2013 HOUSE APPROPRIATIONS

HB 1009

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Education and Environment Division Roughrider Room. State Capitol

HB 1009 January 15, 2013 17211

Committee Clerk Signature De Mae	Kuch

Conference Committee

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the agriculture commissioner; to amend and reenact section 4-01-21 of the North Dakota Century Code, relating to the salary of the agriculture commissioner; to provide for transfers; and to provide an exemption

Minutes:		
Allached lestimony #1-5	Minutes:	Attached testimony #1-5

Chairman Skarphol: Called the meeting to order on HB 1009 by introducing the Commissioner of Agriculture, Doug Goehring.

Doug Goehring, Agriculture Commissioner: Distributed Testimony, See Attachment # 1 and beginning with page 1 Table of Contents. (2:00)

I will start with the administrative services division (p. 4). Under fiscal management we do the tracking, the department's budget, process payroll, review and approve contracts, human resources, and procurement of goods and services. The Information Technology division maintains the department's network, email accounts, websites, and all software licenses. We also have our mediation service which offers services to resolve disputes among creditors, farmers, and others. Last legislative session the scope of the program was broadened to deal with energy related issues and conflict resolution on deer depredation. We continue to provide financial counseling and assistance for beginning farmers with their loan applications and farm program paperwork.

Chairman Skarphol: There is a substantial increase in the salaries line. Can you comment on that?

Doug Goehring: We have done some reorganization. We moved some of our employees in the last three months over to that department. The IT has moved fully into that division. Also an emergency program specialist will be placed in the administrative services division. It is also reflected in an increase in operating. We have the Pay plan and Equity also figured in.

(4:16) Continuing with page 5, Plant Industries Division. We provide export certification/phytosanitary services for the export of agricultural commodities. We also

survey for pests, diseases, insects, and nematodes. We license and inspect nurseries and review traits for biotechnology. For noxious weeds, we oversee the expenditures of state and federal funds for noxious weed control that goes to the weed board. We train and assist weed boards with GPS and GIS mapping. We coordinate a state biological weed control program and distribute those biological agents. We license beekeepers and register all beehive locations. We inspect and issue health certificates for migratory movement of bees and we respond to complaints. We also conduct the state water bank program.

Chairman Skarphol: Are there ginseng growers in the state? Why is it required to register for ginseng?

Doug Goehring: I'm not sure how FDA looks at that. It must be a regulated item.

Doug Goehring: Continuing with Livestock Services division, p. 6. Here we license and establish bonds for livestock dealers and auction markets. We also monitor the financial condition of those dealers and the markets. Under our dairy and poultry program we inspect dairy farms for sanitation, facilities, water purity, and storage. We also do extensive work with processing plants and inspecting their milk transfer stations, distribution facilities, the bulk trucks, and conduct Grade A survey work. We also inspect licensed commercial ag. producers, and license and set bonds for hatcheries. Under the Livestock Pollution Prevention program, we assist producers who are installing manure containment systems and we offer technical advice on nutrient management, project planning, and do outreach on In Wildlife Services the work is conducted by USDA Wildlife Service in cooperation with the North Dakota Dept. of Agriculture, the Game and Fish and the Water Commission to reduce wildlife damage to property. In our State Meat & Poultry Inspection program, we train, certify, and inspect all meat processing companies and custom exempt processing plants. We inspect retail outlets for country of origin labeling compliance and we grade livestock carcasses for state and federal establishments. We provide outreach. consultation and education to the meat and poultry industry. In our Livestock Development program we conduct age/source verification. We assist producers and processors in expanding and promoting the state's livestock industry. We work with the North Dakota Dairy Coalition to expand the state's dairy industry. In the feed program we register all pet food sold in the state. We license commercial feed manufacturers and retailers. We maintain a file on all commercial feeds sold in the state. We inspect medicated feed plants. We verify manufacturer and producer compliance with federal requirements to prevent BSE.

