

2009 SENATE FINANCE AND TAXATION

SB 2373

## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2373

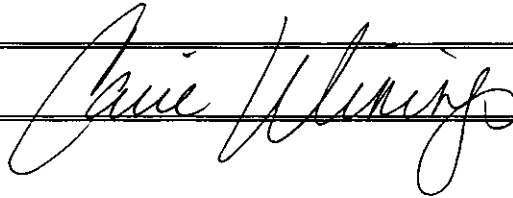
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: 02/02/2009

Recorder Job Number: 8302

Committee Clerk Signature



Minutes:

**Chairman Cook:** Opened hearing on SB 2373.

**Representative Matthew Klein, District 40:** Testified as sponsor and in support of SB 2373 relating to a grape and wine program fund. He said that we have 7 or 8 wineries in this state and it has been good for the tourism industry, to the tax base and to the alternative crops. It is a success story. The purpose of this bill is to continue the research using some of the tax dollars that these people have paid into the treasury. He said that there are people to testify that can answer questions.

3.17 **Greg Krieger, President of North Dakota Grape Growers Association:** See Attachment #1 for testimony in support of bill.

14.23 **Chairman Cook:** My question is do we dedicate any funds to our university system to study growing grapes?

**Greg Krieger:** said that NDSU has a high value crop specialist and she has been working on a grape project since 2003. She currently has sights set up at different experiment stations across the state. The funding has been hit and miss, but grapes are a perennial and they do not reach full production until the 4<sup>th</sup> or 5<sup>th</sup> year.

**Chairman Cook:** asked if we dedicate any funds now that we send to the University System designated for wine and grape study.

**Greg Krieger:** No

16.22 **Vice Chairman Miller:** Do you produce wine on your land or just grow the grapes?

**Greg Krieger:** I make wine more as a hobby. It is a time consuming project. I was focusing on wine grape varieties with higher sugar and moderate acid.

**Vice Chairman Miller:** The bulk of the grapes you produce you sell to other wineries.

**Greg Krieger:** yes, he is limited to 100 gallons a year.

**Vice Chairman Miller:** I am curious to know, we have a fifty cent tax on wholesale wine and I am trying to understand who is considered a wholesaler.

**Greg Krieger:** Jeff Peterson, a winery owner would be able to answer that question better than me.

**Vice Chairman Miller:** My feeling is that this is like check off's for wheat. It is a different way of going about it but the end result is similar.

18.50 **Senator Karen Krebsbach:** said she is happy to sponsor this SB 2373 because we have an industry in ND that can add greatly to our economy and to the likes of what people enjoy. She said with our climate extremes in ND we really have to do more research on what works in this state.

19.38 **Jeff Peterson, Owner of Pointe of View Winery:** See Attachment #2 for testimony in support of bill.

22.20 **Chairman Cook:** ask how he markets his wine.

**Jeff Peterson:** he said they market their wine primarily from the tasting room. They also do a percentage of wholesaling across the state.

**Chairman Cook:** asked how he wholesaled it.

**Jeff Peterson:** said they use the three tier system where we sell to the licensed wholesaler in the state and then they distribute to retailers across the state. If we sell the wine from the premises we pay that wholesale excise tax and the sales tax. If we sell wholesale to the wholesaler then they will pay that excise tax.

**Senator Hogue:** I wanted to ask about the research and ask if the experiment stations have the in house expertise to be doing this or is this something they will have to develop.

23.22 **Jeff Peterson:** he said some they have but part of this funding would be used to expand that research using a licensed enologist to do some of this or using some of the commercial wineries in the state and using their facilities to evaluate some of these grapevine varieties.

**Chairman Cook:** What is enology research?

**Jeff Peterson:** Basically wine making.

24.25 **Senator Dotzenrod:** asked about the clause requirement which requires the use of mostly ND fruits. He asked if this was enforceable.

**Jeff Peterson:** It is part of the state law. They have to be licensed. The majority clause is important because they want to market ND products. He said they needed more wine varieties to keep the industry growing.

**Chairman Cook:** asked if the ownership condition is what allowed him to sell and market wine directly.

**Jeff Peterson:** Yes.

**Senator Dotzenrod:** asked if there was a difference between grapes and fruit.

**Jeff Peterson:** he said grapes are a fruit but when we talk about a wine producing states it is pretty much considered grapes. Fruit wines are a fraction of a fraction of a percent.

26.40 **Senator Anderson:** commented on SB 2416 which would affect SB 2373.

**27.20 John Schneider, Executive Director of the Agriculture Product Utilization**

**commission:** Testified in support of SB 2373. Just to clarify last session there was \$200,000 put into APUC's budget that was to go for support of research for the grape growing industry. APUC can only fund a program a year at a time. He said time runs out during the granting process. We have supported the grape industry for a long time and we have put in around \$250,000 to \$300,000 into the grape industry. We have a long history with the grape industry.

**29.28 Chairman Cook:** Are you saying that last session your appropriation had a line item of \$200,000 for wine research.

**John Schneider:** It didn't have a line item, what they did was added to our general fund appropriation and said we would encourage you to put this toward the grape industry. But the grape industry would have to apply and go through the process for the grant dollars like everyone else seeking APUC grant money. They would still have to qualify for a grant.

**Chairman Cook:** How much of that did you actually spend on grapes or wine?

**John Schneider:** said there was \$94,000 that has not been requested.

**31.00 Senator Triplett:** asked for a clarification on why money was left.

**John Schneider:** That is a good question, but that comes with the APUC grant process, and .....The short answer is yes, we have only gotten a request for half of it and it went to the University because of our time line. They will be coming for it before the biennium is over.

**Senator Triplett:** You expect application for your next granting meeting.

**John Schneider:** yes, he expects that the University will utilize the rest of those dollars.

**32.40 Senator Dotzenrod:** If we pass this bill are we creating a new fund or is it already there.

**Chairman Cook:** I would assume we are creating a new fund.

**Timothy Faller, Assistant Director of Ag. Experiment Station of NDSU:** Testified in support of SB 2373.

**Chairman Cook:** asked if the divisions of 70%, 20%, and 10% was the result of his impute.  
Or asked how it got there.

**Timothy Faller** said he didn't know how it got there.

**Chairman Cook:** Can you speak to that?

**Timothy Faller:** he thinks other could speak to that.

**Chairman Cook:** ask if this was the only money they have available for grape and wine research.

**Timothy Faller:** said to the best of his knowledge, that is correct.

**Senator Oehlke:** asked if they would need to hire more people to do this research.

**Timothy Faller:** said to the best of his knowledge a grape geneticist would have to be hired at some location in the state.

**Senator Oehlke:** What is the cost of that?

**Timothy Faller:** On a biennial basis the professional scientist is typically a quarter million dollars. That would be salary for two year and benefits.

37.2 **Rodney Hogen, North Dakota Red Trail Vinyard:** Testified in support of SB 2373.

He said the wine industry is not just wine it is also tourism.

39.20 **Chairman Cook:** Here in Mandan, there is an agriculture research facility.....Have we approached them to expand their research to include grape growing?

**Rodney Hogen:** To my knowledge we have not. Most of the research that we have is from private breeders in Mn and also University of MN.

**Chairman Cook:** Despite what happens with this legislation, I would suggest you visit the Mandan Research Center. Senator Cook asked Myles Vosberg about the taxes.

**Myles Vosberg, Tax Department:** replied that there is the excise tax paid at the wholesale level and 7% sales tax on the retail sale of the product.

# 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2373

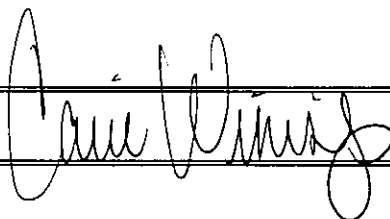
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: 02/03/2009

Recorder Job Number: 8517

Committee Clerk Signature



Minutes:

**Chairman Cook:** Reopened hearing on SB 2373. See Additional testimony by Patrick Ward: Attachment # 1 in opposition to the bill.

**Vice Chairman Miller:** I feel that the bill is probably a good spirited bill, I think the grape and wine industry in North Dakota is continually growing and creating a lot of unique opportunities for our state in agriculture and tourism. However, I don't think this is the proper way to do it.

I would like to see more of an industry driven tax – this is taxing all wine, regardless of where it comes from. I think it would be better for the industry if it supported itself.

**Chairman Cook:** I look at this bill as taking a dedicated tax and taking the extreme of that and using it to fund research in our university system, and I think there is a better way to fund our university system. I think they are funded very well, but I also am aware of the research center in Mandan and think that would be a good route to go.

Senator Triplett: I recall you saying the same thing two years ago. Did any of those people take you up on that?

**Chairman Cook:** I don't think they did. I think that they are taking a short cut this way. I certainly made the comments yesterday and I didn't hear anyone say that they did that.

**Senator Triplett:** We are all aware that there is an issue inside the university system in terms of research and if it doesn't work its way into the higher education project that at least it should go back and get itself in there. I don't have any sense that this is a priority at the board of higher education.

**Vice Chairman Miller:** Motioned for a Do Not Pass.

**Senator Triplett:** Seconded.

**Chairman Cook:** Discussion.

**Senator Hogue:** I think this is a good bill. I was struck by the testimony of the people across the state that is pretty enthusiastic about growing grapes and I think this is a reasonable way to harness their enthusiasm. I think we should find a way to help stimulate that. I am sure that growing grapes in North Dakota is a challenge. I support this bill.

**Vice Chairman Miller:** I would entertain the idea of directing NDSU to put more emphasis on research. I don't know how you would do that.

**Senator Triplett:** It was said in the testimony that they put \$250,000 and \$300,000 into wine research in recent years and specifically \$200,000 as a result of a special appropriation from 2007; which must have been done by appropriations. It was said that it does not fit well in the APUC granting cycle. They must have been willing to work with them when they were told to and so that is another opportunity for them. APUC does have discretionary money. They have the ability to go to them on their own.

**Chairman Cook:** I think that money from APUC would be better suited to this than those from wine tax.

**Senator Dotzenrod:** I thought the bill was a good bill when I heard it. These people in this business – I don't think you can draw the comparison with the other alcohols. We have a small number of individual producers in the state that there isn't really anything comparable in the



other types of alcoholic beverages that we have with the wine growers. There are check off groups that tax themselves. That was a suggestion. They are in the very early stages, and the dollars they are setting aside does end up at NDSU and goes into programs for research. You can do a lot with a tourist that you can't do with other things. This business has the potential to be pretty valuable for us as a state. I think their proposal is modest.

**Chairman Cook:** It is one of these that keep coming back like others.

**Senator Oehlke:** The 35% maybe has something to do with what it costs to hire a grape geneticist. It was stated at \$250,000 in testimony. I see why the university would put that on the back burner. The biggest market for the winery up in the York area is California. From a tourist standpoint it makes sense. Maybe tourism can help them out.

**Senator Triplett:** I echo Senator Oehlke's last comment as far as the tourism industry.

**Chairman Cook:** Any other discussion?

**A Roll Call vote was taken: Yea 5, Nay 2, Absent 0.**

**Senator Miller will carry the bill.**

**FISCAL NOTE**  
**Requested by Legislative Council**  
04/24/2009

Amendment to: SB 2373

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.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations			\$250,000			

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

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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).*

SB 2373 with Conference Committee Amendments authorizes a grape and wine program committee.

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.*

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.*

Section 1 of the bill appropriates \$250,000 from the general fund to the grape and wine program committee for the purpose of providing matching funds for grape research.

<b>Name:</b>	Kathryn L. Strombeck	<b>Agency:</b>	Office of Tax Commissioner
<b>Phone Number:</b>	328-3402	<b>Date Prepared:</b>	04/24/2009

**FISCAL NOTE**  
**Requested by Legislative Council**  
01/26/2009

Bill/Resolution No.: SB 2373

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.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>			(\$325,000)	\$325,000		
<b>Expenditures</b>						
<b>Appropriations</b>						

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

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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).*

SB 2373 creates a grape and wine program fund.

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.*

Section 1 of SB 2373 allocates 35% of the wholesale liquor tax collections on wine to the grape and wine program fund. This provision is expected to reduce state general fund revenues by an estimated \$325,000 in the 2009-11 biennium. These revenues will be deposited in the grape and wine program fund.

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.*

<b>Name:</b>	Kathryn L. Strombeck	<b>Agency:</b>	Office of Tax Commissioner
<b>Phone Number:</b>	328-3402	<b>Date Prepared:</b>	01/30/2009

Date: 02/03/09

Roll Call Vote #: 1

**2009 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. : 2373**

Senate Finance and Taxation Committee

Check here for Conference Committee

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

Action Taken  Do Pass  Do Not Pass  Amended

Motion Made By Senator Miller Seconded By Senator Triplett

Senators	Yes	No	Senators	Yes	No
Sen. Dwight Cook - Chairman	✓		Sen. Arden Anderson	✓	
Sen. Joe Miller - Vice Chairman	✓		Sen. Jim Dotzenrod		✓
Sen. David Hogue		✓	Sen. Constance Triplett	✓	
Sen. Dave Oehlke	✓				

Total: Yes 5 No 2

Absent 0

Floor Assignment Senator Miller

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

**REPORT OF STANDING COMMITTEE**

**SB 2373: Finance and Taxation Committee (Sen. Cook, Chairman) recommends DO NOT PASS (5 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2373 was placed on the Eleventh order on the calendar.**

2009 SENATE APPROPRIATIONS

SB 2373

# 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2373

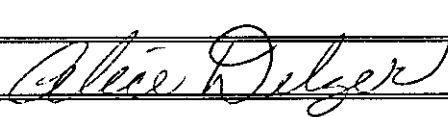
Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 02-17-09

Recorder Job Number: 9629

Committee Clerk Signature



Minutes:

**Chairman Holmberg** called the committee hearing to order at 8:00 am in reference to SB 2373 regarding the grape and wine program fund. Roll call was taken.

**Representative Matt Klein**, District 40, Minot, ND, explained SB 2373 to the committee reading from testimony but did not get a copy. Today we have 8 wineries and this success story needs to continue. Research is vital.

**Senator Christmann** asked how this melds into ESPARE, how this process works, and who we can help.

**Rep Klein** responded that this is a new fledging industry that has grown but they need the research. The industry is willing to put some of their tax dollars to continue research. Let's continue to help it grow.

**Jeff Peterson**, Point View Winery, testified (no testimony was received) in support of SB 2373 indicating we do need this. This is a new industry, making do with fruits in the state. There has been research done in Minnesota but the climate is completely different.

**Vice Chairman Bowman** asked how he decided to get into this business.

**Jeff Peterson** said this started as a hobby for him and he got in at the right time. North Dakota is the 50<sup>th</sup> state to get a winery. Iowa went from 11 wineries to 72 licensed wineries. He felt North Dakota could do that. Iowa has more programs than what we have.

**Senator Christmann** indicated he had visited Point View Winery last summer and it is beautiful. He urged Point View Winery to become involved in the ESPARE project as that is reviewed pretty closely.

