed Commissioner and Administrator of the North Dakota State Seed Department (NDSSD). I appreciate the opportunity to speak to you today on behalf of the State Seed Commission, and to provide you with information regarding the work of the State Seed Department for the agriculture industry of the state.

I hope to provide you with a broad overview of our programs and operation, leaving enough time to answer questions the Committee may have. Our entire program management team is in attendance and will be happy to provide you with technical information if needed. An important goal of this presentation is to lay groundwork, so to speak, for our tour of the Seed Department facilities later today, where you will get a better insight into the services provided in our laboratory and seedstock production areas.

NDSSD Overview

The North Dakota State Seed Department is the state-designated authority for seed certification, seed regulatory and laboratory testing services for North Dakota producers and the agriculture industry. Our organization is unique among peers in the certification or seed regulatory industry. Many, even most, states designate a private entity such as a Crop Improvement association as the state's seed certifying agency. Most potato certification is provided by either a Department of Agriculture or University agricultural division. Virtually all seed regulatory work is done by state departments of agriculture. Only one other state (Arkansas) houses all seed related functions in one unit in a state agency format. Taken a step further, North Dakota is the only state to do this, but oversee their agency with a board of directors and without general fund monies. As a self-funded agency of government, the NDSSD derives its revenues from fees for services provided.

The State Seed Commission is the statutory governing board for the North Dakota State Seed Department, approving budgets, program changes and fee schedules, setting policy guidelines and appointing the Seed Commissioner. The Seed Commission is comprised of members appointed by various industries the Department serves, and represents a broad cross-section of agricultural commodities grown in this state and region. The nine-member group consists of a representative from the ND Crop Improvement and Seed Association, the ND Certified Seed

Potato Growers Association, the ND Agricultural Association, the ND Dry Edible Bean Seed Growers Association, the Northern Plains Potato Growers Association who is a North Dakota resident, an elected member of the ND Potato Council, a representative of the ND Grain Dealers Association who also operates a state-approved seed conditioning plant, the Director of the NDSU Agriculture Experiment Station, and the Commissioner of Agriculture or designee who serves as chairman. The Commission appoints the State Seed Commissioner who serves as chief executive officer of the agency.

Again, the most unique feature of this agency is the self-funded and board governed manner of directing operations of the Department. With spending authorization provided by the Legislature, the Seed Commission closely examines and approves the salary, operating, staffing and other expenditure of resources of the Seed Department.

Organizational Structure

The information provided in Appendix #1 is an organizational chart for the Seed Department. Additionally, we have included as Appendix #2 a program flowchart, which shows the Department's organizational structure in terms of the programs and services provided here. An interesting piece of information included as Appendix #3 is a look at how the Department budget is divided by program area. Taken together, these three items provide a structural look at the agency, its people and the resources utilized in our work.

Program Overview

The NDSSD operation consists of five primary Program areas: *Potato, Field Seed, Laboratory Services, Regulatory and Administration.*

The *Field Seed Program* is the second largest segment of the NDSSD budget, and performs an expanding role in the Department, and seed industry. A key concern for this program is maintaining the high quality of seed grown and utilized in North Dakota through a product certification routine. NDSSD is a member of AOSCA, the Association of Official Seed Certification Agencies, which serves as the umbrella organization for all seed certifiers in the U.S. and Canada.

Traditional seed certification duties such as field inspections and final certification are the primary functions of the Field Seed Program, which is the largest of its kind in the U.S. However, custom services such as quality assurance and identity preservation programs are becoming high profile issues for the Field Seed Program. Program services include:

- Field inspection and certification of virtually all northern grown crops
- Final certification of seed based on lab analysis and field inspection results consistent with ND seed certification standards
- Inspection and approval of certified seed conditioning plants and bulk retail facilities
- Development of custom programs designed to provide service to seed industry (re. food grade soybean quality assurance, identity preservation/segregation services for specific quality factors)

- Acceptance of imported seed based upon quality standards equal to ND
- Providing technical resources to ND Crop Improvement and Seed Association., NDSU Foundation Seedstocks Program, NDSU Research Foundation and various commodity group seed committees
- Promotion of production and usage of ND certified seed

The Department has successfully laid the foundation for introduction of new services in response to demands from a changing industry. The NDSSD is in the process of developing procedures, and training of field inspection staff relating to a new and innovative quality assurance programs for field crops. The advent of new seed sources with Roundup Ready characteristics, as an example, create demand for non-traditional inspection services. These quality assurance-type processes are past the "drawing board" stage of development at the Department.

The Potato Program remains the largest component of the agency's budget despite reductions over the past decade. While increasing disease problems and market pressures have lowered certified seed production acreage in North Dakota, these difficulties also expand the need for technical resources of the program. The Potato Program provides these services to the potato industry in North Dakota:

- Field inspection and certification of seed potatoes
- Grade inspections for seed and commercial growers, and processors
- Licensing and bonding of wholesale potato dealers
- Approval of seed quality for imported product
- Winter disease testing program carried out in Homestead, Florida
- Support and technical resource for ND Certified Seed Potato Growers Assn.
- Promotion of the production and usage of ND certified potato seed

Production and distribution of foundation potato seedstocks

The NDSSD is an enterprise expected to grow in the next biennium. The development of genetically enhanced materials, and trait specific conventionally bred seed, is creating a demand for advanced quality analysis services for a growing number of types and varieties of crops. Our laboratories also perform internal (non-revenue producing) functions by analyzing seed for regulatory and other purposes.

As Field Seed and Regulatory programs evolve, and seed biotechnology expands, the Laboratory Services division will be expected to deliver high-quality technical services. The training process for advanced purity analysis requires long-term commitment to additional staffing.