Rep. Grande: Milk price fixing in this state is detrimental to the children of this state. When we have to pay \$6/gallon because of milk fixing, it is a problem that needs to be addressed.

Doug Goehring: The role that we play regarding the dairy industry is the dairy coalition. If we could have a better correlation with the price and what dairy farmers receive there probably wouldn't be as much concern about the price of milk. We are losing dairy producers. We had 199 and are now down to 125 in just the last five years. If we continue to lose them, we will have to import milk from other states and other countries. If we can produce more within our borders, it goes back to food security.

Rep. Grande: There is a distribution problem here. We have to open our eyes to the fact that you can't get milk into the hands of the people. What is the milk board's plan?

Chairman Skarphol: The dairy coalition will be happy to spend some time with you.

Rep. Grande: The delivery costs are what the problem is.

Doug Goehring: I will gather information from the Milk Stabilization Board and provide you with some information. It is frustrating to the consumer and especially to agriculture producers. There is less than 1% of the nation's population providing 85% of the food for the rest of the nation. Yet we employ indirectly 9-19% of the workforce. There are so many people taking a part of the pie. Cornflakes has 7 cents worth of corn in it.

Rep. Grande: I understand the work that goes into growing food. There has to be a connect somewhere.

Chairman Skarphol: In plant industries, where do the federal funds come from? Is it from the plant protection and noxious weed area?

Doug Goehring: The U.S. forestry service provides funds for the noxious weed program. They prioritize that and direct it towards woody areas.

Chairman Skarphol: That would be the majority of that \$720,000 in that category?

Doug Goehring: It is also the export certification program--some federal funds come in.

Chairman Skarphol: Under livestock services you have \$2.9 million anticipated in this upcoming biennium in federal fund. Give us your opinion of where they come from.

(16:48)

Doug Goehring: In the federal funds category, those dollars are tied back to our meat inspection program. There are some dollars coming for dairy programs.

Chairman Skarphol: What is the percent of federal funding for the meat inspection program?

Doug Goehring: It is 50-50.

Chairman Skarphol: I imagine wildlife services might be involved?

Doug Goehring: Wildlife services has about a \$979,000 that comes in from USDA.

Doug Goehring: Continuing with p.7 (See attachment #1)

Chairman Skarphol: (19:33) I would assume federal dollars are most associated with the marketing category.

Doug Goehring: It is through the specialty crop block grant program.

Doug Goehring: page 8, Animal Health Division (See attachment #1)

Chairman Skarphol: The grants program that you have under livestock services (p. 6) on the fourth line down, you show that it moved from \$286,000 to \$1,050,000. I don't see it reflected on the green sheet.

Doug Goehring: Our auditors suggest that because our Livestock Pollution Prevention program is actually a grant program, they have asked us to move that into the appropriate category so it is defined properly.

Vice Chairman Monson: You investigate cruelty to animals. What is going to result because our initiated measure that didn't pass? Is that going to add workload and cost to you?

Doug Goehring: There is a group from the Ag. community, veterinarians and pet shelters, that have been working on some draft legislation over the last 2 ½ years. It is probably going to be introduced this session. They have been working with Senator Flakoll and other legislators. I don't anticipate that this will impact us in any great deal or manner because of normal agricultural practices that exist and the exemptions that are allowed.

Doug Goehring: (25:35) Continuing with p. 9, (See Attachment # 1), Pesticide and Fertilizer Division

Chairman Skarphol: Why were we granted unique status by the EPA with regard to the risk assessments you referred to?

Doug Goehring: When endangered species or threatened species are being determined by fish and wildlife, EPA has to step in and play an active role. They will identify an area. It may not be the entire county that needs to have an issue addressed. Our department will identify those areas that may have critical habitat without impacting the entire county.

Chairman Skarphol: Who was responsible for negotiating that agreement?