**Chairman Holmberg** closed the hearing on SB 2373.

**Chairman Holmberg** reopened the hearing on SB 2373 for discussion.

**Senator Krebsbach** moved do pass on SB 2373; **Senator Seymour** seconded.

**Discussion followed. A roll call vote was taken resulting in a DO PASS with 8 Yes, 6 No, 0 absent. Senator Miller in Finance and Tax will carry the bill. (17.21)**

**Chairman Holmberg** closed the hearing on SB 2373.



Date: 2/17/09

Roll Call Vote # 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2373

Senate \_\_\_\_\_ **Senate Appropriations** \_\_\_\_\_ Committee

Check here for Conference Committee

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

Action Taken  Do Pass  Do Not Pass  Amended

Motion Made By Krebsbach Seconded By Seymour

Senators	Yes	No	Senators	Yes	No
Sen. Ray Holmberg, Chairman	✓		Sen. Aaron Krauter		✓
Sen. Bill Bowman, VCh		✓	Sen. Elroy N. Lindaas	✓	
Sen. Tony S. Grindberg, VCh	✓		Sen. Tim Mathern	✓	
Sen. Randel Christmann		✓	Sen. Larry J. Robinson	✓	
Sen. Tom Fischer		✓	Sen. Tom Seymour	✓	
Sen. Ralph Kilzer		✓	Sen. John Warner	✓	
Sen. Karen K. Krebsbach	✓				
Sen. Rich Wardner		✓			

Total Yes 8 No 6

Absent \_\_\_\_\_

Floor Assignment F + Tax

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

*Miller*

**REPORT OF STANDING COMMITTEE**

**SB 2373: Appropriations Committee (Sen. Holmberg, Chairman) recommends DO PASS**  
(8 YEAS, 6 NAYS, 0 ABSENT AND NOT VOTING). SB 2373 was placed on the  
Eleventh order on the calendar.

2009 HOUSE FINANCE AND TAXATION

SB 2373

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2373**

House Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: March 11, 20209

Recorder Job Number: 10696

A long, thin rectangular box containing a handwritten signature in black ink. The signature appears to be "John A. Koyne" and is written in a cursive style.

Minutes:

**Chairman Belter:** We will open the hearing on SB 2373.

**Representative Matt Klein:** SB 2373 is a continuation of the foresight and vision of one of our fellow legislators. Representative Bill Pietsch started this winery thing in the 1977 session. He brought his bill to IBL and we razzed him considerably—wineries in North Dakota, frozen grapes, yah, this is really going to work. Representative Pietsch was one of the finest individuals I have had the privilege of knowing. His knowledge and background, along with his vision, made him a great legislator. Today we have some eight or nine wineries in ND paying \$4 a gallon tax. More research is needed in this area to continue the growth of this industry that many of us thought would never work. A tribute to Bill Pietsch. I hope you will continue, pass this bill along and let this growth continue. Thank you. There are people here who are much more knowledgeable in what has been happening who will testify after me. I will head back to my committee if you don't have any questions.

**Senator Karen Krebsbach:** I am a sponsor of SB 2373. This is an idea that has been before us before, a little different version. At any rate, what we need to do is look at the fact that we have an industry in the state that needs help. They need help in getting the wine business and the grape growing business to the status that it needs to be at. We can look at our neighboring

states and from what I heard in testimony from these folks is that we are 20 years behind Minnesota in developing this industry and about 12 years behind Iowa. They have both proven to be very good in developing the new varieties that are needed especially for this climatic area. What we need to do is give them some funds to get going and get this off the ground. Further than that, you can get more benefit from the people who really work with this industry so I would defer questions to them. However, if there is anything really pressing on your minds, I would be happy to answer it.

**Chairman Belter:** Senator Krebsbach, one of the things I was wondering about is this designates 70% to the North Central Research Extension Center. Is that something new or has this been the center for the wine research?

**Senator Krebsbach:** I think that, to be very honest with you, I didn't even realize that was there when I signed on the bill; but, of course, I was happy to see it there. I think that they had looked at the project and I am not sure what extension research they have done on it. However, I am sure there are folks here today who can tell you if there has been and to what extent.

**Representative Drovdal:** Just a note to the committee members. I sent out some testimony **(Testimony 1) from Greg Krieger, President of the North Dakota Grape Growers Association.** He sent me an email this morning. He tried to make it for this testimony this morning; but because of road conditions, he could not so he asked that that testimony be passed out on this particular bill.

**Jeff Peterson, Owner and Operator of Pointe of View Winery: (Testimony 2). (4:28-6:22)**

**Representative Winrich:** You say you have been privately evaluating several grape varieties. Have you tried to work with the extension service with NDSU at all or they involved at all in your work?

**Jeff Peterson:** Not on a private level. I have been doing this on my own, but they are currently doing some evaluating of their own on varieties that are spread out across the state of ND. I started my project a little earlier than they did, I believe, so I have a little bit of a head start. There are quite a few varieties out there, but very few that have potential for our area. The varieties I mentioned I only mentioned because they were bred by scientists back in the 1930's, one of them; the other one was in the late 1960's, early 1970's. The idea when they bred them was for table and juice consumption and wine was not a consideration when they were hybridizing those varieties.

**Representative Pinkerton:** Frontenac, they aren't suitable in our area?

**Jeff Peterson:** There are a lot of varieties that are currently being used of Frontenac across the state. From my perspective in my area, it is a very long season growing grape and it doesn't quite ripen in our state. Down in the southeastern side, I think they have some success, but still the length of the growing season is a really big concern. It is hard to work with from a winery standpoint because of the acid levels. Down south in the U.S., they do wonderful with this, but in North Dakota it is hit and miss. They do require a bit more moisture than areas of the state of ND have to offer as far as climate so irrigation is a very big consideration before we even consider trying to grow that variety. (8:30)

**Timothy Faller, Assistant Director of the North Dakota State University Agricultural Experiment Station: (Testimony 3).**

**Representative Winrich:** Do you have people on staff now who are specialists with grapes or is this going to require some new people?

**Timothy Faller:** It will require a new person because the work that needs to be done is in grape breeding and as the previous testimony indicated, there is a lot of work to be done in that to catch ND up to the level of the industry around us. We have some quite specific

climatic conditions that we need to deal with in that grape breeding research so it would require the hiring of a person.

**Representative Winrich:** Are there similar programs in other states nearby, Minnesota or in Canada that you know of?

**Timothy Faller:** I am not aware of Canada. Yes, there is a program in Minnesota and as previously testified; there is also a program in Iowa.

**Representative Grande:** I am actually looking at the testimony for the President of the ND Grape Growers Association. In their discussion proposal; he made reference to the North Central Research Extension Center and having a commission oversight for them. He felt that there was a Dr. Harlene Hatterman-Valenti that has been doing this research. I don't know of that name and where he is affiliated.

**Timothy Faller:** I believe it is a lady and I believe that she is located at the main university in Fargo. Her responsibilities are in horticulture and I believe she has some responsibilities beyond just the grape industry.

**Representative Grande:** When he references North Central Research Extension Center, would that have anything to do with her research then?

**Timothy Faller:** I am really uncomfortable to respond because I just don't know exactly what that work is at this time and I think those further discussions need to be conducted to make this workable.

**Representative Kelsh:** You mention that Minnesota and Iowa have a program. Is there any way that you can piggyback on some of the research they have already done to be able to know what varieties will work here?

**Timothy Faller:** I think that we always work very hard to find ways that we can share and those discussions would have to be held and they would have to be held in concert with the

grape growers to know that we were meeting their needs. I believe that that would be an approach that would at least be entertained.

**Representative Wrangham:** I am not real familiar with how the funding goes for the research on other crops in ND. Is it typical that special funds are set up to fund the research?

**Timothy Faller:** Commodity groups many times will weigh in as a partner with you, the legislature, in the research that we do. If the money that was coming to this bill was anticipated to be coming directly from the general fund, it probably would have gone through the SBAR process and some of these earlier discussions would have been had and that is I think the reason for it, suggesting that further discussions need to be held but the special funds that are a part of and partnered with the funds that you provide from the general fund.

**Representative Wrangham:** We hear of the check off dollars. Are check off dollars typically used for this type of funding?

**Timothy Faller:** As part of the funds, yes.

**Chairman Belter:** Any other questions? Senator Krebsbach, Representative Drovdal has a question.

**Representative Drovdal:** My question has to do with your mention that you were asked to sponsor this bill. Who asked you to sponsor it?

**Senator Krebsbach:** The grape growers themselves.

**Representative Drovdal:** The ND Grape Growers Association.

**Senator Krebsbach:** There are a couple of questions that I would like to answer as long as I am up here. Regarding partnering with other states, yes, they are more than willing to do this, however, let's keep in mind the fact that most of the research in the wine area in Minnesota, from what I have been told and understand, has been done in the southern part of the state, which has different climatic and different soil conditions. Therefore, that is what they are



looking to do is to get this money flowing to get some help here in ND. There was another questions asked and now I don't recall what it was.

**Representative Drovdal:** The comment we received or the letter we received, and you haven't had a chance to see this, was from this man who was the president of the ND Grape Growers Association, recommending we remove the references and remove the percentages set up and a grape and wine commission determine the investment in these funds. Do you agree or disagree with that?

**Senator Krebsbach:** This was done by the majority of their association from what I understand, stemming from (inaudible) (16:04) I am not too sure of how this split apart, but the whole point of it is we need to get something going in ND, whether it is at North Central or somewhere else. That is probably the least of the concerns. Naturally I think there is great concern in the Minot area because of Mr. Peterson's winery. He was probably one of the first in the state and he has been working at this for seven years. I think that that probably had something to do with why they chose the North Central station.

**Ken Duppong, Board Member of ND Grape Growers Association:** (18:04) Just to give you a little background, we farm and ranch 60 miles west of Bismarck and we have a vineyard. The way we got involved was our daughter Lisa got her master's at Iowa State University in 2002. She was involved in their grape program down there somewhat and she said we could grow grapes up here. There are some varieties she thought would work. She went to work at NDSU and was involved with their initial program, their abstract where they planted about 10 varieties of cold hardy grapes. At the same time, we planted some out at our farm. The thing we have been seeing is that there are a couple of varieties that will survive. I presently have about 40 varieties that we are trying. We are trying to plant everything we can possibly come up with that might survive in our climate. It is an ongoing process. What we are finding is

there are a lot of varieties that won't make it and we need a real cool hardy variety so we do need research. It takes a lot of time to come up with a new variety. Along that line, we need some funding at a university to get into a breeding program. I guess, with that I will ask if there are any questions.

**Representative Drovdal:** What I am trying to determine is the validity of Mr. Krieger's comments concerning taking off the percentages and North Central. What I am trying to determine is if they are his comments or the board's comments in general discussion. In here it indicates that after discussion with other members of NDGGA. Can you answer that question? Is it just his opinion or is this, items 1 and 2 and 3 on his testimony, to remove the reference to the North Central Research Extension Center and remove the percentages and form a commission to determine the allocations in funding, are those his thoughts or are they from a number of members of the board:?

**Ken Duppong:** It is from a number of members of the board. When you look at other states and what they do, like Iowa, they fund it through a tax program. They don't have a breeding program down there because they don't need it. They have all the varieties that will survive. Minnesota has a breeding program and what is involved there; they said in Minnesota it takes up to 10,000 plants to come up with a variety. There is a lot of work involved; and with grapes, it takes 4 years of growing a plant before you can test the variety to see whether it will make wine. Each variety is unique in what kind of wine it makes; they are all different. Each variety has a different technique; there are so many things involved with making wine.

**Chairman Belter:** Further testimony in support of 2373?

**Senator Krebsbach:** The cogs started turning and I finally came across what I wanted to tell you about and that is on the funding issue. Have they gone through the process? Yes, they have and it is on the SBAR list although it is down quite far. Part of that reason is, let's face it;

your commodity price of wheat, etc. gets the attention. This is a lower level of dollars at this particular time; therefore, they have not really gotten the attention. So the one way to draw attention is to get it on the record. I want to tell you that there is a \$.50 excise tax on each gallon of wine; there is a \$3.50 sales tax so that means that every gallon of wine in the state produced here amounts to \$4.00. I think that there is a possibility that the wine tax revenue can exceed \$2,000 per acre per year. If we can get this industry growing, it is not only good for the state economy from the standpoint of another product for us to have at our fingertips; but it is great for the tourism industry. It is amazing how many tourists will take part in going to the wineries so I think we need to do something for this industry. If you need to amend it, I think we can look at some of that, but let's keep this project alive. Thank you.

**Chairman Belter:** Senator, do both the sales tax and the excise tax go to the state of ND?

**Senator Krebsbach:** Yes, they do.

**Rod Howe, Hettinger, ND, Vice Chairman of the State Board of Ag Research and**

**Extension or SBAR:** I would speak to you today as an individual, as a grape grower and a member of the association, not on their board of directors, but maybe to answer a few of your questions and just to give some personal insight. Again, I want to be very clear I am speaking as an individual. I would strongly support this funding for the grape industry. Diversity in agriculture is a good thing and this has the potential to be of great economic benefit to the state in many different ways, not only agriculture but in tourism and so on as mentioned. Mr. Chairman, you had asked if there is other research being done by NDSU. There has been and is research in Williston and Carrington and recently it has been started in Minot according to the ag administration at NDSU. I have checked on this and I have also spoken with the president of the association, Mr. Greg Krieger. I would really like to see funding for this. It did not specifically come to SBAR because the funding source here is a little bit different so it

wasn't on our priority list this time because it didn't really fit in the way we prioritize things.

That doesn't mean it isn't a good bill and I am too old to have an ego so it didn't need to come to SBAR. That is just a moot point and there is no criticism there that I am aware of. I am, from a research standpoint, a little bit concerned about the specific language of the bill. I want this funding to happen, but I am concerned that it is very self limiting to just one specific area in terms of topic and that is grape breeding. I think it has overlooked some of the things like the marketing which would come from NDSU Extension or whatever they want it to be. Some of the analysis of some of the wine properties and so on, what the grapes can do; I will condense this down as I know you are very busy people. I think it merits some more discussion. I like the grape granting council idea; I think it is a very good idea. That way they can appropriate or suggest the funding to where it would most fit and I think collaboration between NDSU

Research and Extension administration and the grape growers, I have no problem with the research being done in Minot. That is zone 3; in Hettinger, I am in zone 4. They need a zone 3 variety; that is good and we can have research in Minot. Minot is a quality station, but I would like the language to not be quite so specific to allow them other opportunities in many different areas. If there are any other questions I might answer from any other perspective, I would entertain them.

**Representative Froseth:** You mention grape growing council. Is there presently a grape growing council in existence or is this the one specified to be formed?

**Rod Howe:** My understanding is that is what Mr. Krieger puts in his email, that was a suggestion. I have seen emails that suggest that maybe APUC would recommend funding to different areas, maybe forming a grape council with the state ag commissioner, the Grape

Growers Association, maybe some various other people in the business so the funding could be spread out a little bit and grow. As it grows, maybe then you are looking at a check off work

and address all the needs of the industry, but this is a starting point. Again, my name is Rodney Howe; I maybe didn't speak clearly, but that is a recommendation; there were three or four of them.

**Representative Schmidt:** Maybe one of the growers can answer this, but they have these wine tasting events at some places around the state. It seems like it really draws a crowd; I know the ND Cowboy Hall of Fame has a wine tasting event and that has increased a lot. How do you compete for that? I know I had some calls from another grower and he wanted to know how he could get in on that. How do you compete for those wine tasting events?

**Rod Howe:** There are some better than I, but I do know of people from California that actually flew into Fargo and went to Casselton to view that winery. They flew in for the weekend, a whole group because they wanted to experience it. That's tourism; that is marketing; that is all of that. The grape breeding is very, very important but there are other components. I guess that is what I am asking you to consider and discuss in the language of the bill. If there is marketing, then different groups can get hold of that and market their winery.

**Representative Schmidt:** This happened to be two, Medora said only one could be there and this wine grower said why can't we be there? They said only one can be there and there were some hard feelings over that. That is why I want to know; your organization is going to have to set up some structure so when there is a wine tasting event, there has to be structure because there were some hard feelings over that one.