The Laboratory Services Program is comprised of the Seed Quality and Diagnostic laboratories. Program services include (among others):

Diagnostic Laboratory

- Varietal ID (electrophoresis)
- Plant health/pathology/disease testing
- Seed trait analysis
- GM event testing
- Potato virus testing

Seed Laboratory

- Germination testing
- Seed purity testing
- Trait bioassay (growouts)
- Import/export quality tests
- Seed vigor testing

Likewise, laboratory test protocols are beyond initial stages of development in response to industry demands. Biotechnology, genetic modification and advanced breeding techniques are industry buzzwords that have a basis in reality in advance planning for program shifts. While both areas will require intense focus, along with expenditure of fiscal and staff assets over the next biennium, the Department has undertaken a major preparatory effort to accommodate seed industry change with necessary field inspection and laboratory testing services.

The *Regulatory Program* is responsible for the enforcement of state and federal seed laws, regulation of seed labeling and sales, and consumer protection issues for the seed industry. Sampling, testing, auditing and investigating complaints on seed related issues are all functions of the Regulatory Program.

The proliferation of protected varieties (re. Plant Variety Protection Act), being developed by private industry and public universities will increase the workload of our regulatory staff. Field Seed and Regulatory programs work cooperatively to determine potential problems and violations adversely affecting seed growers, private companies, NDSU and their proprietary interests in seed varieties.

The *Administration Program* provides facility, equipment, technology and support service resources to the Department in its budget line. Administration budgets include capital improvements, facility maintenance, information technology and equipment funding necessary to provide internal operating support to all program areas. In addition, it maintains a contingency fund line, which is critical in operating in a highly variable cost/revenue environment, and solely with special funds.

Summary

Mr. Chairman, we believe that this budget request is conservative in nature, but flexible enough to initiate and provide needed services for the agriculture industry. This flexibility is critical to responding to constant change in the seed industry. The Seed Commission is in the process of strategic planning to help guide program development over the next decade, depending on a moderate amount of budget flexibility to build necessary programs and services.

Many of the obligations of our agency to the agriculture industry cannot be predicted, but must be immediately addressed. Dealing with quarantine pests such as karnal bunt or potato diseases, or testing for biotech traits in seed or commodities typically fall upon the Seed Department. The Legislature continues to discuss many of the issues related to biotechnology, but the agriculture industry would expect an immediate response should a need develop.

The Seed Department is a very self-reliant agency, with the ultimate goal of providing high-quality, low-cost service to the agriculture industry. The real advantage to producers in North Dakota by comparison to other states; their seed certifying agency can concentrate on "breaking even" rather than creating profit. This is kept in mind while creating budgets and operating the agency.

North Dakota State
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Seed Department

Presentation to

Interim
Public Services Committee

Northern Crops Institute, Fargo, ND
January 27, 2004

Ken Bertsch
ND State Seed Commissioner



State Seed Department:
Agency Background and History

- ♦ Est. 1931, ND Legislative Assembly
- ♦ State "Designated Authority"
 - Seed certification
 - State Seed Laboratory
 - State/Federal Cooperative programs
 - Regulatory
- ♦ Unique structure/mission among peers
 - "One-Stop" function
 - Board Directed (Citizen)
 - Self Funded- Service Fees



ND State Seed Commission

Jeff Weispfenning, Chairman
ND Dept. of Agriculture

Ken Bertsch, Commissioner
ND State Seed Department

Kim Alberty, West Fargo
ND Agriculture Association

Myron Uttermark, Leeds
ND Grain Dealers Assn.

Richard Fugleberg, Portland
ND Dry Edible Bean Assn.

Jeff Lazur, Reynolds
ND Potato Council

Mike Gartner, Mandan
ND Crop Improvement Assn.

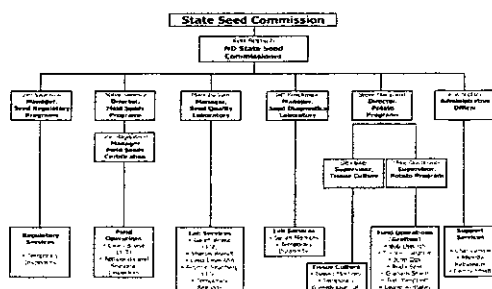
Brad Nilson, Hoople
Northern Plains Potato Assn.

Dr. Ken Grafton
ND SU Ag Exp Station

John Thiele, St. Thomas
ND Cert. Seed Potato Growers



Agency Organizational Chart



Major Programs

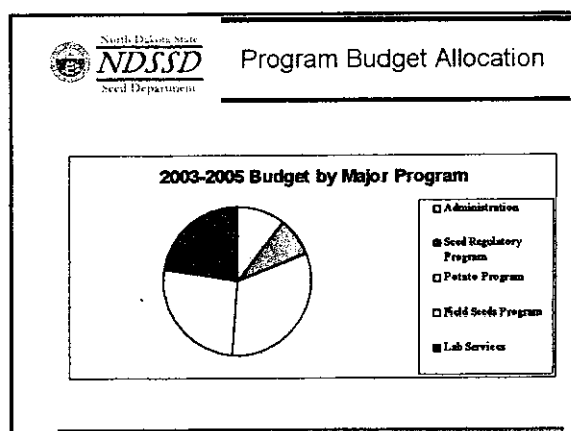
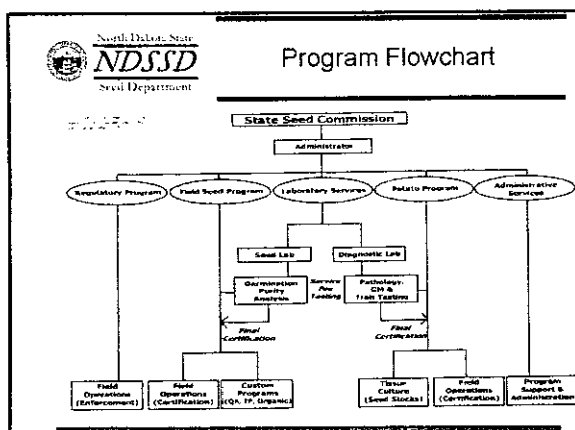
Field Seed Certification

