

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2408

2007 SENATE AGRICULTURE

SB 2408

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2408

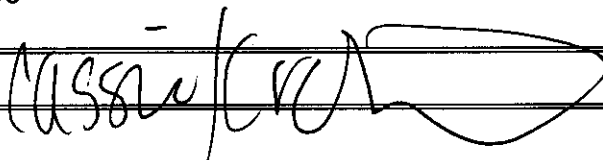
Senate Agriculture Committee

Check here for Conference Committee

Hearing Date: February 1, 2007

Recorder Job Number: 2408

Committee Clerk Signature



Minutes:

Sen. Flakoll opened the hearing on SB 2408, a bill to provide school district transportation grants for biodiesel usage. All members (7) were present.

Sen. Taylor, district 7, testified in favor of the bill. See attached testimony.

Rep. Mueller, district 24, testified in favor of the bill

Rep. Mueller- I serve on the education committee, I think it makes sense to put everyone on the side of studying new future for energy in ND and I think that is what this bill is about. Including and involving our school system in renewables and in this case biodiesel raises the awareness of the school board people and all the way down to our students. Our state is behind renewable energy, 93% of the people surveyed in ND said that they believe that renewable energy should be a high priority for the state of ND.

Ron Ness, NDPC, testified in favor of the bill.

Ron Ness- We feel there is some great potential for biodiesel and this is a possible way to get biodiesel into the mix, we stand by the marketers of our products if they have some issues. We support this bill.

Woody Barth, lobbyist 286 from ND Farmers Union, testified in favor of the bill.

Woody Barth- We stand in support of this bill, it would increase the use of renewables here in ND which is one of our priorities this session, as well as increasing funds back to local school districts.

Mike Clemens, from NDREP, testified in favor of the bill.

Mike Clemens- we support this bill. Our group is a cross section of over 50 organizations and individuals representing private and public sector. The vision of our group requires that ND become a leader not only in producing but also using renewable energy.

Sen. Klein- why is this the responsibility of the legislator, shouldn't we be taking this on district by district?

Mike Clemens- what we are doing with this bill is also educating the school districts and school districts help educate the kids that are in the district and parents all about the use of bio diesel and how well it can really work in their vehicles, so it is really a education process and what a great way to place a start within the school district.

Sen. Klein- as we look at this, where will that additional money come from and how do we intend to deliver it?

Mike Clemens- I would have to rerefer that question I am not sure of the answer.

Barry Coleman, NCGA, testified in favor of the bill.

Barry Coleman- our board reviewed this bill last week at a board meeting and fully endorsed it, we are here to stand in support of the bill. We think it will really help our small but growing bio diesel industry to help get a jump start on the use of it.

Sen. Klein- bio diesel is not in the same category as the ethanol side, that it is a lot cleaner burning? Would it produce the kind of smog that they are having problems with on the ethanol side?

Barry Coleman- you are correct it will not have the emissions problems that ethanol has.

Sen. Flakoll called **Tom Decker** from DPI to the podium. See attached chart that he submitted on school bus inventory in the state from 2004-2005 school year.

Sen. Taylor- as this bill moves along, our hopes would be extended to the point to cover any incentives required in this bill, beyond say the 33 and a half million dollars that is going out for grants currently?

Tom Decker- there is probably a couple ways you could do that. You could provide a sum amount of money that we believe might cover any possible number of users with the balance going back to the general fund or you could provide a specific amount which we would pay out until those dollars are gone over the 2 year period. It seems to me what we would do here is put a lot of trust in school districts, we would provide a form from which school districts could document their usage.

Sen. Klein- what is this going to cost, we have 33 and a half million dollars in the transportation budget currently, we are going to need more money to provide these grants to provided 33 and a half million dollars and more?

Tom Decker- yes, there is a bill out there to increase transportation reimbursements somewhat, they have not been increased for quite a few years.

Sen. Klein- so we are looking for some new money then, we are not just going to recycle what you guys are already budgeting or what that other bill would contribute, we are looking for that to keep our system going and then another 10% more?

Tom Decker- yes.

Sen. Wanzek- do you think that school districts would be as excited about this if there wasn't new money if it was just reshuffling of the money and increasing the payments to those who do use bio diesel and decreasing those who don't?