**Rod Howe:** The Grape Growers Association is a very small group with limited resources and volunteers and so on and they have many growth opportunities to address those needs. The funding will be helpful and just the growth will be helpful, but I do understand your point.

Those on the board can maybe address that.

**Chairman Belter:** Any other testimony in support of 2373? If not, is there any opposition to 2373?

**Paul Sanderson, ND Wholesale Liquor Association: (Testimony4) (30:33-34:00)**

**Representative Weiler:** All this research that has been going on all over the county, how do we tap into that? Is that something we can tap into or do we have to pay for that information or how does that work?

**Paul Sanderson:** I don't have the ag background. All I know is that there is currently an extensive amount of research being done. There was some testimony earlier about if this is passed, we will try to cooperate with the University of Minnesota; but clearly, we are so far behind and the research is being done out there and it is being utilized in ND already.

**Representative Weiler:** Maybe somebody in the room can answer my question, but I apologize to Paul.

**Chairman Belter:** Any other questions? Representative Weiler, would you want to see?

**Representative Weiler:** Is there anybody in the room who could answer.

**Jeff Peterson:** The big reason is the zone here; it is no secret how harsh our weather is here. All this research being done in New York and Minnesota, the work that has come out of there, they can't even use it north of the cities. That university has actually been given some flack over the last few years as a result because the idea was they were going to focus on Minnesota and the work that needed to be done. ND can catch up; we can breed varieties that will work and there aren't that many varieties out there. The examples I used, the pedigree came right from ND; grapes from been grown in ND for thousands of years. How many farmers probably realize they have seen a few along the river banks? Much of that work was used to create the varieties I mentioned previously but there is no work that is going on out

there that is going to make it possible for ND to grow in that wine industry even with Minnesota being our neighbor.

**Representative Weiler:** I guess my question would be, you state that all of this research that is being done all around the country is not good because we don't have the same climate as all the others, and maybe you want to touch briefly on British Columbia; but if there was research done in a similar area that had a similar climate, how would we tap into that information? Is that information they share freely or?

**Jeff Peterson:** I can't really answer from the university standpoint, not being involved; but I am sure there is a give and take with universities sharing information. The thing I have noticed about our industry, whether it be at the winery level or the grape growing level or the research level, they all seem to be very good at sharing information where it could help one another. I

don't know so I guess what I am saying is that someone mentioned that there isn't enough money to really get the program done, I think, yes because I think there are going to be other resources that you are asking about available to help with the work that we need to do also. Any research that gets done can be bypassed as a result.

**Representative Froseth:** Has ND Grape Growers Association tried working through ND Department of Agriculture for research?

**Jeff Peterson:** Actually I don't know if I can answer for research, but just recently, they granted a grant to the association for a wide impact study across the state, which I am sure they will start putting into place soon. I think the amount was about \$14,000 to see what kind of impact currently the eight wineries in the state are having as far as tourism and economic development.

**Chairman Belter:** Any other questions? Any other opposition to SB 2373? Any neutral testimony on 2373? If not, we are going to close the hearing .

# 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2373**

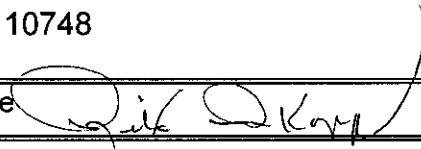
House Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: March 11, 2009

Recorder Job Number: 10748

Committee Clerk Signature



Minutes:

**Chairman Belter:** Let's look at 2373; that's the one we heard this morning. I am not going to act on this because I want to talk to Ken Grafton. He made a call to me on this bill and I want to visit with him about it but I am not sure. I guess I am uncomfortable with all the language there in subsection 2. To me it spells out too many things that I think SBIR or the wine growers or somebody needs to designate. I want to talk to Ken Grafton. I don't know if anybody else has got anything. Those are the issues that I have/

**Representative Pinkerton:** Mr. Chairman, I would agree. I think that section 2 needs to be changed. Certainly not in my language for North Central; NDSU, let them define it.



## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2373

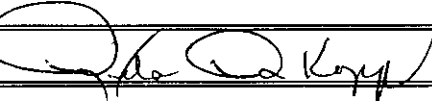
House Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: March 16, 2009

Recorder Job Number: 11064

Committee Clerk Signature



Minutes:

**Chairman Belter:** SB 2373. Committee members, I had amendments drafted to 2373. What it does is it actually removes subsection 2. It changes it—it sets up this commission with the various members, sets up their term limits and deals with resignations and changes in the membership and it sets up the North Dakota Grape Growers Association and designates a chairman, one of two members to be appointed by them to be chairman unless the committee deems otherwise. I just thought that the way the language was written in the original bill specifying where the research is to be done and the percentage just tied up things too much. I also added in there research education; the original bill just said research marketing promotion but I also put in there part of the purpose of the committee is for producer education. Are there any questions?

**Representative Wrangham:** What does that do to the fiscal note?

**Chairman Belter:** Nothing because it is a direct appropriation so it is still dealing with the same levy. Any questions? I have a motion from Representative Brandenburg to move the amendments and a second from Representative Grande. Any discussion? **(The motion to approve the amendments passed by a voice vote.)** What are your wishes on the bill? We

have a motion from Representative Grande for a **“do pass as amended and rereferred to appropriations)** and a second from Representative Brandenburg. Is there any discussion?

**A roll call vote resulted in 10 ayes, 3 nays, 0 absent/not voting. Representative Pinkerton will carry the bill.**

VR  
3/16/09

PROPOSED AMENDMENTS TO SENATE BILL NO. 2373

Page 1, line 2, after "fund" insert "and committee"

Page 1, line 15, replace "as follows:" with "to be spent on research, producer education, marketing, and promotion as directed by the grape and wine program fund committee.  
The committee consists of:

- a. The agriculture commissioner or the commissioner's designee;
  - b. The vice president for agriculture at North Dakota state university or the vice president's designee;
  - c. An individual appointed by the governor;
  - d. An individual appointed by the commissioner of the department of commerce;
  - e. An individual appointed by the state board of agricultural research and education; and
  - f. Two individuals appointed by the North Dakota grape growers association.
3. All members of the committee shall serve for a term of two years, beginning July first of each odd-numbered year, and may be reappointed for additional terms.
  4. If any member of the committee resigns or ceases to be a member of the class the member represents, that individual's membership on the committee ceases and the appropriate appointing authority may appoint a new member for the remainder of the term.
  5. The North Dakota grape growers association shall designate as chairman one of the two individuals the association appoints to the committee unless the committee elects a different chairman from the members on the committee. The committee shall meet at least once every two years and at the call of the chairman."

Page 1, remove lines 16 through 20

Renumber accordingly

Date: March 16, 2009

Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2373

House FINANCE AND TAXATION Committee

Check here for Conference Committee

Legislative Council Amendment Number . 0102

Action Taken  Do Pass  Do Not Pass  Amended

Motion Made By Brandenburg Seconded By Grande

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley R. Belter			Representative Froelich		
Vice Chairman David Drovdal			Representative Kelsh		
Representative Brandenburg			Representative Pinkerton		
Representative Froseth			Representative Schmidt		
Representative Grande			Representative Winrich		
Representative Headland					
Representative Weiler					
Representative Wrangham					

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

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

Date: March 16, 2009

Roll Call Vote #: 2

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2373

House FINANCE AND TAXATION Committee

Check here for Conference Committee

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

Action Taken  Do Pass  Do Not Pass  Amended

Motion Made By Grande Seconded By Brandenburg

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley R. Belter	/		Representative Froelich		/
Vice Chairman David Drovdal	/		Representative Kelsh	/	
Representative Brandenburg	/		Representative Pinkerton	/	
Representative Froseth	/		Representative Schmidt	/	
Representative Grande	/		Representative Winrich	/	
Representative Headland	/				
Representative Weiler		/			
Representative Wrangham		/			

Total (Yes) 10 No 3

Absent 0

Floor Assignment Rep Pinkerton

If the vote is on an amendment, briefly indicate intent: Refer to Approp.

**REPORT OF STANDING COMMITTEE**

SB 2373: Finance and Taxation Committee (Rep. Belter, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the Appropriations Committee (10 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). SB 2373 was placed on the Sixth order on the calendar.

Page 1, line 2, after "fund" insert "and committee"

Page 1, line 15, replace "as follows:" with "to be spent on research, producer education, marketing, and promotion as directed by the grape and wine program fund committee. The committee consists of:

- a. The agriculture commissioner or the commissioner's designee;
  - b. The vice president for agriculture at North Dakota state university or the vice president's designee;
  - c. An individual appointed by the governor;
  - d. An individual appointed by the commissioner of the department of commerce;
  - e. An individual appointed by the state board of agricultural research and education; and
  - f. Two individuals appointed by the North Dakota grape growers association.
3. All members of the committee shall serve for a term of two years, beginning July first of each odd-numbered year, and may be reappointed for additional terms.
  4. If any member of the committee resigns or ceases to be a member of the class the member represents, that individual's membership on the committee ceases and the appropriate appointing authority may appoint a new member for the remainder of the term.
  5. The North Dakota grape growers association shall designate as chairman one of the two individuals the association appoints to the committee unless the committee elects a different chairman from the members on the committee. The committee shall meet at least once every two years and at the call of the chairman."

Page 1, remove lines 16 through 20

Renumber accordingly

2009 HOUSE APPROPRIATIONS

SB 2373

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2373

House Appropriations Committee

Check here for Conference Committee

Hearing Date: March 23, 2009

Recorder Job Number: 11399

Committee Clerk Signature

*Nancy L. Gerhardt*

Minutes:

Rep. Wes Belter, approached the podium to discuss SB 2373. This bill returns part of the wine tax and deposits into a grape and wine program fund. The amount of money that would be taken out of the current wine tax is \$325,000 Fiscal Note. That money would be used to enhance the grape and wine research at NDSU.

Chm. Svedjan: Your amendment outlines where the money goes and it's channeled through the Agriculture Commissioner's office, is that correct?

Rep. Belter: No, it is deposited in the wine and grape fund.

Rep. Delzer: I don't recall seeing anything saying which center everything is going to. What's the reason for it to be guaranteed to the North Central Research Center?

Rep. Belter: That was amended out. The new amendment sets up the committee and they will decide where and how the funds are to be used. It will be up to this committee to decide where and how the funds are to be used.

Rep. Nelson: Before you amended it out, did your committee define enology research, what is that?

Rep. Dosch: I'm not sure that if they need research, they could probably Google Napa Valley. I

don't know that the state needs to be giving up state dollars to reinvent the wheel.



Rep. Belter: Even the University of Minnesota has a tremendous research project going on. Grapes grown in Minneapolis are very different than grapes grown in northern Minnesota. I think you might find the same differences throughout the state.

Rep. Klein: The wine industry is a growing industry. We have 8 or 9 wineries. They do need additional research in that area. They are using their own money. I'd move a Do Pass.

Rep. Meyer: 2<sup>nd</sup>.

Chm. Svedjan: You've heard the motion and 2<sup>nd</sup>. Any further discussion.

Rep. Skarphol: Does this allow for this group of individuals to have unlimited capabilities? Can they hire FTEs and place them where they wish?

Rep. Belter: This committee has great leeway on what they do with the money and it would probably be used in conjunction with other research monies that are available now.

Rep. Skarphol: But this would be outside the appropriation process.

Chm. Svedjan: It is a continuing appropriation.

Rep. Belter: Is this the only place where we are taking wholesale taxes and moving to them to research? What is the local contribution from the wineries?

Rep. Belter: Currently there is no proposed funding from the wineries. I don't recall any direct discussions about other areas that use the same approach to fund research.

Rep. Delzer: I don't know that this is the right way to fund this. It's not a lot of money but it's starting down a slope. And it's a continuing appropriation.

Rep. Nelson: In most other ag crops, the producer pays the check-off funds. (12:00)

Rep. Belter: I'm not sure I'm following your question. Are you asking why they don't have a check-off?

Rep. Nelson: No. I don't think we're at a level of production that would support a check-off. The producers are also the producers of the grapes that this in turn is a substitute for a check-off in

that industry. The check-off funds do exactly what this bill is proposing to do for the wine industry.

Rep. Belter: In the sense that we fund other research for other agriculture products, I don't see this as a difference other than we are taking it out of the wine tax.

Chm. Svedjan: The 35 percent is applied to all sales of wines, rather than the sales by local producers.

Rep. Skarphol: I support the idea, but that have an open-ended deal. I would like them to report to the next legislative assembly on their results. Would the motion make accept an amendment.

Rep. Klein: I would have no problem with that amendment.

Rep. Skarphol: I make a substitute motion to include language requiring a reporting during the extension and research to the budget in the 2011 session as to the activity of this group.

Rep. Pollert: 2<sup>nd</sup>.

Chm. Svedjan: Any further discussion on the motion? Basically setting up a reporting requirement to the next legislative assembly on the progress and use on the research dollars.

Seeing no other discussion, I'll take this on a voice vote – All in favor say Yea – Unanimous Voice Vote – Opposed – Nay – none. Motion carries, that amendment is adopted.

Rep. Delzer: I move we put a sunset on here for 4 years with 2 reports.

Rep. Skarphol: 2<sup>nd</sup>.

Chm. Svedjan: The motion is to further amend by including a sunset 4 years out. Discussion? Hearing none I'll take a voice vote on the motion to further amend by putting in that 4 year sunset clause. All in favor of that motion say Yea – opposed – amendment adopted.

Rep. Klein: I'll move a Do Pass as Amended.

Rep. Kreidt: 2<sup>nd</sup>.

Chm. Svedjan: We have a motion for a Do Pass As Amended from Rep. Klein with a 2<sup>nd</sup> from Rep. Klein. Any discussion? Seeing no further discussion we'll take a roll call vote on a Do Pass As Amended on SB 2373.

Vote: 19 Yes      4 No      2 Absent      Carrier: Rep. Klein      Motion carries

Date: 3/23/09  
Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2373

Full House Appropriations Committee

*no vote  
substitute motion  
made.*

Check here for Conference Committee

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

Action Taken Do Pass

Motion Made By Klein Seconded By Meyer

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

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

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

VR  
3/25/09

PROPOSED AMENDMENTS TO SENATE BILL NO. 2373

In addition to the amendments adopted by the House as printed on page 968 of the House Journal, Senate Bill No. 2373 is further amended as follows:

Page 1, line 2, replace the second "and" with "to provide for a report to the legislative assembly;" and after "appropriation" insert "; and to provide an expiration date"

Page 1, after line 20, insert:

**"SECTION 2. REPORT TO SIXTY-SECOND AND SIXTY-THIRD LEGISLATIVE ASSEMBLIES.** The grape and wine program fund committee shall report to the sixty-second and sixty-third legislative assemblies on the progress of the grape and wine program and the use of the grape and wine program fund.

**SECTION 3. EXPIRATION DATE.** This Act is effective through June 30, 2013, and after that date is ineffective."

Renumber accordingly

Date: 3/23/09  
 Roll Call Vote #: 2

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
 BILL/RESOLUTION NO. 2373

Full House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number TBD

Action Taken Amend

Motion Made By Skarphol Seconded By Pollert

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

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

Absent \_\_\_\_\_

Floor Assignment Voice Vote - Conis

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

- provide report of research during next leg. assembly. (and use of research?)