Doug Goehring: We did that in our department. I asked my division director to work on that issue. Finally they conceded and allowed us to implement such a program.

Chairman Skarphol: I see no reference to EARP (Environmental and Rangeland Protection fund). Give an update on revenue and expenditures, etc.

Doug Goehring: Distributed Attachment # 2. The types of fees that are collected for licensing and registering pesticides, \$350 per product, is collected and put into this fund. We also collect weed seed free forage fees and fertilizer registration and tonnage fees. As you will see the projected balance at the end of this biennium, June 30, 2013, is identified as \$1,594,724. The revenues collected in the 2013-2015 biennium we are projecting an ending balance of 41. But there is an adjustment in there. There is another pending legislative issue on the minor use fund to increase that \$125,000 which would leave us at \$356,000 at the end of the 2013-2015 biennium.

Chairman Skarphol: You stated that it is \$350 per product registered. That generates about \$4 million in revenue. So you are looking in excess of 10,000 different products that

are registered for sale in the state of North Dakota. That is the revenue source that funds this.

(32:10)

Doug Goehring: Continuing with p.10. It is a summary of the funds in the budget.

Chairman Skarphol: Do you have a breakdown that you can give us of the Federal fund sources.

Doug Goehring: We'll make sure all that information is provided to you.

Chairman Skarphol: We'll go through the green sheet. (See attachment #3) To hire an existing program specialist to fill in an existing vacant FTE position. That is an additional \$30,000 over what you had appropriated for that position?

Doug Goehring: Yes

Chairman Skarphol: The \$30,000 in general funds to increase animal disease investigating and surveillance--explain the necessity for that.

Doug Goehring: Due to some operating increase and some of the extra work load--we had to make that request.

Chairman Skarphol: That \$30,000 will go into your operating line.

Doug Goehring: It will go into the operating line but it will be in the animal health division.

Chairman Skarphol: #1 will go in the salary line.

Vice Chairman Monson: In that line #1 you are not increasing your FTEs. All you need is an extra \$30,000 because this person is at higher pay than the vacant spot. Is that the reason for the \$30,000?

Doug Goehring: Correct. We are using that position at a higher grade with an increase in expertise.

Chairman Skarphol: Item # 3 on the green sheet adds funding from the EARP fund to hire a new administrative assistant to assist in livestock development duties. An existing vacant FTE position will be used for this position. Is that all the funding for that position?

Doug Goehring: No it isn't. We have some general funds there. Most of that position is utilized now with special funds. Because some of the work done there, which is in livestock and dairy development, and the money used in those program is already special funds we made the request to shore that up without increasing the general fund request.

Vice Chairman Monson: There are two vacant FTEs. How many more vacant FTEs do you have?

Doug Goehring: I do have 4 vacancies. Two came about through retirement in our mediation program and we are dealing differently now. We are also looking at part-time help to facilitate the transactions over there. The other vacancy would be when I reorganized plant industries in our pesticide division. That was moving a noxious weed individual into our fertilizer/auditor position. That position currently is vacant. Then we had an unfunded meat inspector that we kept open to work through the Title 5 Interstate Meat Shipment issue. USDA finally has started to sign cooperative agreements to do the interstate meat shipment program. The first was signed last summer in Ohio. We anticipate being number 3 this spring. We have a position that will facilitate the business there. We took that unfunded meat inspector and moved it to livestock administrative support.

Chairman Skarphol: How many positions will remain vacant?

Doug Goehring: We expect to fill all by early summer or late spring.

Chairman Skarphol: Have you advertised the positions so people are applying for them?

Doug Goehring: Yes in some programs. Others we are still looking at the program like our livestock beef development plan and dairy development plan. As we fill those positions we can address needs for the Dairy Coalition which will be under the wing of the department. As positions are filled, we will make sure we have the right person with the talents and skills required.

Vice Chairman Monson: You have one unfunded meet inspector. If you fill that, where are you going to get the money to pay them? Is that in this budget?