Tom Decker- excited is not the description if we fund this program on current transportation dollars, they will be angry.

Mike Rudd, with the NDPMA, testified in opposition to the bill.

Mike Rudd- We are not against the research and development of alternative fuels, we fully support anything that can be done to lessen the dependence on foreign oil. However, we do have concerns on how this program will be administered. We see a marketing problem with this as far as bio diesel, most of the school districts that I have seen fill at the local convenience stores if there is one or two in town and how we would implement this with one tank in the ground dumping bio diesel into that tank would mean that everybody would be getting bio diesel. That may create a problem for the a marketer. I think there are some bigger school districts out that that have there own storage tanks and could probably pull this off, most of our marketers can not get this done. We did a survey this fall to see how many of our marketers actually offered bio diesel, there are 10 marketers in the state that actively push bio diesel at the pumps.

Sen. Behm- do most of the Cenex stations in smaller towns sell bio diesel?

Mike Rudd- I don't think that they are offering it at the pumps, I cant speak for them but I don't know how many are out there that actively offer that at the pump at this point and time.

Sen. Klein- one issue that could come up is that certainly in a smaller community where we are supporting the local merchants the school would see an incentive then and provide their own tanks by passing the local community and having it shipped in, that would certainly be a concern for our business men?

Mike Rudd- yes, as a local marketer I would be very concerned that the competition would get a very unfair advantage or the school could get a very unfair advantage an take away that diesel business from the local merchant and in the winter time that diesel business is a big

part when you get school buses pulling in, it is a big part of business and very important to business.

Sen. Taylor- when you look at your retail mix, how many are only doing one tank of diesel?

Mike Rudd- yes there are options out there some people do have a split tank or two tanks and are offering both 1 and 2, but to take one of those tanks and simply put bio diesel and dilute it with another product would be a risk because you are going to have people out there and you need to as a marketer respect everyone not just the school buses in this situation. I think we are at a point were education is a key to this whole process, we just need to keep educating the public on what could happen here if we take our time and move slowly along in this whole process.

Sen. Klein- I would agree that if you look to see where ethanol is at the pump as to where it was even 5 years ago, what percentage of your marketers have ethanol at their stations?

Mike Rudd- we have about 80-85%, our marketers currently offer some blend of ethanol at the pumps.

Sen. Taylor- do you think your membership will be providing more bio diesel one year from now? How many of your members mostly in the smaller towns do run bulk service along with retail?

Mike Rudd- I am not sure as terms of members that have bulk business and do I where do I see things in one year, I think again as more education gets out there I think you could see a increase in that. Price will drive this whole market, if the price is there and things are good in that regard people will try the product and use the product and that is how your education will start.

Sen. Flakoll closed the hearing.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2408

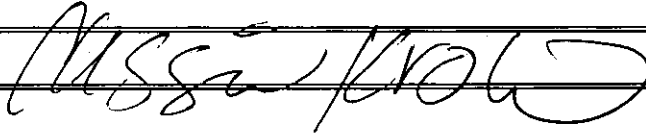
Senate Agriculture Committee

Check here for Conference Committee

Hearing Date: February 1, 2007

Recorder Job Number: 2532

Committee Clerk Signature



Minutes:

Sen. Flakoll opened discussion on SB 2408.

Sen. Klein- can you explain where the money is? I don't see any appropriation.

Sen. Flakoll- there would be some additional costs for this program, it is always frustrating when we know there will be somewhere down the line but we have nothing to react to. I think if right now with no changes in the bill the very most this would be would be 33.5 million dollars. We also realize that not all buses are powered by bio diesel so it will be less then that. Is it based upon 100% so that it would be less then that? Are we paying on a gallon of pure bio diesel?

Sen. Taylor- as it is written yes, and we tie the transportation grant that they receive. We maybe should change that to being paid on the gallon receipts of the diesel, which I thought might be higher. So by going based on a percentage of the grant paid out already by DPI simplifies the math and may actually be a little less then if you paid on the actual diesel cost. We could attach an appropriation here, I think there might be some reason to think about maybe an extended date of activation, maybe give the retail sector another year to bring a few more pumps online for some of these schools. If we are at 2 million now then we could write it with an appropriation of 1 million or such as what would be the committee's desire.

Sen. Behm- don't you think that most school districts have a bus barn or something where they could put a tank, and then they could fill up there from the tank?

