

2009 HOUSE AGRICULTURE

HCR 3035

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 3035

House Agriculture Committee

Check here for Conference Committee

Hearing Date: February 12, 2009

Recorder Job Number: 9358

Committee Clerk Signature



Minutes:

**Rep. Berg, Co-Sponsor:** This bill probably looks a little odd to you. Some people think it is about closing the Mill and it is the exact opposite. What I believe will come out of this study is transforming the State Mill & Elevator as a real key exporter of ND products. I was visiting with someone whose wife went to Korea. She took a suitcase of baked products. The reason is because they don't have the flour we have here. They just love the products she brought over. With this bill, one of the options is converting the ownership to a stock company owned by the people of North Dakota. About 12 years ago there was a bill in the legislature to close the Mill. I served on this Ag. Committee.

### A little history of the State Mill.

The State Mill came to being in 1922. That was a time of real turmoil in North Dakota. North Dakota was an isolated state. We were controlled by the railroads based out of Minneapolis and the banks based out of Minneapolis. At that time there was a faction in the Republican party called the NPL which came into power in that election and they instituted the State Mill and also the State Bank. The reason they put those in was, when we have our harvest we were held hostage by the banks and by the grain companies. The theory was that if we have our own mill, we could mill our own wheat and shipping flour which is value added vs. grain.

The following election the NPL was swept out of office. The intent of the State Mill has been true ever since. We want to insure that we can add value to ag products. The Mill, regardless of the structure, will always be in Grand Forks and will always be buying North Dakota products regardless of the ownership structure.

So back to 12 years ago, the bill to sell the Mill passed the Senate and came to the House. I made the motion to give that bill a Do Not Pass. That bill died on the floor. The thinking was that we shouldn't be in the business of a State Mill. There was a fellow from Russia in our Ag Committee that day. In Russia, he said, we've been struggling as to how do we turn these state-owned facilities to the public. He comes to the heart bed of capitalization and we have a state-owned facility that we don't want to go public. The idea here would be to create 640,000 shares of stock. Give each person of ND one share of stock. If I want to sell my stock or I

want to buy someone's stock, we create a market like other cooperatives out there to buy and sell the stock. The people who would end up owning the Mill would be farmers in ND and have a direct interest in its growth and expansion. The result would be a more energized enterprise. **(Handout#1)** Many times they retain about half their profits for their operations. In a period of eleven years, there's been about \$19 million transferred to the general fund. That's about \$1.7 million per year. What's the value of the mill? We're not going to sell it but if we are going to turn it over to the people, people would like to know what they are getting. On the back page it shows the replacement value which is \$115,600,000. The book value is \$54,278,856. If you place it on the market and try to sell it, the value would be \$20-40 million. So if you say the value of the Mill is \$54 million and we are getting \$1.7 million a year, we are getting a 3% return on our investment over the last 11 years. I think the Mill being managed by farmers and people with a strong interest in agriculture, rather than the Industrial Commission, would see a greater return on investment. If we said it was \$54 million and we created 640,000 shares, the

value per share would be \$84. I look at the examples we've seen in ND to add value in agriculture. Dakota Pasta Growers is one of the examples. The end result would be something more powerful and beneficial to the farmers of ND.

**Chairman Johnson:** How do you envision the first stockholder's meeting?

**Representative Berg:** Chaos. You'd have to establish a process. This is how all the mutuals and cooperatives get started. I think in North Dakota we would figure it out.

**Representative Kingsbury:** Right now each one of us owns a little piece. How is this different?

**Representative Berg:** What was your profit or loss last year? No one knows. We should. If you have a stake in it, you have an idea of how it did.

**Representative Kingsbury:** There is a board at the State Mill besides the Industrial Commission?

**Representative Berg:** They have a staff that is making decisions. The Mill has criteria that make it difficult to make money. This last year they lost money. There was also \$1.2 million in bonuses paid at the State Mill last year. I'm a supporter of bonuses but it raises some flags that we should look at. Our exports have doubled in the last 4 years from \$1 billion to \$2 billion. The Mill holds a tremendous opportunity to take value added agriculture around the world. We have statutes on the book that require the Mill only to buy ND wheat. They lost a lot of money because we had a very poor wheat crop and we couldn't supply the Mill with ND wheat. From a business standpoint, it would make more sense to have the freedom to do the things that are going to help. Agriculture has changed. In 1922, 95% of our acres in ND were wheat. With the right group driving decisions, they could come up with solutions as agriculture changes.