Potato Certification

Laboratory Services

Seed Regulatory

Administration



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Seed Department

Field Seed Certification Programs

- Field Seed Inspection
- Seed Final Certification
- Custom Programming
- Seed Promotion
- Technical Assistance
- Seed Conditioner & Facility Approval

Program Director: Steve Sebesta, MS+

NDCC 4-09, 4-42

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Field Seed Inspection

- Purpose: Product Certification and Assurance of quality factors
- Largest Field Crop certification program in U.S.
- Association of Seed Certification Agencies (AOSCA)
- Field Cert. Standards- NDAC 74-03

Step 1

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Field Inspection Training

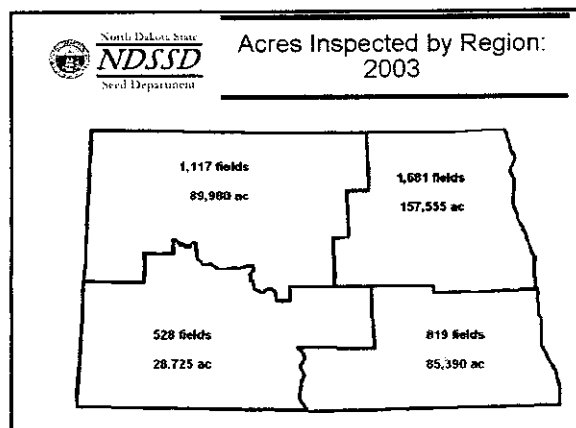
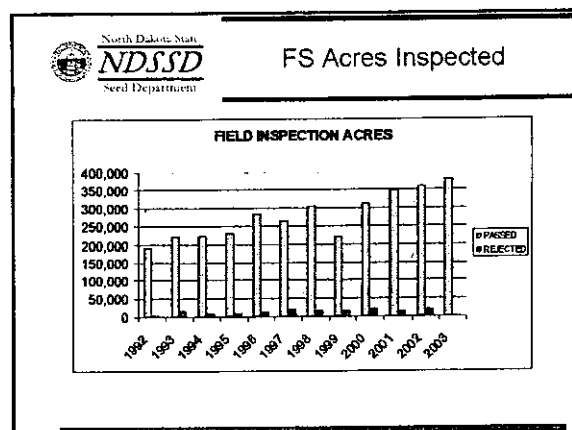
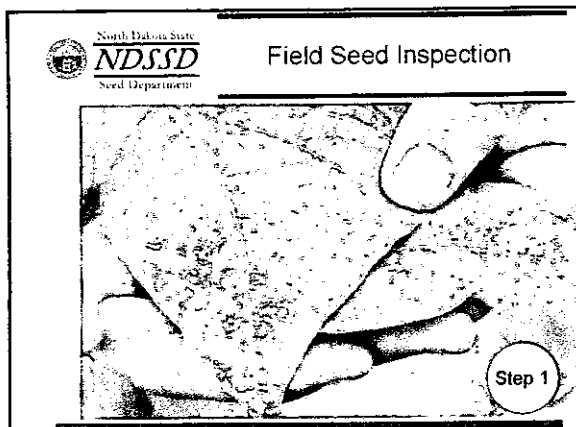
Applying the criteria in practice

Step 1

North Dakota State
NDSSD
Seed Department

Field Seed Inspection

Step 1

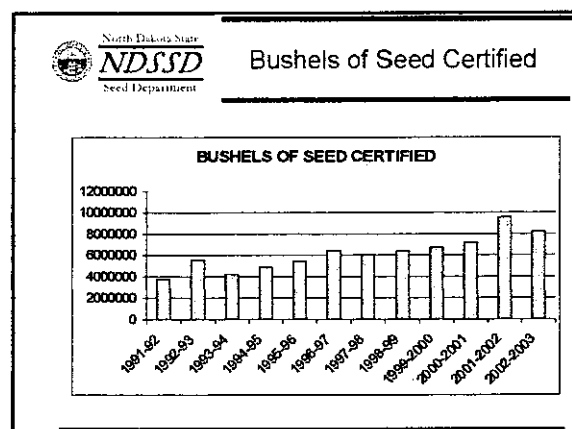


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FS Program: Facts and Figures, 2003

385,551.....	Total acres inspected
4,542.....	Total fields inspected
90.....	Days, "Window of Opportunity"
23.....	Crops inspected
283.....	Varieties inspected
846.....	Seed growers
160.....	Bulk retail facilities
157.....	Approved seed conditioners
37.....	Mobile seed conditioners
34.....	Field inspectors
4.....	States inspected in
1.....	Citizens attending rules hearing

- North Dakota State
NDSSD
Seed Department
- ## Final Certification
- ♦ Laboratory analysis of quality factors
 - Germination
 - Purity standards
 - Presence/absence of noxious weeds
 - Presence/absence of disease
 - Presence of known traits (herbicide resistance)
 - ♦ NDAC 74-03
- Step 2





Custom Programs

- ♦ Identity Preserved (IP) Inspections
 - "Traceability" of product
 - Movement to food chain
- ♦ Move toward Quality Assured (QA) processes
 - Internal or 3rd party inspections, company criteria or standards
- ♦ "Process" Certification: ex. Organic inspection, USDA/AMS Process Certified programs
 - VS "Product Certification"



Promotion and Technical Support

- ♦ Seed Industry Promotion (NDCISA partners)
 - Statewide and regional trade shows
 - Print, radio and TV medias
- ♦ Technical Support & Partnerships
 - NDCISA (other commodity/seed groups)
 - NDSU Foundation Seed Project, Breeders
 - AOSCA- Regional & National Assn. (Committee Assignments)