Date: 3/23/09  
 Roll Call Vote #: 43

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
 BILL/RESOLUTION NO. 2373

Full House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number TBD

Action Taken further amend

Motion Made By Delzer Seconded By Skarphol

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

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

Absent \_\_\_\_\_

Floor Assignment Voice Vote - carried

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

*Amend from year out*

Date: 3/23/09  
 Roll Call Vote #: 4

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
 BILL/RESOLUTION NO. 3373

Full House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number TBD

Action Taken No Vote is Amended

Motion Made By Klein Seconded By Kreidt

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
Rep. Skarphol	✓		Rep. Kroeber		✓
Rep. Wald	✓		Rep. Onstad	✓	
Rep. Hawken	✓		Rep. Williams	✓	
Rep. Klein	✓				
Rep. Martinson	✓				
Rep. Delzer		✓	Rep. Glassheim	✓	
Rep. Thoreson	✓		Rep. Kaldor	✓	
Rep. Berg	✓		Rep. Meyer	✓	
Rep. Dosch		✓			
Rep. Pollert	✓		Rep. Ekstrom		✓
Rep. Bellew		✓	Rep. Kerzman	✓	
Rep. Kreidt	✓		Rep. Metcalf	✓	
Rep. Nelson	✓				
Rep. Wieland	✓				

Total (Yes) 19 No 4

Absent 2

Floor Assignment Rep. Klein

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



**REPORT OF STANDING COMMITTEE**

**SB 2373: Appropriations Committee (Rep. Svedjan, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (19 YEAS, 4 NAYS, 2 ABSENT AND NOT VOTING). SB 2373 was placed on the Sixth order on the calendar.**

In addition to the amendments adopted by the House as printed on page 968 of the House Journal, Senate Bill No. 2373 is further amended as follows:

Page 1, line 2, replace the second "and" with "to provide for a report to the legislative assembly;" and after "appropriation" insert "; and to provide an expiration date"

Page 1, after line 20, insert:

**"SECTION 2. REPORT TO SIXTY-SECOND AND SIXTY-THIRD LEGISLATIVE ASSEMBLIES.** The grape and wine program fund committee shall report to the sixty-second and sixty-third legislative assemblies on the progress of the grape and wine program and the use of the grape and wine program fund.

**SECTION 3. EXPIRATION DATE.** This Act is effective through June 30, 2013, and after that date is ineffective."

Renumber accordingly

2009 SENATE FINANCE AND TAXATION

CONFERENCE COMMITTEE

SB 2373

## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2373

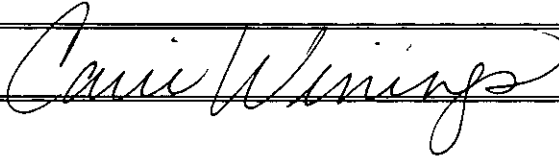
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: 04/17/2009

Recorder Job Number: 11924

Committee Clerk Signature



Minutes:

**Senator Miller:** Opened the conference committee on SB 2373.

**Representative Belter:** Explained the House Amendments.

2.45 **Representative Winrich:** The bill was also amended by the House Appropriations

Committee to require a report and to add an expiration date.

**Senator Triplett:** Just to be clear the 300 version is the latest version.

**Senator Miller:** Yes. The issue I think with NDSU, somehow we need to separate that out and have a research portion to this and then also have a marketing section. So then there has to be a way to divide up those funds. Or we take NDSU completely out of it and have the council decide where the money can go.

**Senator Hogue:** I was going to ask the House about this problem with the university. When I read the House version, the money is spent the way the committee directs. I do not know why the university is concerned about that if there is a separate independent committee over here that can decide how to spend it whether it is for marketing or research or what have you.

**Representative Belter:** I guess the way the language is written it implies that North Dakota's state university, on lines 15 and 16, where the money is appropriated and is to be spent on research, producer education, marketing, promotion and I think that in order to fix this it will be

up to the committee to decide how much money will be spent on research and then we need a mechanism for the committee to decide how much should be used for producer education, marketing, and promotion. I know that Representative Brandenburg mentioned to me that maybe what we need to do is give the committee the authority to possibly turn over the marketing and promotion possibly to the ag department or it could be turned over to the growers association. Some way or another we need to get that portion away from the university system.

6.23 **Senator Miller:** One of the problems is that the wine and grape production is a different animal; you are dealing with tourism and that is the largest component of their strategy is to promote tourism. So the commerce department needs to be involved in some aspect there too. Turning it over to the ag department probably isn't the best thing.

**Representative Belter:** I am not stuck on that. I don't have an idea where it should go, but I know we have to remove that from the university system.

**Senator Triplett:** I would like to get on the record my problem on this bill and the reason I voted against it in committee and on the floor. It is because of dedicating a particular portion of the tax and taxes to this program. I don't have an objection to the program, I just object to where the money is coming from. I heard a rumor that someone in this committee might have an idea of where money might be coming from. I would like to hear that.

**Senator Miller:** I have an idea but it is not quite ready yet. The first thing we need to do is make sure this money gets spend properly and we are not just pilling money into a hole as well as creating a council to do something that we don't really want. We need to take that out of there. We produce in this state about 8,000 gallons of wine a year, but we consume about

million so I don't know if that is a fair manner to take funds from. It sounds interesting and in reality it is probably just semantics to move money around. We cannot be dedicating this. We

need to get the wine and grape industry to have some sort of ownership in this and they need to come to the table with something.

**Representative Belter:** I guess I would share your concerns about the funding. I do have concerns about it, but it is certainly not a show stopper for me. I know that Representative Brandenburg has been looking at some funds and he can share that with you. Quite frankly I think this could come from other general fund or there are a lot of economic development funds, but of course anytime you try to tap into someone else's fund you run into headwinds.

**Representative Brandenburg:** We do have the minor use fund that deals with new and emerging crops that are helping North Dakota and it is a possibility that some of the money could come from that, but I don't think that all of it can come from that. You have to have some input from its own industry. We haven't gotten it all figured out yet, and we have to sort it all out.

**Senator Miller:** How much money is in that fund?

**Rep. Brandenburg:** Not enough. What has happened in this last week with the 6<sup>th</sup> circuit court of appeals dealing with (inaudible) the cotton growers lost that. So now we have an issue with that need for money. There is a 24 month stay in that where there is going to be input from the ag community as well as the environmental community considering chemical. We have to sort some of this out.

**Senator Miller:** I think that the main reason why the grape and wine people were in here is because they want to hire a plant biologist to do grape research and get some new lines plants developed for North Dakota, and that costs about \$300,000 to do that. So now we are giving them a bunch of authority in other stuff, and the question is do we want to start giving them a bunch more money – it is already their job.

**Representative Brandenburg:** The industry is to a point now that it needs some help, and we need to figure out where the funding and sources needs to be. I don't think we can do this today.

**Senator Hogue:** How do you feel about taking the number of people on the committee from 7 to 5? (Makes a couple of suggestions)

15.05 **Representative Belter:** Since North Dakota State University would be in charge of the research, I think they should remain a member of the committee.

**Senator Miller:** In your conversations with the university, is there biggest problem that they didn't want to get involved with the marketing.

**Representative Belter:** Yes, because that, regardless of the crop, is one thing they do not get involved in. They felt it was inappropriate for them to be involved in that portion of this bill. I completely understand their situation. We do need to do something there to alleviate their responsibility.

**Senator Miller:** If we are going to do marketing and promotion the commerce department needs to be there. I wouldn't think the ag department or NDSU and state research needs to be. You probably want another grape grower on there.

**Senator Triplett:** Could we get back to the basics of the additions added by the House amendments. I just object to the whole notion of this. First I object to giving money out of this particular source of money for this. I think the specificity is wrong. I think we ought not to be telling NDSU what kind of research to do. I object at the basic level. If we are going to direct NDSU to do specific research and give them money to do it, then I think we need to find a different source of funding. Beyond that, if we are going to tell NDSU what kind of research to do, I don't think we should impose a committee on them. I just object to the whole committee. Not any individual member on it. If they want to set up a committee to get advice from then that

is fine. We are saying this committee is going to direct them. I think it is inefficient and it is inappropriate. It is micromanagement at a detailed level.

**Representative Winrich:** I don't see this committee as an administrative committee. I think this is more of a committee, with the respect of research that might be done at NDSU, I would suspect that the committee would ask for proposals and in doing that they would be in a position of supporting different research proposals, rather than administering a (inaudible) research program. I think NDSU is still going to do the research. This is just a committee that has a special interest in a certain area of agriculture.

**Senator Hogue:** What if we just took out the marketing and promotion out of the bill? It seems to me the growers and wine makers should be doing their own promotion. I would be OK with it if it was just for producer education and research. I guess for a different reason I would take the marketing out. The original idea of the bill was to do some research and identify the varieties of grapes that can be commercially successful in North Dakota.

**Representative Belter:** I don't necessarily disagree with your ideas. The only thing that I would bring to the table is that this is a very small industry. Whether they have the capital to do any promotion on their own, I guess I would question that. They are trying to get their business going and I would think that they are very capital strapped. I do agree with you that the priority from the grower's point of view would be the research.

**Senator Miller:** As far as funding sources what are your ideas?

**Representative Brandenburg:** I have put a lot of thought into it, but right now I am not able to lie anything on the table.

**Senator Miller:** We all have to remember this is a fledgling industry that is probably worthy of help, but we don't want to get the cart too far ahead of the horse.

**Representative Belter:** As far as the funding goes we are about \$160 million over spent; somewhere along the line we need to figure out where reductions need to be made. Certainly from the House side we will look and see where funding could come from.

**Senator Miller:** Sounds good. Adjourns the conference committee.



## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2373

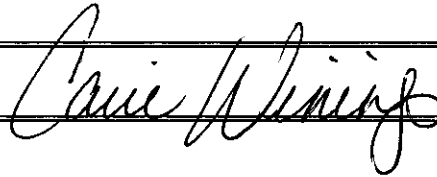
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: 04/20/2009

Recorder Job Number: 11980

Committee Clerk Signature



Minutes:

**Senator Miller:** Reopened the conference committee on SB 2373. (See Attachment #1 for additional information and #2 for proposed amendments).

I had a conversation with the commerce department and they are kind of interested in sitting down and on their own to help put something together to get these guys to talk and figure out what they want to do. There is money there that they can use. We really don't have to do anything legislatively to move that along.

**Senator Triplett:** What money is that?

**Senator Miller:** They have grants. The research I believe they can handle that within their scope. Obviously APUC can provide a research grant if need be. They have done it before.

**Representative Belter:** I had a discussion with Ken Grafton (sp?) over the weekend and it was his recommendation that it would be best that if we wanted to put this committee together and over the biennium they meet and actually come up with a direction of where they want to go. He said he was uncomfortable with just where we should go as far as research because wine research is not an inexpensive project. After listening to his thoughts I am not so sure that is the way we should go is possible forming this committee and if commerce has some money that they can work with as a group and they can look at the various aspects of their

industry over the biennium and try to come up with something that is agreeable to all aspects of the wine industry. There is disagreement within the wine industry as to which direction they should go. That is something we should consider.

5.22 **Senator Miller:** See Attachment #3 for additional amendments proposed.

**Senator Triplett:** This would be from the general fund?

**Senator Miller:** Yes. It is my belief that if they are going to get anything they have to show some ownership in it. I think this is a way to do that. I think that it is important that we get this idea of giving them a dedicated tax off the table.

**Senator Triplett:** I agree.

**Representative Winrich:** It sounds like the structure of this advisory committee is somewhat important to bring those people together to deal with this industry. I don't know that the research allocation may be premature at this time. We need to determine what needs to be done from what I understood from Representative Belter's remarks.

**Senator Triplett:** I think maybe we need to look at your first amendment with a legislative council study and incorporate that with this committee and maybe have this committee get together and be a resource for a legislative council study. Sort of put the two of them together. Or does it make more sense just to have the committee itself report back to a legislative committee next time around?

**Representative Belter:** I think I would be supportive of putting this committee together and putting some money in there whether it is from general fund or the commerce department. I also understand that the ag department may have some money and I am thinking for a committee like this \$20,000 is probably enough for compensation for the committee to meet through the biennium. I think then that committee could report to a legislative council committee or they could report to the agricultural committee just like the other commodity

groups do. In fact I think that is in the language that they need to report just like the wheat commission and everyone else does. They can give a report and we can go from there next session to decide what to do based on their recommendation.

**Senator Miller:** My only issue is do we need to put together such a formal committee to do this?

**Representative Belter:** I think these are the players and particularly it depends on how it is going to be funded. I know we talked about taking out the appointee by the Governor as well as the commerce department, but I think if the commerce department is interested in being involved I think we ought to leave them there. Then of course you have a six member committee. I know it is usually good to have an odd number, but in a situation such as this I am not sure it would make much difference.

**Representative Winrich:** I looked over the makeup of that committee and thinking about your remarks from last time and I suspect it is important to have the agriculture department represented on the committee and the commerce department because we are dealing with promotion. It seems to me that the person from the state board of agriculture research and education might kind of overlap with the vice president for agriculture at NDSU. I would agree that we probably don't need an appointee from the Governor if we have the two departments represented. If we took those two out, that would give us a 5 person committee.

**Discussion:** A discussion occurred among the conference committee members over who should be on the committee the amendments proposed. They discussed whether it should stay with 7 members or go down to 5. There were some concerns about 5 being too small of a number and who would not be necessary from the list if they did that. There was a general

agreement that 7 members would probably be better.

**Rep. Winrich:** Do we need an appropriation?

**Senator Miller:** That would be my next question.

**Senator Hogue:** I do want to speak against the first amendment you proposed. In looking at the grants from APUC, that is exactly what we want to get away from. To me this bill is trying to get past that. It is trying to get this industry to the next level. It seems to me in order to do that you have to have someone who knows how to grow grapes. That is where the big appropriation comes in. It is to hire someone to do that. We can study it another two years and we can continue to let APUC put out 5 or 10 thousand dollars for someone to get some vines and grow some grapes, but that is really not going to get the industry to the next level which is what needs to be done. That is why I supported the original bill. I don't think we need to take another two years to figure out what needs to be done. The folks that came in were clear that they wanted some money to do some research. I would support giving them the money with the intent that they hire someone that is qualified to do research.

**Senator Miller:** Do you feel the second set of amendments do what you are suggesting?

**Senator Hogue:** Yes, I guess I do assuming they could get some help from APUC or some other sources to match that 4 to 1.

**Senator Miller:** They have had the ability to get some money that I would think they could get again for matching funds. They will not be able to compete with California either way. I think we need to have the council if we are going to give them any money. If we want to dedicate something towards research that is fine but I think it is barely a fledgling industry.

**Representative Belter:** There is research going on. It is a complicated issue because of the final product you are trying to get out. It is determined by formula and taste.

**Representative Belter:** See attachment #4 for additional information handed out to the committee to look at before the next meeting.

**Senator Miller:** Adjourns until Wednesday.

## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2373

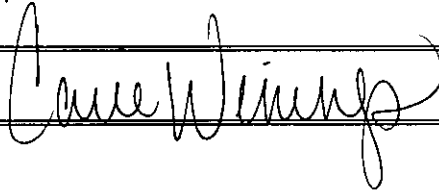
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: 04/22/09

Recorder Job Number: 12091

Committee Clerk Signature



Minutes:

**Senator Miller:** Reopened the conference committee on SB 2373. Anyone have anything that they want to offer?

**Representative Belter:** See Attachment #1 and #2 for additional proposed amendments.

(Explained the amendments). These amend SB 2020, the experiment station, regarding the grape and wine industry. I was advised that it would be easier to put this language in 2020 than 2373.

5.35 **Senator Triplett:** The idea would be that we just kill this bill then?

**Representative Belter:** Yes.

**Senator Miller:** That would definitely send a message to SBAR that they want them to give this extreme consideration. How do the rest of you feel?