**Representative Boe:** Are you saying that our Industrial Commission is doing a poor job of managing the State Mill & Elevator?

**Representative Berg:** I would never say that. I would say that if I had a \$54 million investment that I was only receiving a 3% return on and I had a line of credit of \$50 million a year I would say that's a lot of risk for a little return. I think the staff and employees are doing a great job. But they are doing the job within the confines of a state agency. When you are in those confines, you are not rewarded for taking risks, you are penalized for taking risks.

**Chairman Johnson:** They only buy ND wheat?

**Representative Berg:** I know we had a bill in to allow them to buy other than ND wheat. So that may have been changed in the last 10 years. There were three criteria they were hemmed in on. One I believe was ND wheat.

**Chairman Johnson:** I haul into the Mill quite a bit. They had low protein unit trains in from Kansas looking to blend with high protein ND wheat. With the high prices there was a scramble to get wheat in there.

**Representative Kingsbury:** Did the Governor make a proclamation to allow purchase of Canadian wheat?

**Representative Boe:** They never did buy it.

**Representative Boe:** Since this negative number, the Industrial Commission has contracted with NDSU to help them come up with a risk management tool.

**Representative Berg:** If we are owned by farmers I think decisions could be made quicker.

**Representative Uglem:** Would there be any concern if every citizen got one share, then some private company would come in and gain control of the State Mill?

**Representative Berg:** That is why we need the study.

**Representative Schmidt, Co-Sponsor:** I have felt for a long time that the State Mill & Elevator is the best kept secret in ND. I did get a little concerned when I saw the word "corporation" in this resolution. My angle is that the State Mill & Elevator celebrated its 75<sup>th</sup> anniversary several years ago. There was nothing said or done. We will soon be celebrating the 100<sup>th</sup> anniversary. The other day there was a bunch of senior students in the capital. I spoke to that group and asked them where the State Mill & Elevator is located. Not a one of them could answer. The Century Code or the Blue Book doesn't give much history. Our farmers were the ones that built the Mill & Elevator. They were being took by the grain merchants/thieves.

There was no room in this resolution to put my intention. As I go through the grocery store, I see Gold Medal. Let's get Dakota Maid back in the store. Let's get some publicity and get the Mill & Elevator back on track.

**Representative Kingsbury:** The publicity didn't get to Maddock last fall. Some of us worked on the former Governor Lynn Frazier's cemetery plot up in Hoople, ND. We decided that folks ought to know that they had a former governor buried in town. It was in disarray. There were no family members living around there. On September 5 we put a big plaque up on his grave. During his term it was a turbulent time. A school came and 60 family members of the Frazier family came. Vance Taylor from the Mill was there to speak.

**Representative Mueller:** I like what you're talking about, Representative Schmidt, in terms of appreciation of what we've had. But I have a concern about the resolution in that it isn't talking about any of that.

**Representative Schmidt:** That's the reason for a study.

**Representative Holman:** I'm concerned about lines 16 & 17. It appears to take the cooperative movement and has the potential for setting up a corporation which could be selling

the elevator. It wouldn't take very long before most of the shares would be consolidated in the hands of maybe farmers or maybe not farmers.

**Representative Schmidt:** I understand your concern, but it is a study.

**Representative Boe:** Would you favor an amendment to reflect the studies you testified to?

**Representative Schmidt:** That would greatly please me if you put on an amendment to make this commemorative too.

**Representative Rust:** If one of the objectives of the State Mill & Elevator was to bring a return on investment, if it was set up to make money. I have a feeling that it probably was not. But it was set up to give another outlet to sell grain to get a better price. If it made no money at all that's OK. They just wanted a better price for the grain.