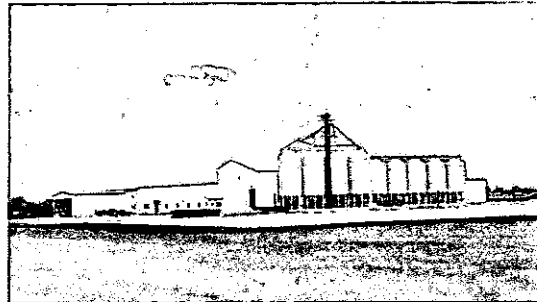
Conditioner and Facility Approval

- ♦ Annual Inspection and Approval process
 - Ensuring ability to generate and market quality product
- ♦ Technical Support
 - New facility construction
 - Facility improvements
 - Conditioning processes
 - Compliance with standards
- ♦ Conditioner/Facility standards, NDAC 74-03

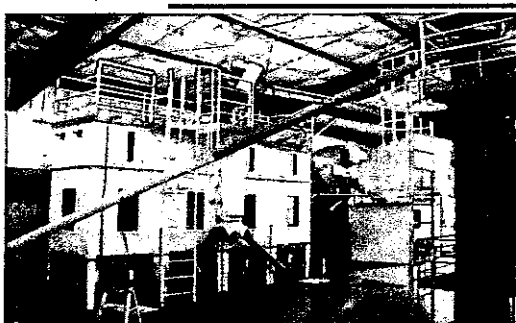
Step 3



Conditioner photo



Conditioner Approval



Warehouse/Handler





Seed Regulatory Program

Responsibilities:

- Enforcement of State and Federal Seed Law
- Regulation of seed labeling and sales
- Compliance Measures:
 - Sampling, testing, auditing....."Stop Sale"
- Consumer Protection: Primary objective
- Regulatory rules, NDAC 74-02

Program Manager: Jim Swanson, BS
NDCC 4-09, 4-24, 4-25

Step 4



More Regulatory....

- ♦ Plant Variety Protection (PVP)
- ♦ Evolution of "Joint Ownership" of seeds
 - Owner of seed germplasm
 - Owner of trait
 - Technology agreements vs variety protection
- ♦ Evolution of "Seed Disputes", impacts on state regulators (see: NDCC 4-24-13, "Nelson Law")



Potato Certification Programs

Potato Field Inspection

Shipping Point Inspection

Post Harvest Testing

Potato Seedstocks Production

Program Director: Steve Marquardt, MS+
NDCC 4-09, 4-10, 4-26



Grafton Office



Potato Field Inspection

- ♦ Product Certification, to a different degree
- ♦ Based on visual factors, plant analysis
 - Intensive (3 inspection minimum)
 - Criteria: nearly invisible to untrained eye
 - Disease/virus factors are primary
- ♦ Limited Generation systems (nationwide)
 - Perishable commodity, high liability levels
- ♦ Potato Cert./Grade standards, NDAC 74-04

Step 1

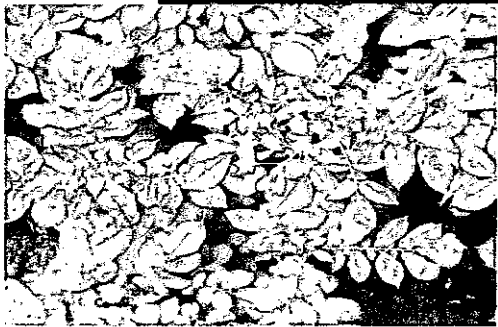


Potato Field Inspection





Field Inspection factors



Shipping Point Inspection

- Based upon visual analysis of physical quality factors: ex. rots, hollow heart, size/weight etc.
- USDA-AMS/NDSSD Cooperative Agreement
 - USDA Commodity Grade standards for vegetable inspection
 - Examining internal and external defects
- Applies to both seed and commercial production (at request of grower).

Step 2



Shipping Point (Grade) Inspection



Post-Harvest Testing

- Requirement for re-certification of seed (all programs nationwide).
- ND Winter Test: Homestead, Florida
- ND Cert. Seed Potato Growers Assn.: Land, production costs, testing
- NDSSD: Technical inspection services
- Objective: Determination of virus carryover