Doug Goehring: Yes, it is in one of our requests with general funds.

Chairman Skarphol: Item # 4 on the green sheet adds funding for energy development mediation services. Is that for an on-contract basis as you need it?

Doug Goehring: That is correct.

Chairman Skarphol: Item # 5 adds funding to provide a grant to the centennial farms program. If someone comes into that category, they are eligible for a grant?

Doug Goehring: We provide the leg work for the program and the database. Information is stored with the Lewis and Clark Foundation in Washburn. There are some extra funds that have been requested and needed for that program. Although I couldn't meet the total request, I did put in a request for \$80,000 over the biennium.

Chairman Skarphol: I guess I would be one of those Centennial Farms. I never applied for the grant.

Item #6 is funding for information technology desktop support services. I thought we had desktop support services within ITD. What is this?

Doug Goehring: Because we need extra support within our department with a large network, we have to pay for those services.

Chairman Skarphol: Is that something new because of increased utilization caused by programs that have been put in place? We haven't seen that reference in other budgets. What makes your agency unique?

Doug Goehring: When I came, support was outsourced. We brought it in and squeezed it in our budget. We have a contract with ITD. We don't have much more in the budget to put into ITD so we now have to ask for it.

Chairman Skarphol: I would ask Rep. Streyle who served on the interim IT committee to monitor those issues as we move through the budgets.

Item #7 on the green sheet replaces a portion of funding from the game and fish fund with funding from the general fund to provide total funding from the game and fish fund of \$968,796. The other funds were at \$100,000 and now we are at \$100,000 general fund. Where did we come from? Where was that \$100,000?

Doug Goehring: That came originally from Game and Fish. With the Governor's request, they moved the funds from Game and Fish and made the request out of general funds.

Vice Chairman Monson: I think it is reversed. It should read "provide funding from the general fund." You are not getting money from Game and Fish any more. The green sheet is wrong.

Tammy Dolan: This change replaced Game and Fish funds that were previous received by the agency with general fund dollars. It has to be worded differently on the green sheet. This doesn't entirely remove the Game and Fish dollars from the budget. They will still receive \$968,796 from the Game and Fish fund. Within the Ag. Dept. budget \$768,800 is for the wildlife services program. The remainder of that is for the Board of Animal Health. Those are the same levels of funding they received previously in the budget.

Chairman Skarphol: Previously it was \$1,068,000 in Game and Fish money. Now it is \$968,796 and an additional \$100,000.

Tammy Dolan: During the last legislative session there was a transfer from the general fund of \$100,000 into the Game and Fish fund and then that money was appropriated to the Ag. Dept. from the Game and Fish fund. So we are proposing it be spent directly from the general fund.

Vice Chairman Monson: Will the wildlife hunting program continue at the same level?

Doug Goehring: No change, it will be flat funding into that program with only a minor increase when we look from 2011-2012 on.

Vice Chairman Monson: Everything is working out and you are going to continue your contracts?

Doug Goehring: We implemented what we told the legislature we would do. First, create a new business model and do a contract for services. Second, we would play a greater role in

the auditing process. Third, we would survey and collect information and help refine the program to provide better services for the public.

The business model in place works very well. We look at it quarterly as a bill is submitted to us. We sent out surveys and of those returned 82% were satisfied with the services. 9% that were dissatisfied were frustrated with the management of a species. That may reflect on Fish and Wildlife or the movement of animals such as wolves or geese or deer, etc.

Ideas for improvement: more staff time on issues and more airplane time. This is a USDA wildlife program that we leverage state funds with those federal funds to put a program in place that will address our issues.

What we will visit with them about is staff that is out doing the work needs to touch base back with those they are doing the work for. They want to know the results. If they are out shooting coyotes, what are the results?

The needs that are not addressed are goose, deer, lions, and coyote issues.