**Senator Triplett:** I like this. It seems to be more respectful of the process that is already in place in terms of having professionals on the ground deciding what the research priorities are. It seems less like an end run around the system.

**Representative Belter:** Asks about where it is in code.

**Senator Miller:** It is legislative compensation expense reimbursement.

**Senator Hogue:** What would happen to this amendment if 2373 passed both houses again?

Would this be in conflict with 2373?

**Representative Belter:** I assume there would be a conflict there. We would need to get with legislative council.

**Discussion:** There was a discussion among the committee members as to what would need to be done in order do this regarding both bills. The committee wanted to make sure that the amendments proposed get through but in what manner. The committee requested Tim Dawson from legislative council to come in and discuss the options and best way to go about it.

**12.37 Tim Dawson, Legislative Council:** You cannot amend 2020 right here right now so that would have to go to the appropriations committee. It is a tactical question really as to

whether you want this grape and wine advisory committee substantive language to be tied to the appropriation bill and in the same thing. It has a certain appeal to it because logically the money and everything is all together. It would logically tie into that bill. You could either kill 2373 or you could parallel amend it as well. My original advice was to kill 2373 and put it in 2020.

**Senator Triplett:** What happens if we recommend that on the floor of both chambers but that 2373 still passes in its current form on the floor despite our recommendation?

**Tim Dawson:** That is why it wouldn't hurt to do the parallel amendment. Then you have two amendments that are identical.

**Senator Miller:** We as a conference committee cannot recommend to kill the bill. It is just the duty of the carrier to say that they would like it killed.

**Tim Dawson:** You may do what you want to do. It would make reasonable sense to amend 2373 to look like this amendment if that is what you want to do. Then recommend that the bill

be killed after it is amended that way if it passes it will look identical to 2020 and there would be no conflict. We are trying to avoid a conflict between two bills that are trying to do the same thing. Generally the floor follows the advice of the committee/carrier.

**Representative Belter:** My question is if Representative Skarphol is going to introduce the same amendments in his committee?

**Tim Dawson:** They should be in that committee. If it is too late to do that then put them in this bill and let appropriations process over there take care of the statement of intent. It is just a matter of keeping track of what is going on.

**Representative Belter:** Does the \$50,000 need to be included in this bill?

**Tim Dawson:** I believe that there is a line in the appropriations bill that does that.

18.15 **Senator Triplett:** that is all well and good but we have been tasked with dealing with 2373 and we have no authority over 2020. Maybe we should ask you to draft these as an amendment to that so that we can act on them. Right now we don't have anything to act on.

**Senator Hogue:** I think we could act on this. We could accede to the House amendments and take it to the Senate floor and see what happens. It is not my recommendation but it may be the recommendation of the committee. I think both bodies have passed this bill with the 35% set aside and all the House did is set up a governance process. I think that would be a question for the Senate to consider. I don't know why this conference committee is trying to repudiate that 35% set aside when both of our bodies accepted that.

**Senator Miller:** I think it was the will of the body to do grape research. I don't think they cared where the money came from. That was the problem. (See Attachment #3 for additional amendments proposed)

22.30 I think that we need to realize that the amount of grape research that is going to take to get a viable new product is going to take a tremendous amount of time and money. More so

than we even realize. I got the research reports and most of the plants do not survive and this whole process is extremely costly.

**23.45 Senator Triplett:** I do think that I prefer Representative Belter's version of the amendments in the sense that paragraph one is more detailed in terms of saying who is to do what. Then we talked about 2. C. which gives more direction to the Governor of who to be appointed; then the addition of number 6 referencing the per diem compensation. I think that those three changes and additions are positive ones. For me the question is do we do the appropriation and do we recommend an appropriation or not. I guess whatever we recommend would have to go back to appropriation, right?

**Representative Belter:** I do not believe this would need to go back to appropriations at this time in the session. Really the wine tax goes into the general fund therefore there is not an impact on the budget.

**Representative Winrich:** I will move essentially what Senator Triplett said and move to substitute Section 9 from Representative Belter's .0206 amendments for Section 2 in your .0107 amendment.

**Senator Triplett: Seconded.**

**Senator Hogue:** I don't think we would need a motion for that.

**Senator Miller:** Therefore it would be a friendly amendment. Recognized there were time constraints to finish and adjourned the committee to finish in another meeting.



## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2373

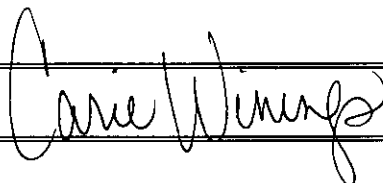
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: 04/23/09

Recorder Job Number: 12146

Committee Clerk Signature



Minutes:

**Senator Miller:** Reopened the conference committee on SB 2373.

**Senator Hogue:** Moved that the Senate Accede to the House amendments.

**No second, motion fails.**

**Senator Miller:** See Attachment #1 for amendments proposed. I don't feel too strongly about providing an appropriation but if it is the will of the body I think we will see that happen on the floor. I think that overall the bill should be killed on the floor and the grape industry should come back with another plan(Explained the amendments)

**Senator Triplett:** I would move amendment 90969.0109.

**Representative Winrich:** Seconded.

**Senator Miller:** Any further discussion?

**Senator Triplett:** I agree with you on this. The point is well taken that the House and the Senate both did vote for some money. My major objection to the bill as it was written originally was the source of the fund. I really didn't like the notion that we were starting to dedicate a particular tax even though Representative Belter explained to me yesterday that the tax just falls into the general fund anyway, I still think that the notion of having a particular tax earmarked for a particular program like this kind of ends up being a foot in the door and then it

just becomes part of what is and I didn't like that. I think that this by having it just come out of the general fund and having a tight sunset on it sends a different message that we are willing to try this once but we would expect from the industry that they would come with some significant funding of their own the next time around and that this would not be the beginning of a march to just take over a particular dedicated tax. I am much more comfortable with this than the original bill.

**Senator Miller:** If the grape industry thinks that they can gain something and prove something SBAR will step in and start funding it. Maybe that is what this can do is give them that option.

**Representative Belter:** I concur with what Senator Triplett said. I think it is appropriate that we do it directly out of the general fund. Ultimately the money comes from the same place but this is more direct and understandable. We are being up front with this approach. Although it has not been done yet, it is the intent of Representative Klein to put an additional \$50,000 in the budget of the Ag Commissioner for education promotion and marketing for the industry. That would be on top of this amount.

**Senator Triplett:** I still would like to know what Representative Brandenburg has planned. Maybe he is not going to share.

**Representative Brandenburg:** I just kind of roll with the flow. This will work out just fine. Trust me.

**A Roll Call Vote was taken: Yea 5, Nay 1, Absent 0.**

**Senator Miller and Representative Belter will carry the bill.**

#2

90969.0105  
Title.

Prepared by the Legislative Council staff for  
Senator Miller

April 17, 2009

PROPOSED AMENDMENTS TO SENATE BILL NO. 2373

That the House recede from its amendments as printed on page 1209 of the Senate Journal and page 968 of the House Journal and that Senate Bill No. 2373 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative council study of the feasibility and desirability of increased research, producer education, marketing, and promotion of grape growing and wine making in this state.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. LEGISLATIVE COUNCIL STUDY - GRAPE GROWING AND WINE MAKING.** During the 2009-10 interim, the legislative council shall consider studying the feasibility and desirability of increased research, producer education, marketing, and promotion of grape growing and wine making in this state. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-second legislative assembly."

Renumber accordingly

#3

90969.0106  
Title.

Prepared by the Legislative Council staff for  
Senator Miller

April 17, 2009

PROPOSED AMENDMENTS TO SENATE BILL NO. 2373

That the House recede from its amendments as printed on page 1209 of the Senate Journal and page 968 of the House Journal and that Senate Bill No. 2373 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "to provide for an appropriation for grape research.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$250,000, or so much of the sum as may be necessary, to the main research center for the purpose of providing matching funds for grape research, for the biennium beginning July 1, 2009, and ending June 30, 2011. The main research center may spend funds appropriated under this section only to the extent of \$4 for each \$1 provided from other sources. The main research center may spend additional funds from gifts, grants, or donations and those additional funds are appropriated to the main research center."

Renumber accordingly

#3

April 22, 2009

PROPOSED AMENDMENTS TO SENATE BILL NO. 2373

That the House recede from its amendments as printed on page 1209 of the Senate Journal and page 968 of the House Journal and that Senate Bill No. 2373 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "to provide for a grape and wine program committee; to provide a report to the legislative assembly; to provide an appropriation; and to provide an expiration date.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$250,000, or so much of the sum as may be necessary, to the grape and wine program committee for the purpose of providing matching funds for grape research, for the biennium beginning July 1, 2009, and ending June 30, 2011. The grape and wine program committee may spend funds appropriated under this section for grants only after consultation with the main research center and only to the extent of \$4 for each \$1 provided from other sources. The grape and wine program committee may spend additional funds from gifts, grants, or donations and those additional funds are appropriated to the grape and wine program committee.

**SECTION 2. Grape and wine program committee.**

1. The grape and wine program committee is a seven-member committee that shall develop priorities for grape and wine research grants.
2. The committee consists of:
  - a. The agriculture commissioner or the commissioner's designee;
  - b. The vice president for agriculture at North Dakota state university or the vice president's designee;
  - c. An individual appointed by the governor;
  - d. An individual appointed by the commissioner of the department of commerce;
  - e. An individual appointed by the state board of agricultural research and education; and
  - f. Two individuals appointed by the North Dakota grape growers association.
3. All members of the committee shall serve for a term of two years, beginning July first of each odd-numbered year, and may be reappointed for additional terms.
4. If any member of the committee resigns or ceases to be a member of the class the member represents, that individual's membership on the committee ceases and the appropriate appointing authority may appoint a new member for the remainder of the term.

5. The North Dakota grape growers association shall designate as chairman one of the two individuals the association appoints to the committee unless the committee elects a different chairman from the members on the committee. The committee shall meet at least once every two years and at the call of the chairman.

**SECTION 3. REPORT TO SIXTY-SECOND AND SIXTY-THIRD LEGISLATIVE ASSEMBLIES.** The grape and wine program committee shall report to the sixty-second and sixty-third legislative assemblies on the progress of the grape and wine research grant program.

**SECTION 4. EXPIRATION DATE.** This Act is effective through June 30, 2013, and after that date is ineffective."

Renumber accordingly

April 22, 2009

PROPOSED AMENDMENTS TO SENATE BILL NO. 2373

That the House recede from its amendments as printed on page 1209 of the Senate Journal and page 968 of the House Journal and that Senate Bill No. 2373 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "to provide for a grape and wine program committee; to provide a report to the legislative assembly; to provide an appropriation; and to provide an expiration date.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$250,000, or so much of the sum as may be necessary, to the grape and wine program committee for the purpose of providing matching funds for grape research, for the biennium beginning July 1, 2009, and ending June 30, 2011. The grape and wine program committee may spend funds appropriated under this section for grants only after consultation with the main research center and only to the extent of \$4 for each \$1 provided from other sources. The grape and wine program committee may spend additional funds from gifts, grants, or donations and those additional funds are appropriated to the grape and wine program committee.

**SECTION 2. Grape and wine program committee.**

1. The grape and wine program committee is a seven-member committee that shall advise the agriculture commissioner on the commissioner's efforts to provide producer education, marketing, and promotion of the grape and wine industry in this state. In addition, the committee shall advise the vice president for agriculture and university extension at North Dakota state university and the director of the North Dakota agricultural experiment station on priorities for research for the grape and wine industry in this state.
2. The committee consists of:
  - a. The agriculture commissioner or the commissioner's designee;
  - b. The vice president for agriculture at North Dakota state university or the vice president's designee;
  - c. An individual appointed by the governor representing the grape or wine industry in this state;
  - d. An individual appointed by the commissioner of the department of commerce;
  - e. An individual appointed by the state board of agricultural research and education; and
  - f. Two individuals appointed by the North Dakota grape growers association.

3. All members of the committee shall serve for a term of two years, beginning July first of each odd-numbered year, and may be reappointed for additional terms.
4. If any member of the committee resigns or ceases to be a member of the class the member represents, that individual's membership on the committee ceases and the appropriate appointing authority may appoint a new member for the remainder of the term.
5. The North Dakota grape growers association shall designate as chairman one of the two individuals the association appoints to the committee unless the committee elects a different chairman from the members on the committee. The committee shall meet at least once every two years and at the call of the chairman.
6. Members of the committee are entitled up to the per diem compensation provided to members of the legislative assembly under subsection 1 of section 54-03-20 and expense reimbursement.

**SECTION 3. REPORT TO SIXTY-SECOND AND SIXTY-THIRD LEGISLATIVE ASSEMBLIES.** The grape and wine program committee shall report to the sixty-second and sixty-third legislative assemblies on the progress of research, producer education, marketing, and promotion of the grape and wine industry in this state.

**SECTION 4. EXPIRATION DATE.** This Act is effective through June 30, 2013, and after that date is ineffective."

Renumber accordingly



Date: 4/23/09  
 Roll Call Vote #: 1

**2009 SENATE CONFERENCE COMMITTEE ROLL CALL VOTES**

BILL/RESOLUTION NO. 2373 as (re) engrossed

**Senate Finance and Taxation Committee**

Check here for **Conference Committee**

- Action Taken
- SENATE accede to House Amendments
  - SENATE accede to House Amendments and further amend
  - HOUSE recede from House Amendments
  - HOUSE recede from House amendments and amend as follows

Senate/House Amendments on SJ/HJ pages(s) \_\_\_\_\_ -- \_\_\_\_\_

**Unable to agree**, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

Motion Made By Senator Triplett Seconded By Representative Winrich

Senators			Yes	No	Representatives			Y	N
								e	o
								s	
Senator Miller	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		Representative Belter	<input checked="" type="checkbox"/>			
Senator Hogue	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	Representative Brandenburg	<input checked="" type="checkbox"/>			
Senator Triplett	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		Representative Winrich	<input checked="" type="checkbox"/>			

Vote Count 5 Yes 1 No 0 Absent

Senate Carrier Miller House Carrier Belter

LC NO. 90969 0109 of amendment

LC NO. \_\_\_\_\_ of engrossment

Emergency clause added or deleted \_\_\_\_\_

Statement of purpose of amendment \_\_\_\_\_

**REPORT OF CONFERENCE COMMITTEE**

**SB 2373:** Your conference committee (Sens. Miller, Hogue, Triplett and Reps. Belter, Brandenburg, Winrich) recommends that the **HOUSE RECEDE** from the House amendments on SJ page 1209, adopt amendments as follows, and place SB 2373 on the Seventh order:

That the House recede from its amendments as printed on page 1209 of the Senate Journal and page 968 and page 1101 of the House Journal and that Senate Bill No. 2373 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "to provide for a grape and wine program committee; to provide a report to the legislative assembly; to provide an appropriation; and to provide an expiration date.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$250,000, or so much of the sum as may be necessary, to the grape and wine program committee for the purpose of providing matching funds for grape research, for the biennium beginning July 1, 2009, and ending June 30, 2011. The grape and wine program committee may spend funds appropriated under this section for grants only after consultation with the main research center and only to the extent of \$4 for each \$1 provided from other sources. The grape and wine program committee may spend additional funds from gifts, grants, or donations and those additional funds are appropriated to the grape and wine program committee.

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  - a. The agriculture commissioner or the commissioner's designee;
  - b. The vice president for agriculture at North Dakota state university or the vice president's designee;
  - c. An individual appointed by the governor representing the grape or wine industry in this state;
  - d. An individual appointed by the commissioner of the department of commerce;
  - e. An individual appointed by the state board of agricultural research and education; and
  - f. Two individuals appointed by the North Dakota grape growers association.