Step 3



Florida Winter Test

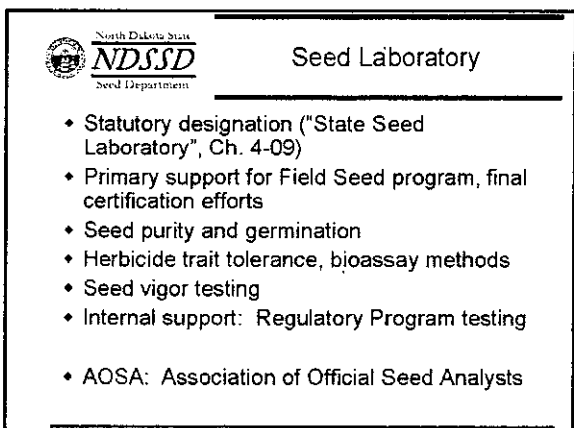
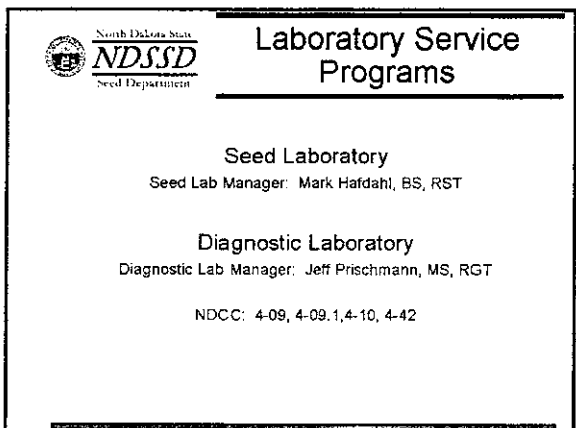
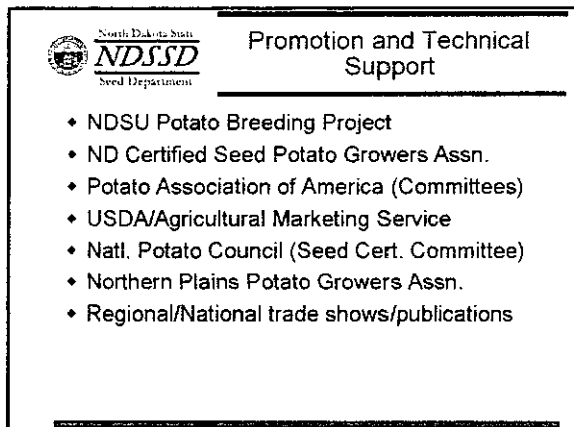
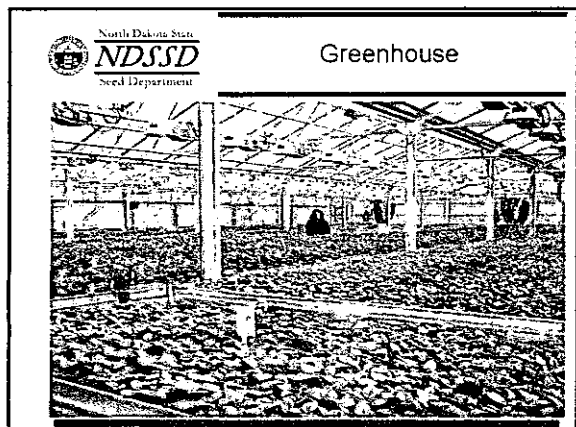
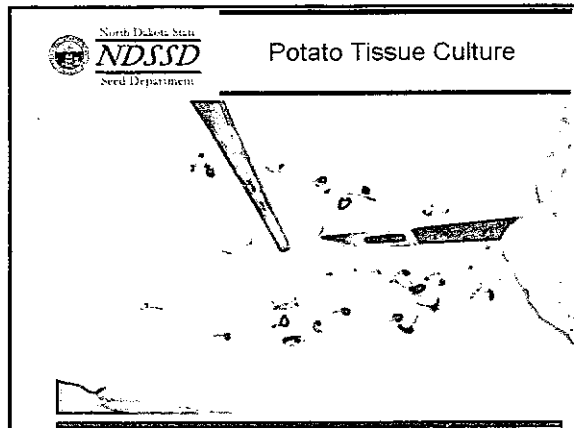
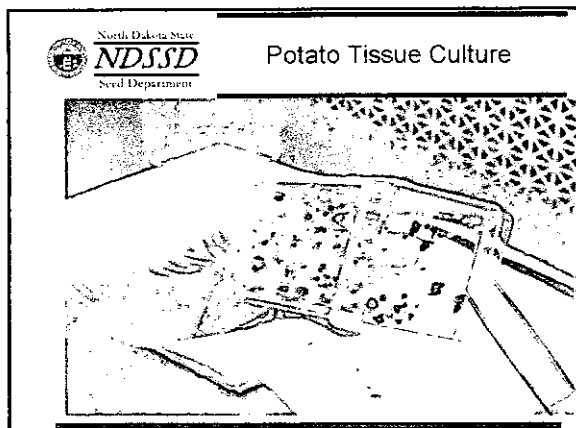


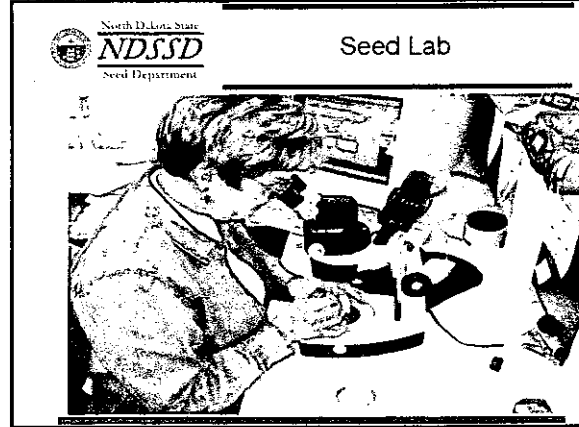
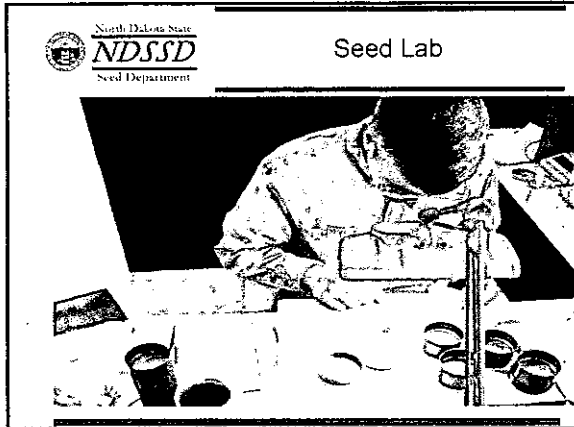
Potato Seedstocks

- Production of Foundation class, disease-free seed under controlled, sterile conditions
- Quarantine environment, tissue culture lab
- Tissue culture/variety bank:
 - 75-100 distinct varieties
 - 3-4 clones, each variety
- Main supplier of early generation seed to ND Potato Industry