Chairman Skarphol: Project Safe Send. With the rinsate, we ship a lot of tonnage. Have you been able to get the industry to recognize that hauling water to Kansas is a waste of money?

Doug Goehring: That came down a little even though we had some increased locations. We do charge for that product.

Vice Chairman Monson: Do you charge only for the rinsate?

Doug Goehring: That is correct.

(54:50)

Tom Bodine, North Dakota Farm Bureau: We are in support of the commissioner's budget. Over the last six months I worked as Commissioner Goehring's Deputy Commissioner. You can be proud of the job the department does. A lot of the services that Commissioner Goehring provides makes it pretty amazing that it is done with the staff they have in the department. They have a lot of dedicated individuals. The shift in FTEs is done to meet industry needs.

Julie Ellingson, North Dakota Stockmen's Association: (57:18) (See attachment #4) We are in support of HB 1009.

Scott Rising, Soybean Growers: Spoke in favor of HB 1009. We like the accessibility within the Dept. of Ag. whether it is wetlands types of issues, pesticide issues, etc. We have an Ag. Commissioner that is engaged in the foreign marketing of the soybean industry and many commodities across the state.

Dan Wogsland, North Dakota Grain Growers Association: We also are in support of HB 1009. Commissioner Goehring is the #1 cheerleader for agriculture along with his staff.

Gary Knutson, North Dakota Agricultural Association: Also support HB 1009. My counterparts in other states marvel at what we get done with our Ag. Dept. staff.

Merlin Leithold, North Dakota Weed Control Association: Also in support of the budget presented especially the noxious weed portion. We are a big user of the funds. We continue to fight weeds with chemicals and bio control. Leafy spurge has been around for a long time. Canada thistle is on the decline. Drought doesn't hurt it. We always have new weeds. I do have a chart that Dr. Rod Lym from NDSU put together. (See attached #5)

Chairman Skarphol: A couple of sessions ago there was some discussion about a new noxious weed that was really invasive on the shores of Lake Sakakawea. It was salt cedar. How are we doing with it?

Merlin Leithold: It is still out there. There is a bio control for salt cedar. We decided to go after it chemically. That has helped. In some states it is totally out of control. We don't have that.

Chairman Skarphol: Did the unusual rise in the lake have any effect on your ability to control that?

Merlin Leithold: Yes, it did. Down the road there will be seedlings and young trees where you wouldn't expect.

Alexis Brinkman, North Dakota Petroleum Council: We also support 1009 specifically the mediation program.

Chairman Skarphol: Meeting adjourned.

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HB 1009 February 15, 2013 Job 19065

Conference (Committee
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Explanation or reason for introduction of bill/	resolution:
Department of Agriculture	
Minutes:	Testimony 1, 2, 3, 4, 5

Chairman Skarphol: We need to walk through this one. There are some items we need some answers to from financial people at the department. Let's walk down a green sheet to start with. On item 1, funding to hire an emergency program specialist for \$30,000. Is that added to some dollars that you have within the budget?

Ken Junkert, Division Director of Administrative Services: The \$30,000 identified in general fund here was for operations. There should have been another \$114,000 that should have been in the total line. It should be \$144,664.

Doug Goehing, North Dakota Agriculture Commissioner: It was missing the salary line when we had submitted the budget.

Chairman: So you're not adding an FTE? You're short of the money you need to pay the vacant FTE position that exists?

Ken: Correct.

Chairman: Did you have four vacancies?

Ken: Yes.

Chairman: And that money had been used elsewhere?

Doug: We took two of those positions to fill in for other needs within the department. Those had limited funding.

Ken: The position for the emergency management specialist was transferred from our Ag Mediation Program over. When OMB built the budget for this, they transferred the general fund portion from that position to the emergency management specialist position.

Chairman: But the \$114,000 that you referred to is not reflected anywhere?

Doug: Correct. That is the difference that we're going to need to fill that position. It's not on the green sheet.