3. All members of the committee shall serve for a term of two years, beginning July first of each odd-numbered year, and may be reappointed for additional terms.
4. If any member of the committee resigns or ceases to be a member of the class the member represents, that individual's membership on the committee ceases and the appropriate appointing authority may appoint a new member for the remainder of the term.
5. The North Dakota grape growers association shall designate as chairman one of the two individuals the association appoints to the committee unless the committee elects a different chairman from the members on the committee. The committee shall meet at least once every two years and at the call of the chairman.
6. Members of the committee are entitled up to the per diem compensation provided to members of the legislative assembly under subsection 1 of section 54-03-20 and expense reimbursement.

**SECTION 3. REPORT TO SIXTY-SECOND AND SIXTY-THIRD LEGISLATIVE ASSEMBLIES.** The grape and wine program committee shall report to the sixty-second and sixty-third legislative assemblies on the progress of research, producer education, marketing, and promotion of the grape and wine industry in this state.

**SECTION 4. EXPIRATION DATE.** This Act is effective through June 30, 2013, and after that date is ineffective."

Renumber accordingly

SB 2373 was placed on the Seventh order of business on the calendar.

2009 TESTIMONY

SB 2373

## Testimony of Greg Krieger

Chairman Cook and members of the Committee:

I am Greg Krieger, President of the North Dakota Grape Growers Association. I am here in support of Senate Bill 2373, the purpose of which is primarily to develop new grape varieties for North Dakota.

A single grapevine can produce as much as 15 lbs of fruit which is enough to make one gallon of wine, or five bottles. The excise tax on wine is \$0.50 per gallon. The sales tax is roughly \$3.50 per gallon (5 bottles at \$10 each times 7%). Together they total \$4.00 per gallon, or \$4.00 per grapevine. Planting on an 8 by 10 spacing results in 545 plants per acre. The state tax revenue generated by grapes that are sold as wine can exceed \$2,000 per acre per year. Whether a vine growing in North Dakota produces 15 lbs of fruit a year or nothing depends on planting good genetics and following the proper cultural practices that will allow a variety to achieve its potential.

Growing grapes and making wine is not an activity that automatically favors large cities or large farms. As long as other site-selection criteria are met, grapes can be grown in a vacant lot in a small town, in a big backyard in a city, in an open area in a farmstead, in an area that is too small for large farm equipment, or in a wide open well-drained area in a field or pasture. Several NDGGA members are people who have moved back to North Dakota to a small acreage and just want to grow grapes.

The Buy Local movement is a major trend in the economy today. It is not a fad, and it is only strengthened with each food scare. Consumers are looking for and demanding wholesome, locally produced dietary inputs. North Dakota wine is definitely part of this phenomenon. Besides winemaking, many varieties of North Dakota grown grapes are delicious to eat fresh. Others make fantastic juice and jelly. There have even been raisins made from North Dakota grown seedless grapes.

The University of Minnesota and the Minnesota Grape Growers Association recently completed a study of the Minnesota grape and wine industry. In addition to the millions of dollars generated and dozens of jobs created, the biggest surprise had to do with tourism. The report states, "As calculated in this study tourism contributions as a result of day visits to wine events, conservatively estimated, exceeded the total economic contribution of the winery production operations." The full report can be read at [www.mngrapes.org](http://www.mngrapes.org) under Economic Contributions of Grape Growers & Wineries in Minnesota.

Because of the development of cold hardy wine grapes for their areas, Minnesota and several other states have seen an explosive growth in recent years in vineyard acreage and winery numbers. This would not be possible without variety development work begun decades ago. Currently, the most popular variety in Minnesota and North Dakota (Frontenac) is one developed by the U of M breeding program and released in the mid 1990s. Unfortunately, it is not sufficiently winter hardy in central and western North Dakota.

State support is critical to the success of this industry. Several other states fund their programs by allocating a portion of their wine tax like we are proposing. This is a proven concept, and it is not an additional tax on anyone.

Some people question why we should even try to make wine in North Dakota when there are so many inexpensive imported and domestic wines available. One reason is that the economic benefit of an imported bottle of wine is just a fraction of the impact of a domestic bottle. Secondly, I have tasted a lot of them and have found that many of them are not that good. Many North Dakota grape wines can, and do, easily surpass non-local wines in taste, quality and value. While there are many decent fruit (non-grape) wines, the overwhelming majority of consumers prefer wine that is made from grapes.

Growers are trying to meet the demand for grapes from North Dakota wineries. There are currently over 15,000 grapevines planted here. This is not a crop that people need to be talked into growing. As new varieties are developed and released, growers will naturally plant more of those with proven yield and winemaking potential.

Good varieties are the foundation of our future success. That is why I respectfully urge you to support Senate Bill 2373.

Thank you for your attention.

Sincerely,

Greg Krieger, Pres. NDGGA  
922 150<sup>th</sup> Ave SE  
Galesburg, ND 58035

E-mail: [krieger@polarcomm.com](mailto:krieger@polarcomm.com)

Phone: 701-430-0281

Testimony of Jeff Peterson

Chairman Cook and members of the committee:

My name is Jeff Peterson and I am owner and operator of Pointe of View Winery in Burlington, North Dakota. I am here to testify in favor of SB 2373.

For the last 7 years I have privately been evaluating over 40 grape varieties with over 600 grapevines planted on one acre of land. That one acre of plants will have a value of \$34,000 to my winery when plant maturity is reached. Currently this one acre is providing \$13,500 in value to the winery. All of that value is coming from one variety of grapes. That variety (Valiant) was hybridized for table and juice consumption. I have been able to use it in making a marketable semi-sweet style of wine. What is significant about this variety is that it has wild grape in its parentage that was collected from our area. It is one of two hybrids of the forty varieties currently being evaluated at my vineyard site that consistently can be relied on for commercial production from year to year. The other variety (Sipaska) also has parentage that was collected from the riverbanks around Bismarck, ND. It also was hybridized for table and juice consumption.

The need for hybrids bred for use in wine production is very much needed and can be successfully done as these two examples show. It is no coincidence that the two hardiest varieties in our vineyard share the same similarities in their pedigree.

The wineries in North Dakota have a majority clause requirement which requires the use of mostly North Dakota fruits. We desperately need this long term research to be able to grow our industry using grapes. As successful as the fruit wines have been there is always going to be a limited market for these fruit wines. In order to be recognized as a wine producing state we need more grapes and varieties that will be of commercial value in terms of consistent yields, cold hardiness, length of growing season and consumer appeal.

This bill is a good investment for the future of the North Dakota wine industry. Neighboring states with similar programs have realized substantial economic returns to their state. Please vote yes for SB 2373.

Thank you for giving me the opportunity to present testimony.

Sincerely,

Jeff Peterson  
Pointe of View Winery

# RED TRAIL

# *Vineyard*

## North Dakota Wine & Grape Harvest Festival





# 2008 North Dakota Grape Stomp

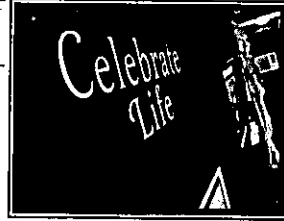
August 23-24, 2008

The North Dakota Wine and Grape Harvest Festival is hosted by the Red Trail Vineyard, near Buffalo, ND. A celebration of North Dakota's grape and wine industries.

## Features

- Food and Craft Vendors
- Musical Groups
- Wine and Beer Garden
- Tours of the Vineyard
- Horse-drawn Wagon rides
- Contests and Games
- Grape Stomp Competition

Enjoy the celebration of North Dakota's grape and wine industry through entertainment and education. Stomp your foot to the sound of endless music throughout the day, or test your skills by using both feet in the barrels of the Grape



Stomp Competition. Savor the taste of North Dakota's premier wines as you enjoy a tour through the state's largest vineyard, learning about the history of Red Trail Vineyard and the surrounding area, and about the day-to-day workings of a vineyard.

Mark your calendars for the North Dakota Wine and Grape Harvest Festival. Visit our website [www.redtrailvineyard.com](http://www.redtrailvineyard.com) for details of the next Festival, and for photos and reactions of past ones, or contact us at [info@redtrailvineyard.com](mailto:info@redtrailvineyard.com) or by calling the Vineyard.

## Tasting Room and Gift Shop Hours

Memorial Day Weekend thru September Sat: 1-9  
Sun: 1-7

October to Memorial Day Weekend - By appointment

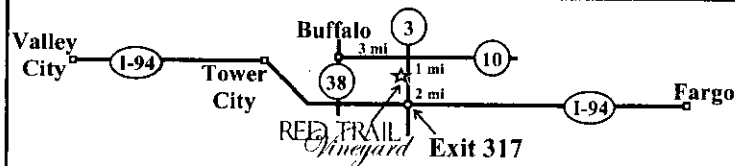
Tasting and Tours other days by appointment

Room Rental - Meals available upon request

Call: 701-633-5392

Or email [info@redtrailvineyard.com](mailto:info@redtrailvineyard.com)

Directions: Take I-94 to Exit #317 (Ayr Exit)  
Go 2 miles north on County Road #3



[www.redtrailvineyard.com](http://www.redtrailvineyard.com)



## Mission

*To carry out the education, promotion and extension of the art and science of viticulture in North Dakota and surrounding areas including all agricultural, horticultural, and related purposes.*

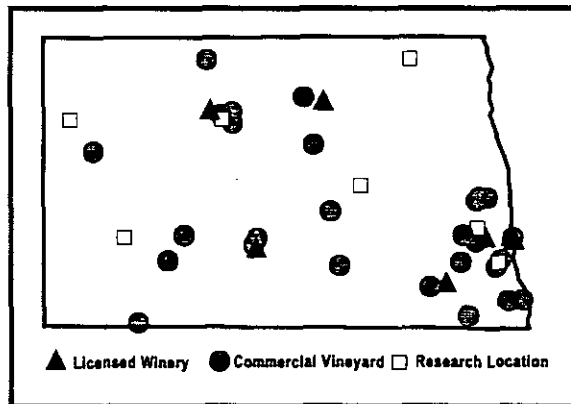
## Why Join?

The NDGGA has grown to nearly 200 members from ND and surrounding states who are either established and prospective grape growers, winemakers, wine connoisseurs, or promoters of ND agriculture.

Benefits of membership include:

- summer tours of vineyards
- winter educational meeting
- other educational programs such as pruning clinics, soil and tissue testing to analyse fertility needs
- public awareness program to minimize spray drift to vineyards
- best of all, associating with others interested in learning about and growing grapes.

Come grow with us. Details about joining are on our Web site.



For more information, contact

**Rudy Radke,**  
Secretary,  
North Dakota Grape Growers Association  
701-356-0222

Keep up with the latest developments by  
visiting our Web site.



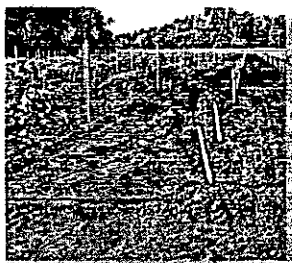
[www.ndgga.org](http://www.ndgga.org)

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## Grape Growers in North Dakota?



Yes, grapes do grow in North Dakota.

While varieties such as Riesling and Merlot are too tender for our climate, we can grow red wine grapes with such unfamiliar names as Marquette, Frontenac, St. Croix, and Sabrevois. We can also grow white wine grapes such as LaCrescent, Prairie Star, St. Pepin, and Frontenac Gris.

In addition, there are cold hardy juice and table grapes such as Valiant, Beta, and Kay Gray. There are even some seedless varieties such as Somerset Seedless.

There are dozens of other promising varieties that are being evaluated by private and university researchers across the state.

A handful of breeders are striving to develop new varieties for our climate. One day they may become as well known as Chardonnay or Thompson Seedless.

## The Organization

The North Dakota Grape Growers Association was formed in 2006 with the purpose of promoting the art and science of viticulture in North Dakota.

These goals will be accomplished by:

- supporting research that adds to the scientific knowledge about viticulture and related horticultural issues
- providing community education and support services for people involved in viticulture
- informing the public about viticulture in North Dakota
- advocating the interests of, and enlisting the support, participation, and involvement of, people involved in viticulture
- collaborating with other groups or organizations to further the purpose.



## University Research

NDSU grape research under the direction of high-value crops specialist Dr. Harlene Hatterman-Valenti began in 2004 with plantings near Absaraka and Williston.

Since then other projects have been initiated at North Dakota Agricultural Experiment Station Research Extension Centers each with a different emphasis.

- Absaraka—variety trial for growth, yield and fruit quality; establishment trial assessing pruning and grow tube effects; grafting trial evaluating winter hardiness and a training system trial assessing various types of trellises
- Carrington—evaluation of 18 varieties; evaluating the effectiveness of grow tubes during vineyard establishment
- Dickinson—variety evaluation of seeded and seedless cultivars
- Kindred—cultural and chemical weed management trial assessing the effect of weed control, soil water and soil temperature differences on three cultivars
- Langdon—variety evaluation of earliest maturing and cold hardiest varieties
- Minot—variety screening
- Williston—variety evaluation of 21 varieties; evaluating trench planting of two varieties to enhance winter survival; irrigation trial using the variety Frontenac



[www.ndgga.org](http://www.ndgga.org)

**Two Fools Vineyard & Winery**

LeRoy and Carol Stumpf  
12501 240th Ave SE  
Plummer, MN 56748  
Phone: 218-465-4655  
[www.twofoolsvineyard.com](http://www.twofoolsvineyard.com)

**Vintner's Cellar**

Tony and Judy Osowski  
12 Broadway  
Fargo, ND 58102  
Phone: 701-356-4014

**Vintner's Cellar**

Allan & Iris Fuller  
2700 State Street  
Gateway Mall  
Bismarck, ND 58503  
Phone: 701-255-9463

**Commercial Vineyards****Agassiz Shores Vineyard & Orchard**

Mark Vining  
1007 35th Ave S  
Fargo, ND 58103  
Phone: 701-371-9199

**CharDenJ Vineyard**

Dennis and Charlene Jones  
2936 Garnet Place  
Bismarck, ND 58503  
Phone: 701-222-4798

**Dakota Breeze Vineyard**

Steve and Lucinda Wallner  
17805 83rd ST SE  
Wahpeton, ND 58075  
Phone: 701-642-1940

**Dark Bounty Vineyards**

Jacob and Mary Jo Belanger  
324 190th St S  
Hawley, MN 56549  
Phone: 218-483-4977

**Double D Vineyards**

Don and Donna Thiel  
16805 83 St SE  
Hankinson, ND 58041  
Phone: 701-545-7415

**Haymarsh Valley Vineyards**

Ken and Mary Ann Duppong  
3220 County Rd 88  
Glen Ullin, ND 58631  
Phone: 701-878-4167

**Kindred Spirits, LLC**

Julie Ottis & Neil Neddermeyer  
Kindred, ND 58051  
Phone: 612-618-0669

**Lone Oak Vineyard**

Dr. Lew and Margie Moormann  
3055-10th Ave. West,  
Dickinson ND 58601  
Phone: 701-483-5543

**Long Shadow Vineyards**

Greg and Allison Krieger  
922 150th Ave SE  
Galesburg, ND 58035  
Phone: 701-430-0281

**Northern Border Vineyard**  
David and Cryslynn Walker  
9640 County Road 9  
Mohall, ND 58761  
Phone: 701-756-6991

**Red Trail Vineyard**  
Rodney and Steve Hogen  
3510 142 Ave SE  
Buffalo, ND 58011  
Phone: 701-633-5392  
[www.redtrailvineyard.com](http://www.redtrailvineyard.com)