Seedstocks Production Manager:
Debra Baer, MS

Pre-step

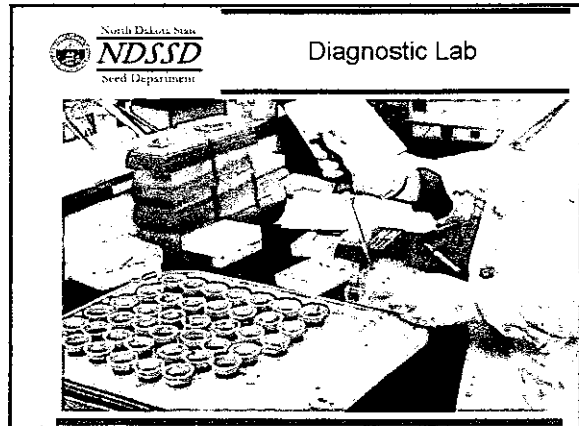




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Diagnostic Laboratory

- ♦ Primary support for Potato Program
 - Plant pathology/disease testing focus
 - Potato virus/pathogen testing
- ♦ Varietal identification (Electrophoresis)
- ♦ GM Trait/Event testing
 - Protein based: ELISA
 - DNA based: PCR
- ♦ Test Development/Regulatory support
- ♦ AOSA, SCST (Society of Commercial Seed Technologists)



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Seed Department

Potential for Growth

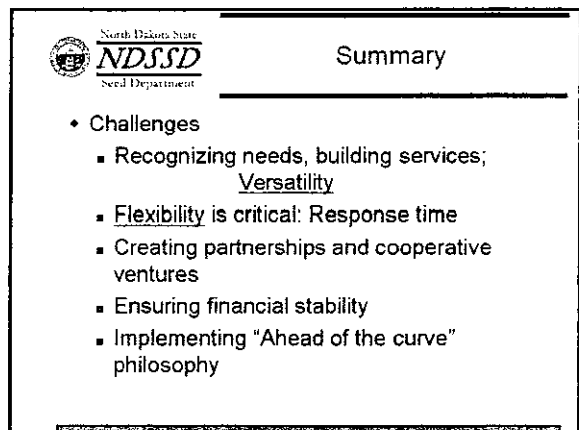
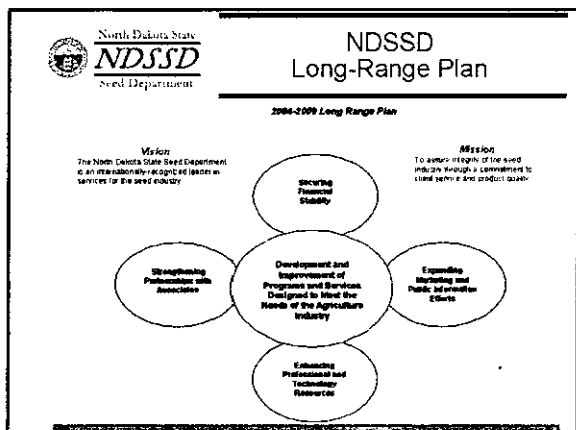
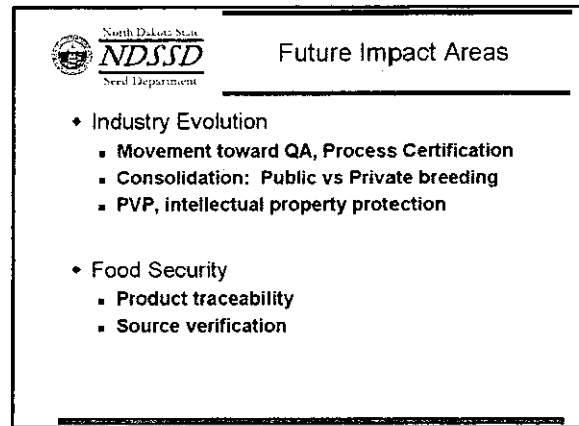
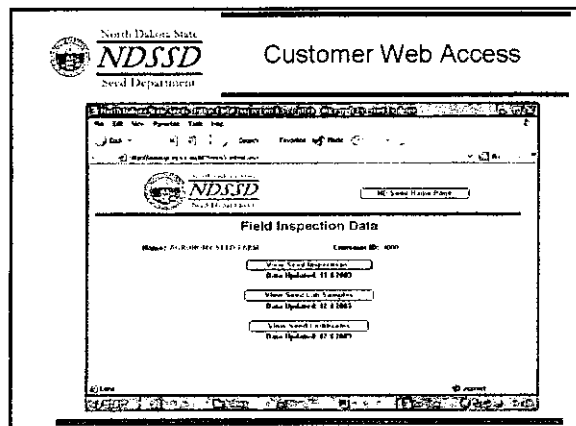
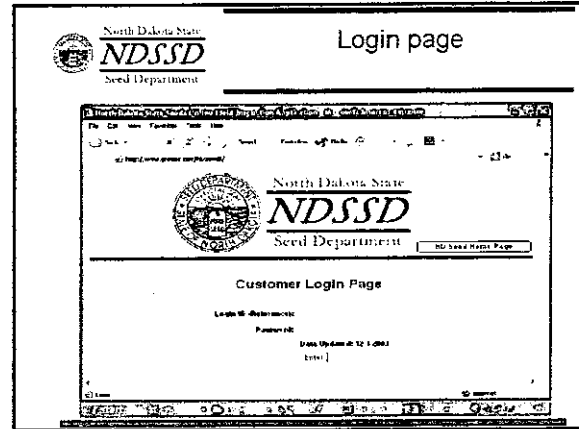
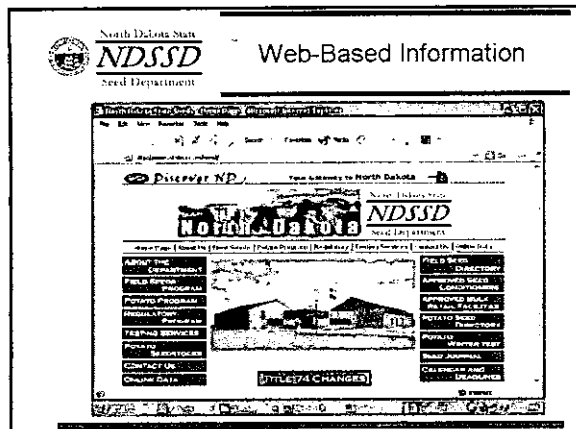
- ♦ Commodity grading
- ♦ Plant health testing
- ♦ Seed/commodity trait testing
 - DNA
 - Herbicide tolerance
- ♦ "High-end" technologies
- ♦ Focus: Northern Grown Crops