Ken: The \$114,664 is part of the executive budget. The salary portion for that program was missed on the green sheet. Legislative counsel only included the operating funds and not the salaries.

Chairman: So number one is the operating funds and the money is in the budget but not reflected on the green sheet?

Ken: Correct.

Chairman: Is number two going to be added to your operating line?

Ken: That will be added to the board of animal health line item.

Chairman: Is number 3 also incorrect?

Doug: It reflects \$20,000 when in reality it needs to be \$112,975.

Chairman: Is that difference also included in the totals on top?

Doug: Correct.

Chairman: Where is this salary reflected as coming out of that fund?

Doug: Livestock Development Administrative Support.

Chairman: Explain the last two items: health and retirement increase of \$54,960 and the estimated market salary adjustment of 180.

Ken: When the Governor puts together his compensation package for the agency budget, those two lines are the portion, the additional funds that would built into the OMB or the Governor's budgets compensation plan above the base.

Chairman: Is that a new practice?

Ken: We have several dollars in salaries that run through the department through the EARP fund. Based on the compensation package, that would be the portion that is dedicated to the special fund to handle that increase.

Chairman: So the EARP fund is funding salaries elsewhere within your budget and this is just a reflection of the increases?

Ken: Yes.

Chairman: What would happen to that \$180,000 with the changes we have proposed with regard to the salary compensation package?

Joe: I think that amount would be proportionately reduced.

Rep Monson: You said there were several people being paid with EARP funds. Has that been going on for a couple biennia?

Ken: Yes.

Chairman: Are you being given added responsibilities in this session based on pending legislation?

Doug: We did expand the scope of the program last legislative session. We are taking on more responsibility. Even with the expanding scope of our duties, we may have to ask for a total of \$100,000 towards mediation services.

Chairman: Is this contract services?

Doug: The majority would be for contract services. The other portion would be direct services provided by our staff.

Rep Monson: Do you get money from energy funds as well because you're providing a service for them? Are some of these dollars coming from other sources? Should they be?

Doug: We don't receive any other funds from any other resources with respect to anything that's being managed within state government. There are some fees that are collected, but those are nominal. The federal funds we receive have stipulations and criteria.

Chairman: Number five provides funding to add a grant to the Centennial Farms program of \$80,000. What has been spent on that in the past?

Doug: We have not directly had any appropriation over there. There have been mainly private funds in the foundation that have helped support this program.

Chairman: What do you envision doing with this? The Centennial Farm program was 20 years ago.

Doug: The program is alive and well and functioning.

Rep Grande: What being a Centennial Farm mean? What does it do?

Doug: The historical significance to many proud families in this state is meaningful. The Governor has been supportive of this and he asked me to have it in my budget.

Chairman: Where was this before?

Rep Monson: Who has been doing this?

Doug: The Lewis & Clark Foundation has been maintaining the database and doing the research.

Chairman: If you get this money, will you do this? Or will it be contracted through the Lewis & Clark Foundation?

Doug: It goes to them.

Rep Monson: I was under the impression that this was to cover your costs of doing the certificates. So this is just a grant to the Lewis & Clark Foundation?

Doug: That is correct. It is in our grant line.

Chairman: Number 6 is \$48,000 for IT desktop support. I'm told you absolutely need that.

Doug: We need \$96,000. Part of the problem is with over 60 different programs, we have databases and programs that were created in the 80s, 90s, and 2000s. We have programs and data that can't be integrated into IT and we're finding it more and more difficult to have these programs operate and function.

Rep Boe: Are you currently contracting with ITD?

Doug: Yes.

Rep Streyle: Is it more programming than desktop support?

Doug: Correct.

Chairman: Why are we using general funds instead of Game and Fish for number seven?

Joe: In the current biennium, there was a one-time transfer from the general fund to the Game & Fish fund. That money came from the Game & Fish fund to the ag department as special funds to fund the board of animal health and wildlife services.