**Representative Holman:** It was set up to be a competitive option with the banks and the elevators out of St. Paul and Chicago. The NPL came as a result of the farmers of ND feeling like they were getting ripped off. The intent was to make money and pass it on to the citizens of ND.

**Representative Schmidt:** I do remember Grandpa Berg telling me that the day the Mill & Elevator opened, the price of wheat in ND was 18 cents higher than the grain exchange. This is great history that is going by the wayside.

**Representative Berg:** I have no problem with adding a commemorative amendment. I have no problem removing the stock language and inserting cooperative. There is one issue. The only reason we have the Mill is to raise the net income of our farmers in ND. If the state retains the physical assets of the Mill, what if we form an operating company that's the farmers of ND?

**Neutral—Informational:**

**Karlene Fine, Executive Director and Secretary, Industrial Commission of ND:**

Maybe we haven't done a good job of communicating what the State Mill is doing. We do have a facility there that we can be very proud of. **(Written testimony attached #2)**

We don't object to a study resolution. There is value in discussion. Management is always looking at other products that can be produced.

**Chairman Johnson:** Do you process organic?

**Karlene Fine:** We do both. There were some questions raised about the purchase of nondomestic wheat. The Commission did waive that policy. It is policy and not statute.

We instructed the Mill manager to first make sure there were no sources available in ND. We were able to purchase from all domestic sources. There was some bought from other states. The trucker is to sign a certificate that it is from a domestic source.

**Chairman Johnson:** The certificate that you sign is where you loaded. It doesn't identify where it came from.

**Representative Vig:** How much is sold in ND? Where is Dakota Maid at the supermarket?

**Karlene Fine:** We are in the Super Valu stores, Sam's Club, but not all stores do.

**Representative Kingsbury:** When we talk about promoting, is there collaboration between the Northern Crops Institute & the Mill because they have groups coming over all the time.

**Karlene Fine:** Yes we do. We do tours and work also with the universities.

**Representative Wall:** Have the wheat growers and the Wheat Commission weighed in on this resolution?

**Karlene Fine:** They have not contacted me.

**Representative Boe:** Is there a separate board between the manager and the Industrial Commission?



**Karlene Fine:** No. The Bank of North Dakota has an advisory board. With the State Mill, the Industrial Commission has a Steering Committee when there is a significant change in the mission of the Mill.

**Representative Boe:** I read in the paper that there was some collaboration with NDSU to set up risk management tools or strategies.

**Karlene Fine:** The last year we've been working with NDSU and how to deal with these volatile grain rates.

**Representative Mueller:** Why would selling the Mill to a cooperative be a bad idea? What would you do in defense of the current status quo?

**Karlene Fine:** There is value in a bigger picture. Sometimes we get focused just on profit. We are adding value. We think it is important to work with universities and bring in trade groups.

**Representative Holman:** What percentage of your flour is bulk delivered to surrounding states?

**Karlene Fine:** I don't have the specifics. We sell our product all over. We rail a lot out. Our product goes to the east coast.

**Representative Schatz:** In reading this book, after expansion the Mill increases production by 15 percent. It becomes the nation's largest wheat flour mill and produces 3.4 million pounds daily with 120 employees.

**Representative Schmidt:** If you want to amend this, you could put in there "never to be sold."

**Chairman Johnson:** Closed the hearing.

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 3035

House Agriculture Committee

Check here for Conference Committee

Hearing Date: February 27, 2009 (**Committee Work**)

Recorder Job Number: 9865

Committee Clerk Signature

*R. Mae Kueh*

Minutes:

**Representative Schmidt:** Proposed amendments LC#93049.0302

I would like to add to this amendment "directing the Legislative Council to study the Mill & Elevator." The Mill & Elevator is the best kept secret in ND.

**Chairman Johnson:** What you have here is a whole new resolution.

**Representative Boe:** Presented amendment from Rep. Berg LC # 93049.0301.

We're still calling for a study. He took out the part about converting ownership. In my discussion with Rep. Berg, I indicated that profit on the bottom line is probably not the fairest way to judge the value of it.