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NDSSD
Seed Department

Administration

- ♦ Coordination of Administrative functions
- ♦ Technology (ITD, vendors)
- ♦ Human Resources
- ♦ Budget administration
- ♦ Legal
- ♦ Equipment and Capitol Improvements
- ♦ Support services

Administrative Officer, Kris Nicklay
NDCC 4-09, 4-09.1, 4-10, 4-11, 4-24, 4-25, 4-26, 4-42

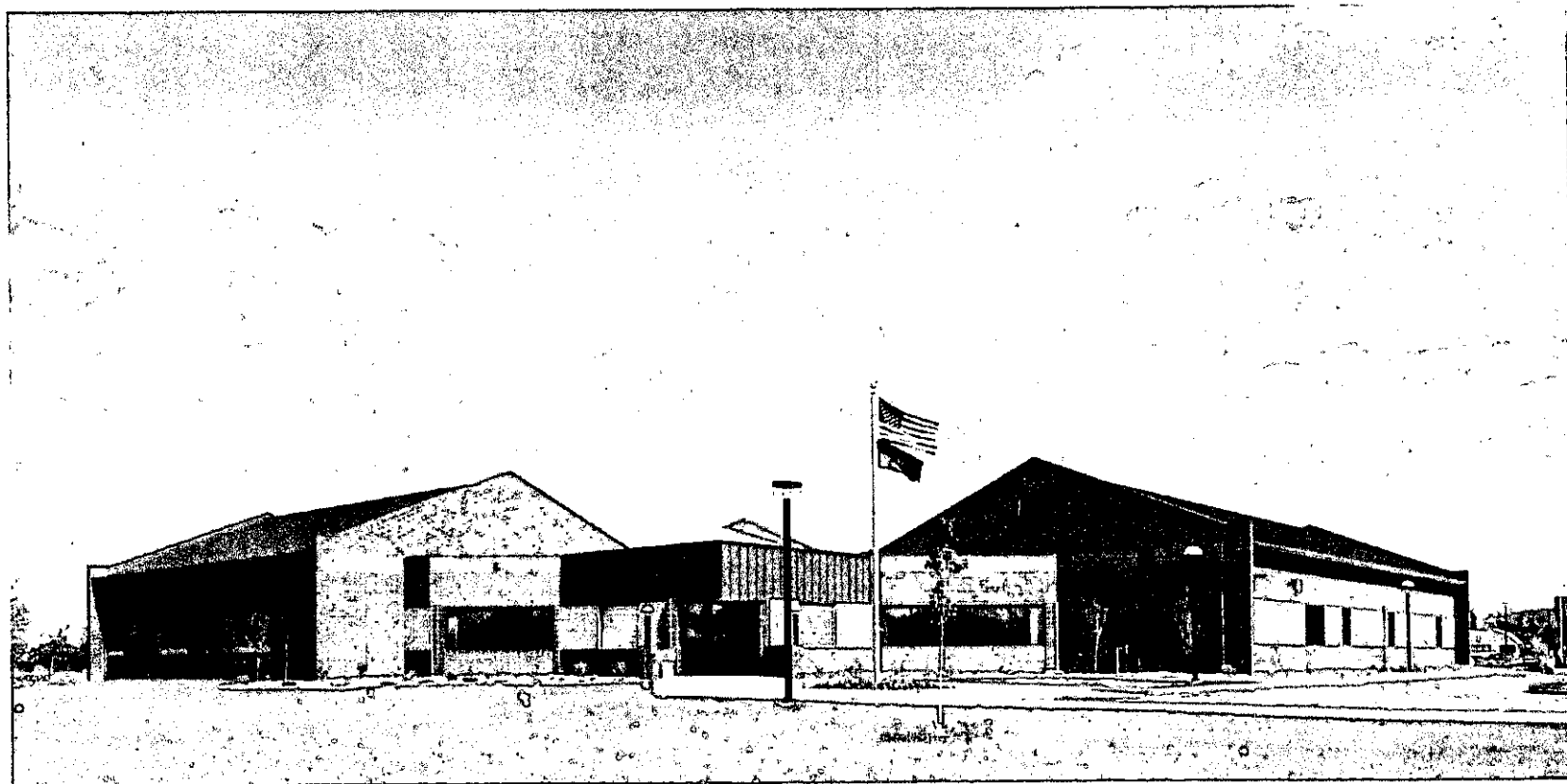




North Dakota State

NDSSD

Seed Department



NORTH DAKOTA STATE SEED DEPARTMENT
SB 2022

1-SB2022



North Dakota State
NDSSD
Seed Department

1313 18th St. N., P.O. Box 5257
Fargo, ND 58105-5257
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Web: ndseed.com