Chairman: Page six under livestock services. The grants line make a fairly substantial jump from \$286,000 to a million fifty. Explain that.

Doug: Part of that is EARP funds.

Chairman: Where are these grants going that they didn't go last time?

Doug: Previously our livestock pollution prevention program was under a different category. We were asked by OMB to put it into the grant category because of the way that the program is structured and what it does.

Chairman: If it's just a shift of the appropriate place, where is the commensurate decline?

Rep Monson: I think I found it. In your operating, it looks like it went down almost a million dollars.

Susan Keller, State Veterinarian (37:21): We will not have unexpended funds according to Dr. Bolmers's information to me.

Chairman: Could section five come out of the bill?

Susan: That would be true for this biennium.

Chairman: Adam, make a note that we're going to remove section five.

Rep Monson: I made a little buzz last week with the bee bill. I wasn't here when this was defeated on the floor. The committee decided it didn't need to be studied. I still feel that we do not have a real good solution to the bees when we are the number 1 honey producer in the nation. If Judy can collaborate on this? In her testimony she indicated there is something like 10,000 sites where we have bee colonies. This is a huge deal and you've got to believe two people working in your department on issues that are problems with bees?

Doug: I would have to defer to my division director, Judy Carlson on the number of inspectors. One thing we have done is we are participating in a national working group to help address some of the pollinator issues that have been raised.

Judy Carlson, Director of Plant Industries Division (40:46): We have two summer temps that work about two and a half months. They also help with the gypsy moths surveys and some other surveys. A session ago we got an extra FTE to help because of some of the colony collapse issues. But we did get a federal grant that helped pay for some of those expenses.

Rep Monson: I would really like to see us study the situation. With the passage of the measure for the farming issue, in the testimony against that bee bill, a lot people testified that since that passed, we can't do anything to them. I don't think that's necessarily true, but we should be looking at the effect of passing that measure. What can you do? You've got a lot of issues with bees, especially with those that don't take care of their bees.

Doug: I'm not going to speak for or against the measure and how it was used in the committee during the hearing. I believe it's probably a bit irrelevant in this situation. There are bigger issues here. I don't think a study is necessary.

Chairman: Rep Monson, do you have language that you would like to propose?

Rep Monson: I do have an amendment being drafted to address the issue.

Rep Brandenburg (46:35): Explained amendments (Testimony 3).

Rep Monson: We thought this program was working pretty well.

Chairman: What is the link between the EARP fund and wildlife services?

Rep Brandenburg: There are some things we take care of. We got coyotes, we got beavers.

Chairman: What is the link? I can see the link to Game & Fish. How should the money in EARP be responsible for wildlife services?

Rep Brandenburg: There are a few animal initiatives in the EARP fund too. So as you look at the animal issues in there that they're probably a bit gray which ties into the board of animal health. I don't know. Did you find that amendment, Rep Monson?

Rep Monson: I did. I am not taking credit or blame for this amendment because Rep Brandenburg went up and had my name put on it. You explain that one to us.

Chairman read amendment (Testimony 4). What does that amount to dollar-wise?

Rep Brandenburg: I believe it's a little over \$900,000.

Chairman: Where would that money go if this amendment were not adapted?

Rep Brandenburg: It goes into the general fund right now. It is tonnage fees that are collected on feed. The feed salespeople collect it and turn it into the ag department and the ag department turns it over to general funds. It is ag dollars that are being used that would end up being put into agricultural use.

Rep Monson: So 01001 is a way to shore up the EARP fund because we are taking more money out of there than what it really consists of?

Rep Brandenburg: Absolutely. We're looking to take care of programs dealing with all these issues.

Rep Monson: Doug do you have a copy of 01001?

Doug: No. Being where we were at in the EARP fund, we'd definitely have to put some money in there if we're going to do what's been suggested in the amendment. Reviewing the amendments, we would have a deficit in EARP.