**Chairman Johnson:** The markets depend on where it is hauled.

**Representative Boe:** Representative Mueller and I were on a conference call with Representative Berg and we visited with Vance Taylor about what's happening.

**Vice Chairman Brandenburg:** Looking at these amendments, which way do we go?

**Representative Boe:** The Industrial Commission is not looking at the study as being beneficial.

**Representative Rust:** There is a significant difference between the two.

1. Is to recognize a valuable contribution
2. Is to determine its value, return on investments, and options for increasing its value and return.

**Representative Boe:** It was the same way the day we heard testimony from the bill sponsors.

**Representative Holman:** I'm looking at the short amendment. I'm trying to think what it would accomplish different than what the current management and the Industrial Commission are already doing. Their job is to make the Mill as profitable as possible and to serve the people of ND. If this is a reaction to a bad year or two, that is really nothing we need to mess with.

**Representative Mueller:** We had a good visit with Vance Taylor. One of the things that came out was this full sheet of where they're going. There seems to be a well-defined direction. There are some expansion possibilities, all with a degree of "let's be careful what we do." The Industrial Commission has good oversight.

**Chairman Johnson:** As far as agriculture studies, and moving in the direction of the rewrite, that's going to be a full plate for the interim. These studies could be sent to Industry, Business, and Labor.

**Vice Chairman Brandenburg:** I wonder about either one of these amendments. Every time we take something like this to the floor we take a bashing.

**Representative Schatz:** Looking at Rep. Berg's amendments, he replaced any offensive language. They were looking at stock and everybody was going to get a share and now that is out of it. I'm assuming the study is going to be with legislators. More thoughts—more minds, it's good to have some dialogue. I favor Rep. Berg's amendments (93049.0301) to his original resolution.

**Representative Boe:** When we had our conference call, we did ask Vance and Karlene what they perceive that they have in roadblocks. Basically nothing. About the only roadblock is the requirement to buy domestic wheat and that is a rule of their own which they can remove themselves.

**Representative Mueller:** Mr. Chairman, you make a very good point about the role of the next Interim Ag Committee. We have two sections of Ag laws dealt with, but there is a whole bunch more to go. Because of the time line and effort needed in the interim, **I move amendment #93049.0302** which is a hog house amendment.

**Representative Vig:** Seconded it.

**Representative Belter:** I am going to resist #93049.0302. The reason is that we as a legislature have the ultimate responsibility for the State Mill. This amendment completely deviates from the original intent of the resolution. I would rather defeat the whole resolution.

**Representative Kingsbury:** I feel the same way. I would resist the motion also.

A Roll Call vote was taken on amendment #93049.0302.

Yes: 8, No: 5, Absent: 0.

**Motion has failed.**

**Representative Schatz:** I move that we put Rep. Berg amendments (#93049.0301) onto HCR 3035.

**Representative Uglem:** Seconded it.

**Voice vote taken. Passed.**

**Representative Schatz moved Do Pass on amended HCR 3035.**

**No seconded was received.**

**Motion died for lack of a second.**

**Representative Holman moved Do Not Pass as amended.**

**Vice Chairman Brandenburg seconded.**

**Representative Uglem:** Concern was expressed about the profits of the Mill & Elevator. I have a little different look at that. I think the Mill may be paying a little more for wheat and thus helping keep the wheat prices up in North Dakota. They are like an insurance policy that we don't get taken advantage of in the future. For that reason I'm not real concerned about profit margin.

**Representative Rust:** I agree.

**Representative Mueller:** I agree also. For information purposes from our conference call: Over the last ten years the average return to the General Fund was between \$5 & 8 million. Last year and going into this year, it is not quite so rosy. That's not bad for the general fund.

**Representative Holman:** I have personal experience with a company that delivers flour to probably half the country. They deliver more now to bakeries. Not many of us bake bread at home any more. I know there are many semis going out of there with flour to bakeries all over the country every day.

A Roll Call vote was taken on **Do Not Pass as amended**. Yes: 11, No: 2, Absent: 0.