Sen. Taylor- I haven't seen the data to how many schools do that, I know a lot do use retail facilities. Some of the large ones may do like a county shop does and have their own bulk tank. I think a lot of them are using retail facilities.

Sen. Flakoll- I think that if they would put it in a bus barn they would have to bury the tank and those type of things?

Sen. Klein- that happened in our school we had a tank and they had to dig it up. There are so many rules and regulations you can't really make it underground, there is a way to make it above ground but then you run into the other issues cause you can't put it inside.

Sen. Flakoll- I believe in most cases you have to cover them.

Sen. Behm- you have to put a container on them in case the tank leaks.

Sen. Heckaman- our school district runs independent contractors.

Sen. Klein- what reward do we give the guys running gas buses using ethanol?

Sen. Taylor- you just can't help everybody, I think if you look at the number used the gasoline vehicles here could also include you special ed, family or smaller buses transportation. I think by covering diesel I would estimate $\frac{3}{4}$ or better of the actual transportation.

Sen. Klein- in our district you would be covering $\frac{1}{5}$ because we only run one diesel bus, everything else is a gas run. The numbers there are a little tricky as to how we deliver the students anymore, I always wonder if there is not a different way.

Sen. Taylor- I have talked to some districts that have switched to all diesel so there is a little of everything out there. I think it would be an exception seeing family transportation using less diesel, but if that is part of what the school submits to DPI that could get the same incentive. I think the bill does say buses used to transfer the children either by contract or by owned.

Sen. Wanzek- how many gallons of bio diesel might this involve?

Sen. Taylor- dollars are reported right now in the school finance facts, we could get that data.

Sen. Flakoll- I think it is somewhere around 3 million gallons of fuel when you calculate it.

Sen. Wanzek- this is a hard bill to not want to support, I don't see how this can work unless we put more money into it. If we are just going to reshuffle things we are going to have a fight on our hands. I am trying to understand if 2 million dollars is better spent here or is it better spent in some of the other priorities. Then I start thinking well 3 million gallons would be worth it, I think that maybe our interest would be to try to get a bio diesel plant going first, I am not sure. Help me understand why maybe this one is a priority.

Sen. Taylor- I come at this from 2 directions since I am on education committee as well and talking to school districts, their fuel costs have increased 50% or better over the last 2 years, they are desperately trying to find ways to fund their transportation program. So part of this is a school bill in some ways to get some more dollars to their districts for their transportation programs, and then the other side is that if we are trying to get some more dollars into the school districts we should ask them to maybe support an industry that is growing in ND. Velva will be up and running this spring, there will be Canola bio diesel available as early as this summer. I don't know Northwoods which is a soy plant what there timeline is.

Sen. Behm- I think theirs is about a year away.

Sen. Taylor- Velva would produce 85 million gallons, there would be enough to go around so there is some opportunities there. Northwood is going to be around 7 million gallons. So I think it would help the education process in terms of who are your flag ships when you are rolling out a new products and school buses are one of the ways you would get some buzz going about bio diesel. We know there are a lot of good things about it but it is really an education process that other people are going to understand. If it becomes a program at the

school and something people start talking about in the towns and maybe moves a pump to be available in their filling station then it will help the industry as a whole even more so then what you invest for the school bus miles.

Sen. Flakoll closed discussion.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2408

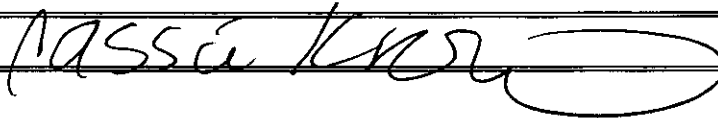
Senate Agriculture Committee

Check here for Conference Committee

Hearing Date: February 1, 2007

Recorder Job Number: 2634

Committee Clerk Signature



Minutes:

Sen. Flakoll opened discussion on SB 2408.

Sen. Taylor went over his proposed amendments to the bill with the committee.

Sen. Flakoll- would this be somewhat of an increase then?

Sen. Taylor- one of the two goals of legislation is to get more money to the schools for their transportation program. The bio diesel is going to sell itself when it comes to its price but this is an incentive that would more then compensates for any additional price we may see because of the bio. That price fluctuates as you know.