**Sawyer Nursery & Vineyard**  
Alan Verbitsky  
Hwy 52  
Sawyer, ND 58781  
Phone: 701-838-5513  
e-mail: [averbitsky@srt.com](mailto:averbitsky@srt.com)

**Souris Valley Vineyard**  
Jeff and Diana Peterson  
8411 19th Avenue NW  
Burlington, ND 58722  
Phone: 701-852-7598  
[www.sourisvalleyvineyard.com](http://www.sourisvalleyvineyard.com)

**Tongue River Vineyard**  
Bob and Marilyn Thaden  
137 Morning Star Lane  
Miles City, MT 59301  
Phone: 406-234-5275

**Twisted Sisters Vineyard**  
Jim and Val Anderson  
Kurt and Cheryl Elliott  
15154 6th St SE  
Blanchard, ND 58009  
Phone: 701-636-5926  
Phone: 701-786-2712



### Licensed Wineries

**Bear Creek Winery**  
Rod and Sue Ballinger  
2224 Centennial Rose Dr  
Fargo, ND 58104  
Phone: 701-235-6899

**Maple River Winery**  
Greg and Susan Kempel  
628 Front Street  
Casselton, ND 58012  
Phone: 701-347-5900  
[www.mapleriverwinery.com](http://www.mapleriverwinery.com)

**Pleasant Lake Winery**  
Dr. Brian and Loveta Cochran  
6041 40th Ave NE  
Knox, ND 58343  
Phone: 701-583-2202

**Pointe of View Winery**  
Jeff and Diana Peterson  
Ken and Cindy Eggleston  
8413 19th Ave NW  
Burlington, ND 58722  
Phone: 701-839-5505  
[www.povwinery.com](http://www.povwinery.com)

**Prairiewood Winery**  
John and Cindy Steffes  
12443 68<sup>th</sup> St SE  
Lisbon, ND 58054  
Phone: 701-683-5866

**Rolling Hills Winery**  
George and Roxanne Nickloff  
226 St W  
Culbertson, MT 59218  
Phone: 406-787-5787

February 3, 2009

**TESTIMONY OF PATRICK WARD IN OPPOSITION TO SB 2373**

Good Morning Chairman Cook and Members of the Senate Finance and Tax Committee:

My name is Patrick Ward and I represent the North Dakota Wholesale Liquor Dealers Association. I am here to testify in opposition to SB 2373.

SB 2373 provides for an allocation of 35% of the wholesale tax collections from taxes imposed on wine to the grape and wine program fund. This is to help create a grape for domestic wine products in North Dakota.

A similar bill was introduced during the last legislative session, with the only change being that SB 2226 in 2007 only requested an allocation of 30% of the wholesale tax collections to go to the grape and wine program fund. This Committee recommended a do not pass by a 6-1 vote on that bill and the bill was killed on the floor by a vote of 27-19.

We oppose any dedication of funds out of beverage alcohol tax collections. Our fear is allocation of beverage alcohol taxes in the current state budget will be thought of as another source of tax revenue in the future.

We oppose this bill and believe that the encouragement of growth of wine grapes in North Dakota is an ag issue. We do not believe that wines from foreign states and countries should be taxed to subsidize a domestic wine market in North Dakota that is unlikely to be competitive in the long run.

We believe that North Dakota agriculture funds can be put to better use and that in any event such funds should come out of the general fund.

The North Dakota Wholesale Liquor Dealers Association urge a Do Not Pass on SB 2373.

Testimony of Greg Krieger

Chairman Belter and members of the Committee:

My name is Greg Krieger, and I am President of the North Dakota Grape Growers Association. I am here in support of Senate Bill 2373.

As I see it, there are four critical components to a successful grape and wine industry: adapted varieties, knowledgeable growers, financially viable wineries, and a comprehensive marketing system. This bill's primary emphasis is on varieties.

A single grapevine can produce as much as 15 lbs of fruit which is enough to make one gallon of wine, or five bottles. The excise tax on wine is \$0.50 per gallon. The sales tax is roughly \$3.50 per gallon (5 bottles at \$10 each times 7%). Together they total \$4.00 per gallon, or \$4.00 per grapevine. Planting on an 8 by 10 spacing results in 545 plants per acre. The state tax revenue generated by grapes that are sold as wine can exceed \$2,000 per acre per year. Whether a vine growing in North Dakota produces 15 lbs of fruit a year or nothing depends on planting good genetics and following the proper cultural practices that will allow a variety to achieve its potential.

Growing grapes and making wine is not an activity that automatically favors large cities or large farms. As long as other site-selection criteria are met, grapes can be grown in a vacant lot in a small town, in a big backyard in a city, in an open area in a farmstead, in an area that is too small for large farm equipment, or in a wide open well-drained area in a field or pasture. Several NDGGA members are people who have moved back to North Dakota to a small acreage and just want to grow grapes.

The University of Minnesota and the Minnesota Grape Growers Association recently completed an economic impact study of the Minnesota grape and wine industry. In addition to the millions of dollars generated and dozens of jobs created, the biggest surprise had to do with tourism. The report states, "As calculated in this study tourism contributions as a result of day visits to wine events, conservatively estimated, exceeded the total economic contribution of the winery production operations." The full report can be read at [www.mngrapes.org](http://www.mngrapes.org) under Economic Contributions of Grape Growers & Wineries in Minnesota.

Because of the development of cold hardy wine grapes for their areas, Minnesota and several other states have seen an explosive growth in recent years in vineyard acreage and winery numbers. This would not be possible without variety development work begun decades ago. Currently, the most popular variety in Minnesota and North Dakota (Frontenac) is one developed by the U of M breeding program and released in the mid 1990s. Unfortunately, it is not sufficiently winter hardy in central and western North Dakota.

State support is critical to the success of this industry. Several other states fund their programs by allocating a portion of their wine tax like we are proposing. This is a proven concept, and it is not an additional tax on anyone.

Some people question why we should even try to make wine in North Dakota when there are so many inexpensive imported and domestic wines available. One reason is that the economic benefit of an imported bottle of wine is just a fraction of the impact of a domestic bottle. Secondly, I have tasted a lot of them and have found that many of them are not that good. Many North Dakota grape wines can, and do, easily surpass non-local wines in taste, quality and value. While there are many decent fruit (non-grape) wines, the overwhelming majority of consumers prefer wine that is made from grapes.



The Buy Local movement is a major trend in the economy today. It is not a fad, and it is only strengthened with each food scare. Consumers are looking for and demanding wholesome, locally-produced dietary inputs. North Dakota wine is definitely part of this phenomenon. Besides winemaking, many varieties of North Dakota grown grapes are delicious to eat fresh. Others make fantastic juice and jelly. There have even been raisins made from North Dakota grown seedless grapes.

Growers are trying to meet the demand for grapes from North Dakota wineries. There are currently over 16,000 grapevines planted here. This is not a crop that people need to be talked into growing. As new varieties are developed and released, growers will naturally plant more of those with proven yield and winemaking potential.

Dr. Harlene Hatterman-Valenti of NDSU has been doing research on grapes since 2003 when she started vineyards at Absaraka and Williston. They have recently begun fruiting. In 2004, another vineyard was established at the Carrington Research Extension Center. In 2008 additional sites were added at Minot, Langdon and Dickinson. This important work has been funded so far by sporadic grants.

The Great Plains Research Laboratory in Mandan has been suggested as a facility to do some of the kinds of research that we need. While they did do some research on grapes about a century ago, they currently do not do any work on grapes, nor do they have plans, or funding, to do any in the future.

Likewise, SBARE has been suggested as possibly being a better option for funding our industry. However, because grapes currently make up only a tiny fraction of North Dakota agriculture, they are far down on SBARE's list of priorities. Our chance of securing a significant long term financial commitment in the near future from SBARE is low. Besides, given the huge tourism and tax revenues that wineries can generate, this is not just an agricultural issue.

The North Dakota Grape Growers Association has been actively supporting SB 2373 ever since it was introduced. As it wound its way through the Senate, it became increasingly obvious that some modifications were needed to better serve the needs of the grape and wine industry across the entire state. After much consultation and consideration, I now feel that it is imperative that this bill be amended. The reasons are as follows:

- 1) This bill currently stipulates how the money is to be spent according to a rigid formula. It provides no freedom to respond to the future needs of the grape and wine industry. The money currently all goes to NDSU, but not give them discretion in how to spend it nor does not allow for input from the Tourism Division, the Ag Department, wineries or even the beverage distributors. Bypassing the North Dakota Agricultural Experiment Station with the bulk of this bill's revenue has never been the desire of the NDGGA. Minnesota and Iowa have thriving wine industries. Both of them are closely allied with their State Universities.
- 2) Dr. Hatterman-Valenti has been doing research on grapes since 2003. We need a provision to support this important work.
- 3) Although this bill does not specifically mention a breeding program, one would cost \$300-350,000 per year - \$100,000 for salary and benefits for a breeder, \$50-60,000 for salary and benefits for a technician, plus other equipment, materials, expenses. This bill allocates less than \$120,000 for such a program. Where would the rest of the money come from?
- 4) An Advanced Testing and Evaluation Program that identifies promising cultivars for Zone 3 from other breeding programs would be an intermediate option. If it costs less than \$120,000 per year, where does the rest of the money go?

5) Specifying a single REC in a funding bill sets a precedent that I feel would weaken the NDAES.

6) In its present form, this bill is already causing friction between REC's. This does not benefit the grape and wine industry. We do not need to alienate the very people who will hopefully be doing variety evaluations for us in the future.

7) This bill funds a marketing and promotion program as recommended by the NDGGA. This bill should have a provision to enable funding of educational activities.

8) Perhaps most important of all, there needs to be a provision in this bill for fiscal oversight of how the money has been spent.

After discussions with other members of the NDGGA, researchers and legislators, I propose we amend this bill to

1) remove the reference to the North Central Research Extension Center,

2) remove the percentages, and

3) create a Grape and Wine Commission to determine how to allocate the funds on a competitive grant basis and provide oversight.

Iowa's Grape and Wine Development Commission, for example, is an excellent model.

[http://www.iowaagriculture.gov/Horticulture\\_and\\_FarmersMarkets/grapeAndWineCommission.asp](http://www.iowaagriculture.gov/Horticulture_and_FarmersMarkets/grapeAndWineCommission.asp)

In conclusion, the NDGGA is very supportive of this bill's intent to provide long term funding to develop Zone 3 wine grape varieties, to study how to best make wine from these varieties, to teach the science behind winemaking, and to promote the industry. This bill has the capacity to greatly advance our industry. If this bill is amended as we propose, it will make the best use of limited resources and give North Dakota taxpayers assurance that their dollars are being well spent.

Thank you for your attention.

Sincerely,

Greg Krieger, Pres. NDGGA  
922 150<sup>th</sup> Ave SE  
Galesburg, ND 58035

E-mail: [krieger@polarcomm.com](mailto:krieger@polarcomm.com)

Phone: 701-430-0281

Testimony of Jeff Peterson

Chairman Belter and members of the committee:

My name is Jeff Peterson and I am owner and operator of Pointe of View Winery in Burlington, North Dakota. I am here to testify in favor of SB 2373.

For the last 7 years I have privately been evaluating over 40 grape varieties with over 600 grapevines planted on one acre of land. That one acre of plants will have a value of \$34,000 to my winery when plant maturity is reached. Currently this one acre is providing \$13,500 in value to the winery. All of that value is coming from one variety of grapes. That variety (Valiant) was hybridized for table and juice consumption. I have been able to use it in making a marketable semi-sweet style of wine. What is significant about this variety is that it has wild grape in its parentage that was collected from our area. It is one of two hybrids of the forty varieties currently being evaluated at my vineyard site that consistently can be relied on for commercial production from year to year. The other variety (Sipaska) also has parentage that was collected from the riverbanks around Bismarck, ND. It also was hybridized for table and juice consumption.

The need for hybrids bred for use in wine production is very much needed and can be successfully done as these two examples show. It is no coincidence that the two hardiest varieties in our vineyard share the same similarities in their pedigree.

The wineries in North Dakota have a majority clause requirement which requires the use of mostly North Dakota fruits. We desperately need this long term research to be able to grow our industry using grapes. As successful as the fruit wines have been there is always going to be a limited market for these fruit wines. In order to be recognized as a wine producing state we need more grapes and varieties that will be of commercial value in terms of consistent yields, cold hardiness, length of growing season and consumer appeal.

This bill is a good investment for the future of the North Dakota wine industry. Please vote yes for SB 2373.

Thank you for giving me the opportunity to present testimony.

Sincerely,

Jeff Peterson  
Pointe of View Winery

Chairman Belter and members of the Finance and Taxation Committee;

For the record my name is Timothy Faller, Assistant Director of the North Dakota State University Agricultural Experiment Station. It is my pleasure to come before you today in support of Senate bill No. 2373. The experiment station supports the concept of this bill in that it answers to the Land Grant mission to provide research supportive of new emerging agricultural production systems. The experiment station would anticipate further discussions with industry leaders to plan an appropriate program of research that would meet the needs of Grape Producers within the resources made available in this bill. Interaction of grape producers with SBARE will strengthen the outcome of this measure if successful.

March 11, 2009

**TESTIMONY OF PAUL SANDERSON IN OPPOSITION TO SB 2373**

Good Morning Chairman Belter and Members of the House Finance and Taxation Committee. My name is Paul Sanderson and I represent the North Dakota Wholesale Liquor Dealers Association. I am here to testify in opposition to SB 2373.

SB 2373 provides for an allocation of 35% of the wholesale tax collections on wine to create the grape and wine program fund. The intent of this bill is to provide funding for research to create a grape for domestic wine products in North Dakota and to market North Dakota wines.

A similar bill was introduced during the last legislative session, with the sole change being that SB 2226 in 2007 only requested an allocation of 30% of the wholesale tax collections to go to the grape and wine program fund. In 2007, the Senate Finance & Tax Committee recommended a do not pass by a 6-1 vote on that bill and the bill was killed on the floor by a vote of 27-19.

Research regarding developing and growing cold-weather grapes is currently being conducted. Other regional universities, including the University of Minnesota, have wine and grape research programs that focus on growing grapes in conditions similar to North Dakota. The University of Minnesota has

been studying and breeding grapes for cold-weather climates since 1908. Some of the grapes they have developed are currently being grown in North Dakota. It recently completed a state-of-the-art research winery and lab facility in 2000 and hired a full-time enologist (wine-maker). There they make hundreds of varieties of wines using grapes grown as a result of the research conducted in Minnesota. The University of Minnesota also has over 10,000 experimental vines growing on 10 acres. In comparison, the entire state of North Dakota has approximately 15,000 vines. Attached is a page from the University of Minnesota's website outlining its wine and grape research program.

In addition to the research being conducted at the University of Minnesota, there are numerous other research programs being conducted in cold-weather climates, including the New York Wine and Grape Foundation, the Lake Erie Regional Grape Program with facilities at Penn State University and Cornell University, and the British Columbia Wine Institute. Recently, as part of the recent federal economic stimulus bill, \$2.1 million was earmarked for the Center of Grape Genetics in New York. Clearly there is an abundance of research being conducted for growing grapes in cold-weather climates similar to North Dakota.

A misconception that has been stated in support of this bill is that the local wineries will be paying for this research. This is not true. The sales tax collected on North Dakota made wine is a tiny percentage of the total wine tax in this

State. This research and marketing will be paid for by taxes on foreign wine from places like California and Australia.