**Representative Mueller will carry the bill.**

PROPOSED AMENDMENTS TO HOUSE CONCURRENT RESOLUTION NO. 3035

Page 1, line 1, after "resolution" replace the remainder of the resolution with "recognizing the valuable contribution that the North Dakota Mill and Elevator Association has made to the primary agricultural sector of this state, to the economies that support agriculture, and to all North Dakota citizens.

**WHEREAS**, the North Dakota Mill and Elevator Association is located in the city of Grand Forks and is the largest flour mill in the United States and the only state-owned milling facility; and

**WHEREAS**, in the early 1900s, North Dakota farmers were forced to pay high freight costs to ship their grain to Minneapolis and to endure what many considered to be unfair business practices both by the railroads and Minnesota milling facilities; and

**WHEREAS**, the North Dakota Mill and Elevator Association came into existence on October 22, 1922, to address farmers' problems by functioning as a value-added market for North Dakota wheat; and

**WHEREAS**, the North Dakota Mill and Elevator Association includes six milling units, a terminal elevator, and a packing warehouse; and

**WHEREAS**, the North Dakota Mill and Elevator Association produces and ships 3,400,000 pounds of milled products daily; over 1,100,000 pounds of food-grade bran and wheat midds daily; and cleans, processes, and mills over 78,000 bushels of top quality North Dakota wheat daily; and

**WHEREAS**, the North Dakota Mill and Elevator Association has storage capacity for 4,300,000 bushels of wheat; and

**WHEREAS**, over 90 percent of sales revenues are derived from customers outside North Dakota, thereby creating value-added income for this state; and

**WHEREAS**, the North Dakota Mill and Elevator Association supports the local economy with a payroll of \$7.8 million and supply purchases of \$7.3 million annually; and

**WHEREAS**, the North Dakota Mill and Elevator Association continues to be a valuable asset to this state;

**NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF NORTH DAKOTA, THE SENATE CONCURRING THEREIN:**

That the Sixty-first Legislative Assembly recognizes the valuable contribution that the North Dakota Mill and Elevator Association has made to the primary agricultural sector of this state, to the economies that support agriculture, and to all North Dakota citizens; and

**BE IT FURTHER RESOLVED**, that the Secretary of State forward copies of this resolution to the North Dakota Mill and Elevator Association and to the State Historical Society of North Dakota."

Renumber accordingly

Date: 2/27/09

Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 3035

House Agriculture Committee

Check here for Conference Committee

Legislative Council Amendment Number 93049.0302

Action Taken  Do Pass  Do Not Pass  Amended

Motion Made By Rep. Mueller Seconded By Rep. Vig

Representatives	Yes	No	Representatives	Yes	No
Dennis Johnson, Chair		✓	Tracy Boe	✓	
Mike Brandenburg, Vice Chair		✓	Rod Froelich	✓	
Wesley R. Belter		✓	Richard Holman	✓	
Joyce M. Kingsbury		✓	Phillip Mueller	✓	
David S. Rust		✓	Benjamin A. Vig	✓	
Mike Schatz		✓			
Gerry Uglem		✓			
John D. Wall		✓			

*Amendment  
Failed*

Total (Yes) 8 No 5

Absent \_\_\_\_\_

Bill Carrier \_\_\_\_\_

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

*Agg house from  
Rep. Schmidt*

VR  
2/27/0

PROPOSED AMENDMENTS TO HOUSE CONCURRENT RESOLUTION NO. 3035

Page 1, line 16, replace "options for and feasibility of converting ownership of the mill to a" with  
"its long-term role in North Dakota, including its impact on North Dakota producers"

Page 1, line 17, remove "stock company directly owned by all North Dakota residents"

Renumber accordingly



Date: 2/27/09

Roll Call Vote #: \_\_\_\_\_

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 3035

House Agriculture Committee

Check here for Conference Committee

Legislative Council Amendment Number 93049.0301

Action Taken  Do Pass  Do Not Pass  Amended

Motion Made By Rep. Schatz Seconded By Rep. Uglem

Representatives	Yes	No	Representatives	Yes	No
Dennis Johnson, Chair			Tracy Boe		
Mike Brandenburg, Vice Chair			Rod Froelich		
Wesley R. Belter			Richard Holman		
Joyce M. Kingsbury			Phillip Mueller		
David S. Rust			Benjamin A. Vig		
Mike Schatz					
Gerry Uglem					
John D. Wall					