Sen. Behm- transportation is a very big cost so I think that the school districts are going to need some help, it may sound like a big appropriation but it really isn't.

Roll call vote 1 **Sen. Klein** motioned for a Do Pass to adopt the amendment **Sen. Heckaman** seconded the amendment, 6 yea, 1 nay, 0 absent. Roll Call vote 2 **Sen. Taylor** motioned for a Do Pass as amended and to be rerefered to Appropriations and seconded by

Sen. Heckaman, 7 yea, 0 nay, 0 absent. **Sen. Taylor** was designated to carry the bill to the floor.

FISCAL NOTE

Requested by Legislative Council

01/23/2007

Bill/Resolution No.: SB 2408

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill provides for an increase in transportation grants to school districts using biodiesel fuel in transportation programs.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The impact is unknown. SB 2013 appropriates \$33,500,000 for transportation grants.

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, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

No appropriation is provided for in the bill.

Name:	Thomas Decker	Agency:	Public Instruction
Phone Number:	328-2267	Date Prepared:	01/24/2007

REPORT OF STANDING COMMITTEE

SB 2408: Agriculture Committee (Sen. Flakoll, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS and BE REREFERRED to the Appropriations Committee (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2408 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act relating to school district transportation grants for biodiesel fuel usage; and to provide an appropriation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. TRANSPORTATION GRANTS - DISTRIBUTION.

1. During the first year of the 2007-09 biennium, the superintendent of public instruction shall calculate the payment to which each school district is entitled based on the state transportation formula as it existed on June 30, 2001, except that the superintendent shall:
 - a. Provide reimbursement for in-city mileage at the rate of fifty cents for schoolbuses having a capacity of ten or more students; and
 - b. Provide reimbursement for vehicles having a capacity of nine or fewer students and for transporting students who live outside the incorporated limits of a city at the rate of forty cents per mile.
2. During the second year of the 2007-09 biennium, the superintendent of public instruction shall distribute to each school district the same amount the district received under this section for transportation services provided during the first year of the biennium, except the superintendent shall increase the reimbursement by five cents for each mile driven by a diesel-powered bus if the district demonstrates that at least five percent of all no. 2 diesel used for the transportation of students, either by the district directly or through contractual arrangements, is one hundred percent biodiesel, otherwise known as B100.

SECTION 2. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$750,000, or so much of the sum as may be necessary, to the superintendent of public instruction for the purpose of providing grants to school districts using biodiesel fuel, for the biennium beginning July 1, 2007, and ending June 30, 2009."

Renumber accordingly

2007 SENATE APPROPRIATIONS

SB 2408

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2408

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 02/09/07

Recorder Job Number: 3330

Committee Clerk Signature



Minutes:

Chairman Holmberg opened the hearing on SB 2408.

Doug Johnson, testified in support of SB 2408.

Senator Tim Mathern, District 11, Fargo, testified on SB 2408 discussing one of the issues in Minnesota and the diesel exhaust and muffler systems because of detrimental effect on children's brains. He supports this bill.

Mike Rud, President, ND Petroleum Marketers Association, distributed written testimony in support of SB 2408.

Chairman Holmberg closed the hearing on SB 2408.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2408

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 02/13/07

Recorder Job Number: 3473

Committee Clerk Signature



Minutes:

Chairman Holmberg opened the hearing on SB 2408 describing what the bill was about.

Senator Mathern moved a DO PASS. There was no second.

Senator Christmann moved a Do Not Pass on SB 2408, **Senator Fischer** seconded. A

roll call vote was taken resulting in 9 yes, 5 no, 0 absent. The motion carried. **Senator Christmann** will carry the bill.

Senator Holmberg closed the hearing on SB 2408.

Date: 2/13/07
Roll Call Vote #: 1

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2408

Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken P.N.P

Motion Made By Christmann Seconded By Fischer

Senators	Yes	No	Senators	Yes	No
Senator Ray Holmberg, Chrm	✓		Senator Aaron Krauter		✓
Senator Bill Bowman, V Chrm	✓		Senator Elroy N. Lindaas		✓
Senator Tony Grindberg, V Chrm	✓		Senator Tim Mathern		✓
Senator Randel Christmann	✓		Senator Larry J. Robinson	✓	
Senator Tom Fischer	✓		Senator Tom Seymour		✓
Senator Ralph L. Kilzer	✓		Senator Harvey Tallackson		✓
Senator Karen K. Krebsbach	✓				
Senator Rich Wardner	✓				

Total (Yes) 9 No 5

Absent _____

Floor Assignment Christmann

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

REPORT OF STANDING COMMITTEE (410)
February 14, 2007 8:27 a.m.