Ken Bertsch
State Seed Commissioner

SB 2022
Seed Department Budget

House Appropriations Committee
Education and Environmental Division

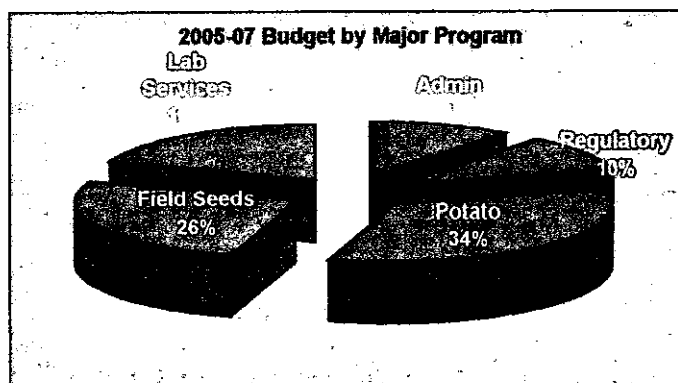
March 3, 2005

Good morning Mr. Chairman and members of the House Appropriations Committee. For the record, my name is Ken Bertsch and I serve as State Seed Commissioner and Administrator of the State Seed Department. I appreciate the opportunity to speak to you today on behalf of the State Seed Commission and to provide an overview of SB 2022, the Seed Department budget.

With the consent of the Committee, I will provide brief background of the budget request focusing on some of the major change-areas in the 05-07 as compared to the 03-05 budgets. I would like to point out that the budget development process is guided by an **agency long-range plan** completed in late 2003, and is approved by the Seed Commission by virtue of their authority in state century code. The Commission is a nine-member board of directors appointed by associations throughout the state, which approves budgets, provides for policy changes and sets fees for the agency.

Overview of Programs

The Seed Department operates five major programs: Administration, Seed Regulatory, Field Seed Certification, Potato Certification and Laboratory Services. I have attached information from the Interim Public Services Committee report of January 2004 that provides background on the programs and services of the Department. The graph below contains breakdowns of the various agency programs in 2005-2007 budget, accompanied by a chart containing 03-05 and 05-07 budgets in comparative format.



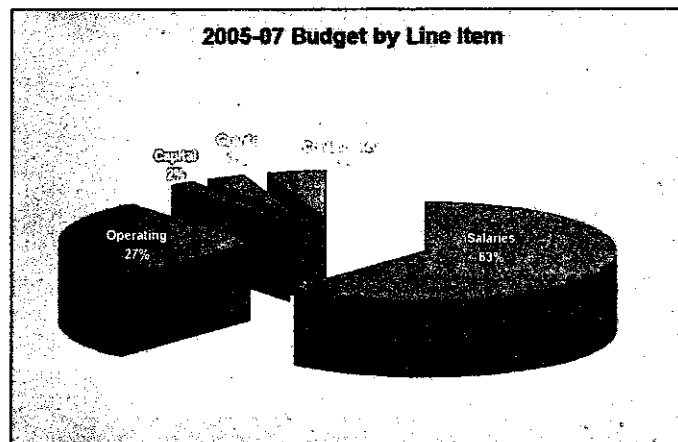
	2003-05	2005-07
Administration	593,500	631,258
Lab Services	1,096,028	1,133,251
Field Seeds	1,508,562	1,546,268
Potato Program	1,852,529	1,994,512
Seed Regulatory	589,381	607,447
Total	5,640,000	5,912,736

Section 1

Section 1 of SB 2022 defines the line item funding for the Seed Department 03-05 budget. These six line items have been traditionally used to describe the major operating functions of the budget. As you know, the Seed Department is a self-funded agency whose budget consists (in total) of special funds, and whose revenues are derived from service fees.

Section 2

Section 2 of the engrossed version of SB 2022 shows a total increase of \$272,736 (4.8%) over 03-05. The Governor also recommends a reduction of 2 FTE's, lowering the Seed Department a total of 30 FTE's.



	2003-05	2005-07
Salaries	3,405,750	3,667,828
Operating	1,664,250	1,624,908
Capital	70,000	120,000
Grants	200,000	200,000
Contingencies	300,000	300,000
Total	5,640,000	5,912,736

The chart above breaks down the line item changes between 03-05 and 05-07 budget requests. On the following page, you will find additional information on each line item.

Salaries	03-05	05-07	Inc/Dec	%	Net Change
	\$3,405,750	\$3,667,828	\$262,078	7.7%	\$262,078

The majority of the net change is a result of the Governor's salary increase recommendation (3% and 4%). The remainder represents an increase in temporary salaries and related benefits to allow for program growth and industry demand.

Operating	03-05	05-07	Inc/Dec	%	Net Change
	\$1,664,250	\$1,624,908	-\$39,342	-2.4	-\$39,342

Operating is reduced by 2.4%, primarily due to a reduction of \$76,000 in planned IT expenditures. The agency completed a major software upgrade in the 03-05 budget cycle. \$10,000+ is built into the budget to help fund IT cost allocations relative to the Connect ND project.

Additionally, the budget request contains \$50,000 for potential rental costs for greenhouse space needs for our foundation potato seed production program.

Capital	Net Change
Capital expenditures increase by \$50,000 to account for OMB recommended extraordinary repairs to facilities, under the repair schedules utilized by state government.	\$50,000

Grants	Net Change
Remain static at 03-05 budget levels. The grants line is utilized to fund seed industry promotion efforts with revenues generated by final-certification fees.	\$0

Contingency	Net Change
Remains static at the same level as the past five biennial budgets. The contingency line was designed to provide the Department with spending authorization to respond to emergency situations such as Karnal Bunt testing.	\$0

Total Seed Department Fund
\$272,736

The full Appropriations Committee received information regarding the budget request in terms of budget utilization, variances and staffing at our overview hearing last week. I would be happy to answer any questions the Committee may have on this information, or on the operation of the State Seed Department.

Thank you for the opportunity to present information on SB 2022, and I ask the Appropriations Committee for support for our budget request and efforts of the Seed Department in providing services to the agriculture industry in North Dakota.