*Voice Vote  
amendment passed*

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Bill Carrier \_\_\_\_\_

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

*Rep. Berg amendment*

Date: 2/27/09

Roll Call Vote #: 2

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 3035

House Agriculture Committee

Check here for Conference Committee

Legislative Council Amendment Number 93049.0301

Action Taken  Do Pass  Do Not Pass  Amended

Motion Made By Rep. Schatz Seconded By [Signature]

Representatives	Yes	No	Representatives	Yes	No
Dennis Johnson, Chair			Tracy Boe		
Mike Brandenburg, Vice Chair			Rod Froelich		
Wesley R. Belter			Richard Holman		
Joyce M. Kingsbury			Phillip Mueller		
David S. Rust			Benjamin A. Vig		
Mike Schatz					
Gerry Uglem					
John D. Wall					
<i>Failed for lack of second</i>					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Bill Carrier \_\_\_\_\_

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

Date: 2/27/09

Roll Call Vote #: 3

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 3035

House Agriculture Committee

Check here for Conference Committee

Legislative Council Amendment Number 93049.0301

Action Taken  Do Pass  Do Not Pass  Amended

Motion Made By Rep. Holman Seconded By Rep. Brandenburg

Representatives	Yes	No	Representatives	Yes	No
Dennis Johnson, Chair	✓		Tracy Boe	✓	
Mike Brandenburg, Vice Chair	✓		Rod Froelich		✓
Wesley R. Belter	✓		Richard Holman	✓	
Joyce M. Kingsbury	✓		Phillip Mueller	✓	
David S. Rust	✓		Benjamin A. Vig	✓	
Mike Schatz		✓			
Gerry Uglem	✓				
John D. Wall	✓				

Total (Yes) 11 No 2

Absent 0

Bill Carrier Rep. Mueller

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

**REPORT OF STANDING COMMITTEE**

**HCR 3035: Agriculture Committee (Rep. D. Johnson, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO NOT PASS (11 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). HCR 3035 was placed on the Sixth order on the calendar.**

Page 1, line 16, replace "options for and feasibility of converting ownership of the mill to a" with "its long-term role in North Dakota, including its impact on North Dakota producers"

Page 1, line 17, remove "stock company directly owned by all North Dakota residents"

Renumber accordingly

2009 TESTIMONY

HCR 3035

October 2008

#1

3035

Rep. Berg  
2/12/09**MILL AND ELEVATOR - FINANCIAL STATUS**

This memorandum summarizes the following:

- Net profits for fiscal years 2000 through 2008.
- High and low cash balances for fiscal years 2005 through 2009.
- Transfers to the general fund for the 1999-2001 through 2005-07 bienniums.
- Line of credit balances for fiscal years 2005 through 2009.
- Net assets at the end of each biennium for the 1999-2001 through 2005-07 bienniums.
- Value of the mill.

**NET PROFITS**

The following schedule provides information on the Mill and Elevator net profits for fiscal years 2000 through 2008:

2000	2001	2002	2003	2004	2005	2006	2007	2008
\$1,850,242	\$330,085	\$1,924,595	\$2,003,461	\$5,636,472	\$5,806,157	\$6,225,560	\$5,114,465	(\$821,607) <sup>1</sup>

<sup>1</sup>The Mill and Elevator recorded a loss for fiscal year 2008 due to an abnormal futures market, the high cost of wheat, volatile basis levels on the wheat purchased in the spring of 2008, and an unexpected decrease in sales.

**CASH BALANCE**

The following schedule provides information on the minimum and maximum cash balance during each fiscal year 2005 through 2009:

	2005	2006	2007	2008	2009
Minimum cash balance	\$699	\$1,609	\$0	\$0	\$55,995 <sup>1</sup>
Maximum cash balance	\$355,513	\$1,223,211	\$171,111	\$293,613	\$80,586 <sup>1</sup>

<sup>1</sup>Amounts reflect minimum and maximum cash balances through September 2009.