Module No: SR-31-3175
Carrier: Christmann
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2408, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman)
recommends **DO NOT PASS** (9 YEAS, 5 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed SB 2408 was placed on the Eleventh order on the calendar.

2007 TESTIMONY

SB 2408

Taylor, Ryan M.

From: Mack, Eric [Mack@admworld.com]
Sent: Monday, January 29, 2007 11:22 AM
To: Taylor, Ryan M.
Subject: FW: Draft comments for use today. Please let Eric know your critique, as we need to supply by 12:00 pm today for use at a 2:00 pm committee meeting in Bismark

Hope this helps Ryan.

Eric

From: Webb, Greg
Sent: Monday, January 29, 2007 9:51 AM
To: Mack, Eric; Rice, Molly; Kappenman, Kris
Cc: Conner, Debi
Subject: Draft comments for use today. Please let Eric know your critique, as we need to supply by 12:00 pm today for use at a 2:00 pm committee meeting in Bismark

ADM is pleased to be given the opportunity to comment on two legislative initiatives, SB 2374 and SB 2408, both calling for incentives to inspire biodiesel to be incorporated into the respective fuel programs. We support efforts which help foster a demand for America's home-grown fuels. We know biodiesel is a here and now solution which helps extend our fuel supplies, improving our energy security. Biodiesel is a renewable, vegetable-oil based fuel made from crops that helps engines burn fuel cleaner than traditional, petroleum based diesel fuel. By creating fuels from America's crops, efforts such as these two bills help increase the demand for farmer's harvest, improve our environment, and reduce our dependence on oil.

We will have the capability of loading truckload or carload quantities of B100 biodiesel, and look forward to supplying the market with high quality product by Spring 2007.

We want to again thank you for the opportunity for us to comment on these two bills and thank you for your interest in helping develop growing new markets for renewable fuels.

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1/29/2007

Proposed amendment to SB 2408
Presented by Sen. Taylor

Section 1, Line 7: Insert "No. 2 diesel" after "all"

Proposed amendment to SB 2408
Presented by Sen. Taylor

Section 1, Line 5: Strike "during the 2007-09 biennium" and insert "for the 2008-09 school year"

Line 6: Strike "ten percent" and insert "five cents per mile for diesel powered buses based on the baseline mileage used to determine their transportation grant in the first year of the biennium"

Line 7: Insert "No. 2 diesel" after "all"

Line 9 & 10: Strike

Create a Section 2: Appropriation of \$750,000 general fund, etc., etc.

School Bus Inventory - 2004-2005 School Year

Type of Vehicle	Count
Transit	68
Non Conforming Vans	235
School Bus	1867
Other Vehicle	291
Total Vehicles	2461

Use of Vehicle	Count
Regular	1400
Activity	531
SpecialEd	177
Standby	353
Total Vehicles	2461

Type of Fuel	Count
Diesel	1590
Propane	3
Gasoline	863
Dual	5
Total Vehicles	2461

Communication	Count
Cellular Phone	296
CB/Two-Way Radio	1951
None	214
Total Vehicles	2461

Ownership	Count
District Owned - School Bus	1959
District Owned - Other	447
Privately Owned - School Bus	33
Privately Owned - Other	22
Total Vehicles	2461

Sp Ed Equiped	Count
Yes	2320
No	141
Total Vehicles	2461

Count of LicenseNumber	
MfgYear	Total
1963	2
1966	1
1968	2
1972	1
1973	2
1975	5
1976	7
1977	4
1978	4
1979	11
1980	12
1981	15
1982	21
1983	40
1984	58
1985	58
1986	72
1987	52
1988	66
1989	97
1990	103
1991	120
1992	141
1993	103
1994	134
1995	144
1996	130
1997	120
1998	170
1999	138
2000	140
2001	135
2002	121
2003	90
2004	73
2005	56
(blank)	2
2006	11
Grand Total	2461