The North Dakota Wholesale Liquor Dealers Association opposes any dedication of funds out of beverage alcohol tax collections. The fear is allocation of beverage alcohol taxes in the current state budget will be thought of as another source of tax revenue in the future. We believe that the encouragement of growth of wine grapes in North Dakota is an ag issue. North Dakota's agriculture funds can be put to better use and that in any event such funds should come out of the general fund. If this bill is passed, you can expect requests every session for increases in funding as \$325,000 in the next biennium will likely not begin to cover the expenses for this type of program.

The North Dakota Wholesale Liquor Dealers Association urge a Do Not Pass on SB 2373.

# Minnesota Agricultural Experiment Station

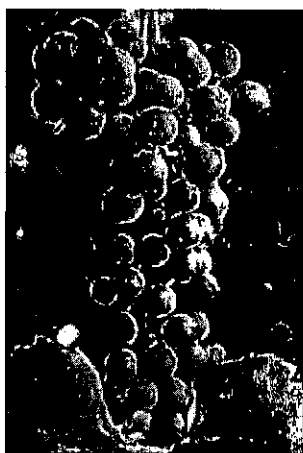
## Minnesota Hardy

### Grapes



Frontenac

The University currently has one of the top wine grape research programs in the country. While our grape breeding program has been developing new cold-hardy varieties for more than 50 years, a state-of-the-art research winery and lab facility was completed in 2000. Here, a winemaker makes hundreds of wines each year in order to identify hybrids with superior wine quality potential and to develop styles of wine unique to Minnesota. The program also supports the rapidly expanding grape and wine industry in Minnesota through teaching and extension activities.



Frontenac gris

Currently, the University has over 10,000 experimental vines growing on about 10 acres. While the emphasis is on developing high quality wine varieties that are both cold hardy and disease resistant, work is also under way to create seedless table grapes suitable for our area.

The most widely planted red-wine variety in Minnesota is 'Frontenac,' bred specifically for red wine production in the Midwest. It has caught on quickly and is grown from the Dakotas to Maine and down to Texas. The grapes have a high sugar and acid content at harvest, making a red wine with characteristic aromas of cherries, berries, and plums. In



Swenson Red



addition to excellent red wines, Frontenac rosés and ports have garnered international awards.



Edelweiss



La Crescent

## Only at the U

A new red wine grape is currently being propagated by commercial nurseries and will be available to the public in the near future.

Grapes	Year	Type	Features
Bluebell	1944	Table, juice, jelly	Early ripening, blue seeded table grape with a Concord-like flavor, disease resistant.
Edelweiss*	1977	Table, juice, jelly	Large-clustered, white seeded table grape with a Concord-like flavor, needs protection.
Frontenac	1997	Red and rosé wine, port	Vigorous and very disease resistant, wine has flavors of cherry and plum and can be high in acidity.
Frontenac gris	2004	White wine	Vigorous and very disease resistant, wine has a characteristic peach flavor and can be high in acidity.
La Crescent	2002	White wine	Very cold hardy, wine has flavors of apricot, citrus and tropical fruit, moderately disease resistant.
Swenson Red*	1977	Table	Red seeded table grape with refreshing flavor and crisp texture, needs protection and a thorough spray program.

\*Joint release with Elmer Swenson.

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[Index](#) | [Introduction](#) | [Shrubs, including Azaleas](#) | [Chrysanthemums](#) | [Ornamental Trees](#)  
[Tree Fruits, including Apples](#) | [Berries](#) | [Grasses](#)  
[U of M Gardens](#) | [Planting for Water Quality](#) | [Information](#) | [Only at the U](#)

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- ABOUT US
- NEWS CENTER
- BUSINESS DEVELOPMENT ASSISTANCE
- STARTING A BUSINESS
- RELOCATING/EXPANDING
- RELATED LINKS
- DATABASE CENTER

PRINTER-FRIENDLY PAGE

- Expansion Activity Report
- Search Available Property
- Search Community Profiles
- Companies
- Regional Council
- Local Developers
- NDDF Investments
- APUC Investments
- Incentives
- Business Hotline

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### Agricultural Product Utilization Commission Investments

#### GRAPES/VINES PROJECTS

**Duppong Vines & Vineyards**      Project #: BD005-75  
 Start Date: 5/20/2007  
 Amount: \$10,500.00  
 Type: Marketing and Utilization  
 Status: Completed

**Project Summary:**  
 Ken & Mary Ann Duppong will be expanding their farming business into the area of grape production. Along with being a beef cattle & small grains operations, they now will be developing an on-farm vineyard with plans of expanding into a future nursery business. Will sell grapes & cold hardy grape cultivars to the public and other nurseries and wineries in ND and the tri-state area. Grant funds will be used to expand present vineyard to 3 acres and will continue to evaluate which plants stock is most suitable for our northern climate.

**Grape Cultivars for ND**      Project #: 00307-05  
 Start Date: 8/1/2003  
 Amount: \$25,000.00  
 Type: Basic and Applied  
 Status: Completed

**Project Summary:**  
 To research evaluating grape cultivars that may be adapted to the ND climate. Research will be conducted at Dickinson, Absaraka, and Burlington for the Pointe of View Winery. Funds will be used for grape plants, supplies, and travel.

**Grape Cultivars Phase II**      Project #: 00704-41  
 Start Date: 7/23/2004  
 Amount: \$23,596.00  
 Type: Basic and Applied  
 Status: Completed

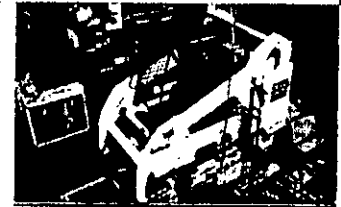
**Project Summary:**  
 2nd year research on grape cultivars. The funds will be used to research grapevines winter survival at 2 locations in the state. Project expenses include salaries for research specialist and hourly employees, vineyard and research supplies, travel to research sites, publication costs, and hosting educational workshops at the vineyards.

**Grapes**      Project #: 08800-80  
 Start Date: 5/15/2003  
 Amount: \$5,250.00  
 Type: Farm Diversification  
 Status: Completed

**Project Summary:**  
 Will grow grapes for the Maple River Winery

**Grapes**      Project #: 08800-81  
 Start Date: 5/16/2003  
 Amount: \$5,250.00

Hogen's Grapes



- #### QUICK LINKS
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  - Site Selectors
  - APUC
  - ND Development Fund
  - Ambassadors/Experience North Dakota
  - Financial Packages
  - Tax Incentives
  - Certification Applications
  - Calendar of Events
  - Quick Facts

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403 Bond Street South  
Buffalo ND 58011  
Type: Farm Diversification  
Status: Completed

**Project Summary:**  
Grow grapes for the Maple River Winery. Funds will be used to purchase grapevines, animal control fence, trellis, chemicals as well as travel expenses.

Maple River Winery  
Project #: 08800-59  
Start Date: 11/15/2002  
Maple River Winery, LLC  
PO Box 188  
Casselton ND 58012  
Amount: \$21,288.00  
Type: Marketing and Utilization  
Status: Completed

**Project Summary:**  
To market wines made and blended in North Dakota. Grant funds will be used for marketing costs

Marketing  
Project #: 00402-25  
Start Date: 2/15/2004  
Maple River Winery, LLC  
PO Box 188  
Casselton ND 58012  
Amount: \$23,625.00  
Type: Marketing and Utilization  
Status: Completed

**Project Summary:**  
Intend to market ND wines, produced with fruits native to ND, throughout the United States and Internationally. Funds will be used for supplies, marketing costs and advertising costs associated with marketing ND wine outside of ND.

Marketing  
Project #: BD0007-32  
Start Date: 8/31/2008  
Red Trail Vineyard  
3510 142nd Ave SE  
Buffalo ND 58011  
Amount: \$13,125.00  
Type: Marketing and Utilization  
Status: Completed

**Project Summary:**  
Sponsoring tours of a working ND vineyard for all who have a curiosity and an interest in viticulture for the production of wine. The 3rd Annual Grape Festival & Grape stomp will be held August 23-24. Funds will be used to market and advertise of the vineyard.

Marketing Maple River Wines  
Project #: BD0007-26  
Start Date: 5/19/2008  
Maple River Winery, LLC  
PO Box 188  
Casselton ND 58012  
Amount: \$8,925.00  
Type: Marketing and Utilization  
Status: Completed

**Project Summary:**  
To market wines in retail stores throughout Minnesota.

Marketing Vineyards  
Project #: BD0125-06  
Start Date: 7/29/2007  
Red Trail Vineyard  
3510 142nd Ave SE  
Buffalo ND 58011  
Amount: \$10,500.00  
Type: Marketing and Utilization  
Status: Completed

**Project Summary:**  
Red Trail vineyard, one of ND premier vineyards, will sponsor tours for all who have a curiosity and interest in viticulture ( the process of growing grapes). Tours will include touring the vineyard, learning the history of the area & vineyard and the process of starting and maintaining a cold-climate grape vineyard. Funds will be used for advertising and promotions.

NDSU & NDGGA Grape & Vineyard Initiative  
Project #: BD0007-G15  
Start Date: 11/20/2007  
NDSU Department of Plant Sciences  
PO Box 5051  
 Fargo ND 58105-5051  
Amount: \$100,000.00  
Type: Basic and Applied  
Status: Approved

**Project Summary:**  
Research vineyards were established in 2004 & 2006 to compare crop performance & fruit quality of 16 grape cultivars at 3 NDSU Agriculture Experiment stations. Both juice & wine cultivars have been included in this experiment, & vine data will be measured & the grapes will undergo chemistry analysis for winemaking. Additional tests on the fruit will determine phytochemical concentrations, offering greater insights into the human nutrition benefits from locally grown grapes. Funds will be used for salaries,

vineyard maintenance, research supplies, and travel.

**Organic Rhubarb** **Project #:** BD005-56  
**Start Date:** 1/16/2007  
**McLean's Organic Rhubarb** **Amount:** \$5,250.00  
 14539 33rd St SE **Type:** Farm Diversification  
 Wheatland ND 58079 **Status:** Completed  
**Project Summary:**  
 Will diversify 1500 acre farm by growing organic rhubarb. Have made an agreement with Maple River Winery to buy the rhubarb.

**Organic Vineyard** **Project #:** 08800-83  
**Start Date:** 5/16/2003  
**Duppong Vines & Vineyard** **Amount:** \$5,250.00  
 3220 Co. Rd 88 **Type:** Farm Diversification  
 Glen Ullin ND 58631 **Status:** Completed  
**Project Summary:**  
 Planting and maintaining an organic vineyard, by doing research on cold climate grape varieties that can be grown in western ND. Funds will be used to purchase the grapevines and supplies.

**Red Trail Vineyard** **Project #:** BD125-29  
**Start Date:** 5/18/2006  
**Red Trail Vineyard** **Amount:** \$10,000.00  
 3510 142nd Ave SE **Type:** Nature Based Tourism  
 Buffalo ND 58011 **Status:** Completed  
**Project Summary:**  
 Red Trail Vineyard, one of ND premier vineyards will sponsor tours. In mid-Sept. of 2008 they will sponsor the First Annual Wine & Grape Harvest Festival.

**Vineyard** **Project #:** BD0007-G10  
**Start Date:** 7/29/2007  
**Twisted Sisters Vineyard** **Amount:** \$5,250.00  
 1515 6th St SE **Type:** Farm Diversification  
 Blanchard ND 58009 **Status:** Completed  
**Project Summary:**  
 To plant a vineyard with the produce being sold to wineries for wine production. In addition table grapes will be grown to make jelly & grape juice. Funds will be used for new grape varieties, and other site improvements

**Vineyard Crop Performance & Fruit Quality 2007** **Project #:** BD005-71  
**Start Date:** 5/20/2007  
**NDSU Department of Plant Sciences** **Amount:** \$25,158.00  
 PO Box 5051 **Type:** Basic and Applied  
 Fargo ND 58105-5051 **Status:** Completed  
**Project Summary:**  
 To compare crop performance & fruit quality of 16 grape cultivars at 3 NDSU locations. Both juice & wine cultivars are included & vine data will be collected on winter hardiness, biomass, and health. Grapes will undergo wine quality chemistry analysis and additional tests will determine phytochemical concentrations, for insight into the human nutrition value of locally grown grapes. Grant funds will be used for research specialist & hourly employees, vineyard maintenance & research supplies, and travel.

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PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2020

show with 2373

That the House recede from its amendments as printed on pages 1254 and 1255 of the Senate Journal and pages 1147 and 1148 of the House Journal and that Engrossed Senate Bill No. 2020 be amended as follows:

Page 1, line 3, after the first semicolon insert "to provide for the grape and wine advisory committee;" and after the second semicolon insert "to provide for a report to the legislative assembly;"

Page 1, line 4, after the second semicolon insert "to provide an expiration date;"

Page 5, after line 27, insert:

**"SECTION 9. Grape and wine advisory committee.**

1. The grape and wine advisory committee is a seven-member committee that shall advise the agriculture commissioner on the department's efforts to provide producer education, marketing, and promotion of the grape and wine industry in this state. In addition, the committee shall advise the vice president for agriculture and university extension at North Dakota state university and the director of the North Dakota agricultural experiment station on priorities for research for the grape and wine industry in this state.
2. The committee consists of:
  - a. The agriculture commissioner or the commissioner's designee;
  - b. The vice president for agriculture at North Dakota state university or the vice president's designee;
  - c. An individual appointed by the governor representing the grape or wine industry in this state;
  - d. An individual appointed by the commissioner of the department of commerce;
  - e. An individual appointed by the state board of agricultural research and education; and
  - f. Two individuals appointed by the North Dakota grape growers association.
3. All members of the committee shall serve for a term of two years, beginning July first of each odd-numbered year, and may be reappointed for additional terms.
4. If any member of the committee resigns or ceases to be a member of the class the member represents, that individual's membership on the committee ceases and the appropriate appointing authority may appoint a new member for the remainder of the term.

5. The North Dakota grape growers association shall designate as chairman one of the two individuals the association appoints to the committee unless the committee elects a different chairman from the members on the committee. The committee shall meet at least once every two years and at the call of the chairman.
6. Members of the committee are entitled up to the per diem compensation provided to members of the legislative assembly under subsection 1 of section 54-03-20 and expense reimbursement.

**SECTION 10. REPORT TO SIXTY-SECOND AND SIXTY-THIRD LEGISLATIVE ASSEMBLIES.** The grape and wine advisory committee shall report to the sixty-second and sixty-third legislative assemblies on the progress of research, producer education, marketing, and promotion of the grape and wine industry in this state.

**SECTION 11. EXPIRATION DATE.** Sections 9 and 10 of this Act are effective through June 30, 2013, and after that date are ineffective."

Renumber accordingly

#2

98039.0207  
Title.

Prepared by the Legislative Council staff for  
Representatives Belter and Skarphol  
April 22, 2009

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2020

ohoy with  
2373

That the Senate accede to the House amendments as printed on pages 1254 and 1255 of the Senate Journal and pages 1147 and 1148 of the House Journal and that Engrossed Senate Bill No. 2020 be further amended as follows:

Page 5, after line 27, insert:

**"SECTION 9. GRAPE PRODUCTION RESEARCH - EXPENDITURES.** The agricultural experiment station director, as advised by the grape and wine advisory committee, with the approval of the state board of agricultural research and education, may spend any available funds on grape research at existing locations for purposes of research and development of grape production as it relates to the wine industry, for the biennium beginning July 1, 2009, and ending June 30, 2011."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

This amendment authorizes the director of agricultural research, upon the advice of the Grape and Wine Advisory Committee and with the approval of the State Board of Agricultural Research and Education, to spend available funds on grape research relating to the wine industry.