**TRANSFERS TO THE GENERAL FUND**

The following schedule lists Mill and Elevator transfers to the general fund since the 1999-2001 biennium:

Biennium	Transfer
1999-2001	\$3,000,000
2001-03	\$6,000,000
2003-05	\$5,000,000
2005-07	\$5,000,000

Section 16 of 2007 House Bill No. 1014 requires a \$5 million transfer from the Mill and Elevator to the general fund for the 2007-09 biennium.

**LINE OF CREDIT**

Based on information received from the Mill and Elevator, the mill will access its line of credit at the Bank of North Dakota to provide the 2007-09 biennium transfer of \$5 million to the general fund. The following schedule provides information on the line of credit available to the mill and the minimum and maximum line of credit balance during each fiscal year 2005 through 2009:

	2005	2006	2007	2008	2009
Credit line	\$17,000,000	\$17,000,000	\$17,000,000	\$88,000,000	\$75,000,000
Minimum credit line balance	\$9,000,000	\$9,000,000	\$0	\$7,960,000	\$9,000,000 <sup>1</sup>
Maximum credit line balance	\$14,000,000	\$12,400,000	\$11,400,000	\$73,000,000	\$20,000,000 <sup>1</sup>

<sup>1</sup>Amounts reflect minimum and maximum credit line balances through September 2009.

**CURRENT AND NET ASSETS**

The following schedule provides information on the Mill and Elevator's minimum and maximum current asset balance during each fiscal year 2005 through 2009:

	2005	2006	2007	2008	2009
Minimum current asset balance	\$29,874,630	\$29,299,214	\$34,107,564	\$41,869,192	\$86,122,851 <sup>1</sup>
Maximum current asset balance	\$33,325,288	\$33,373,620	\$40,807,635	\$108,827,758	\$97,631,416 <sup>1</sup>

Amounts reflect minimum and maximum current asset balances through September 2009.

NOTE: Current assets include grain and flour inventories and accounts receivables.

The following schedule provides information on the Mill and Elevator's net assets for the 1999-2001 through 2005-07 bienniums:

Biennium	Net Assets <sup>1</sup>
1999-2001	\$44,805,761
2001-03	\$42,678,013
2003-05	\$49,063,078
2005-07	\$55,136,717

<sup>1</sup>Net assets include grain and flour inventories, accounts receivables, and capital assets.

### VALUE OF THE MILL

Based on information received from the Mill and Elevator, Dr. David Flynn, Associate Professor of Economics, University of North Dakota, estimated the market value of the mill to be between \$20 million and \$40 million. The book value, based on year-end financial statements, is \$54,278,856, and the insured value for replacement and rebuilding of the mill assets is \$115,600,000.



2/12/09

#2  
3035  
Karlene Fine

# INDUSTRIAL COMMISSION OF NORTH DAKOTA

John Hoeven  
Governor

Wayne Stenejem  
Attorney General

Roger Johnson  
Agriculture Commissioner

North Dakota Mill Statistics and Information  
House Agriculture Committee  
House Concurrent Resolution No. 3035  
February 12, 2009

Karlene Fine, ND Industrial Commission Executive Director

Thank you for the opportunity to provide you with a few key statistics about the North Dakota Mill:

- The North Dakota Mill is the largest single site wheat flour mill in the United States.
- The North Dakota Mill has the capacity to produce over 3.4 million pounds of flour per day.
- The North Dakota Mill had sales of over \$265 million in FY 2008.
- The Mill now processes over 78,000 bushels per day of top quality North Dakota spring wheat and durum, adding value to approximately 22 million bushels per year.

The North Dakota Mill sells its products across the United States and around the world including Korea, Japan, Haiti and Brazil. In recent years the Mill has pursued sales opportunities in Europe, Hong Kong, Taiwan, and Singapore.

For more information about the State Mill you can go to the website <http://www.ndmill.com/> On that site you can take a tour of the Mill facilities. If any legislator would like personal tour of the North Dakota Mill, please feel free to give me a call at 328-3722 or to contact Vance Taylor, President and General Manager, at 701-795-7000.