Chairman: Joe, what did they do in Game & Fish? Did they reduce the dollars going to the ag commissioner's budget and Game & Fish budget? Do we have to make up the difference between?

Joe: Correct. To mesh with what the government operations section did to the Game & Fish budget, they did reduce those two grants that are budgeted to be received in the ag department by half.

Chairman: Was Rep Brandenburg correct in stating that minor use issue was 325 in this biennia?

Doug: It was \$200,000 and that would leave us with a shortfall in funding for future projects.

Chairman: It's 2 in this biennia? And it was 325 in the 09-11?

Ken: We'll look up the history, but I believe at one time it was \$300,000 plus.

Chairman: So you're saying you're short this biennia?

Doug: This biennia is fine because we could only spend up to the portion we had available. The problem is going into the next biennia. We have more projects and needs.

Chairman: We'd like to know what those projects and needs are before give away money.

Doug: The crop harmonization board is the one that is working on this. But Jim Gray can give a brief overview of some of the projects.

Jim Gray, Pesticide and Fertilizer Division Director for Department of Ag (1:01:48): Some of the projects the board has funded from the minor use fund are in support of fungicide research on things like lentils and chickpeas and sunflowers. Dr. Mike Vunch at the Carrington research station has received quite a bit of funding from that. The board has also agreed this biennium to fund a pesticide use survey conducted jointly with NDSU and the ag statistic service. They're also funding a herbicide residue study with the USDA IR4 program. I could generate a list of the studies.

Chairman: Would the entire 325,000 be utilized for funding studies and research?

Jim: Correct. The minor use fund is to fund research.

Chairman: If we reject the transfer of Game & Fish money, there would the 125,000 left in the EARP fund to do that increase.

Rep Grande: I have a short amendment.

Chairman: I'd like to hear comments from the committee members on this funding source change that our counterparts in government ops did to our budget and how we might want to react to it. Rep Martinson, do you have any thoughts on that? Give me your perspective as the senior member on this committee. They reduced the contribution from Game & Fish from \$968,796 to \$484,398.

Rep Martinson: Traditionally government ops sticks up for Game & Fish; and we stick up for ag.

Chairman: Tammy, are you aware of what they did in government ops?

Tammy: Yes.

Chairman: Typically from OMB perspective and council, if we take no action this budget is underfunded based on what's transpired in government ops.

Tammy: Yes. In the end, if you leave it the way it is, this budget is going to be expecting money from the Game & Fish fund that Game & Fish will not have the authority to give to the ag department. There will be a shortfall.

Rep Monson: Last time, didn't we take money out of Game & Fish for this?

Chairman: I don't know that we changed anything historical.

Rep Grande: I don't know what an EARP is and I don't know what switching this money around means. I thought they were talking about taking general fund money and putting it in the ag. But you guys are talking about Game & Fish. What does Game & Fish have to do with this?

Chairman: What is being endeavored to do is cover the cost associated with the wildlife services program and the state board of animal health. Section 3 of the bill provides \$968,796 from the Game & Fish operating fund for purposed of funding the state board of animal health \$4 short of \$200,000 and wildlife services programs \$768,800. Wildlife service provides service to citizens across the state who have problems with wildlife. The EARP fund money is generated by a registration fee on every chemical sold in ND. It generates several million dollars. Rep Brandenburg and Kempenich are saying we should take less money from Game & Fish and more money from the EARP fund to pay the costs associated with the state board of animal health. If we take the money out of EARP, this fund is in the hole. If we give \$125,000 out of this fund to the minor use fund, we're even further in the hole. The third amendment suggests transferring the revenues from the fertilizer fees, tonnage fees from the general fund into the EARP fund to cover the costs.

Rep Monson: The reason we got into the discussion on how to fund the wildlife predation business is because the feds used to pay a chunk of it and then stopped funding it. We had to come up with a way to fund it.

Rep Boe: We end up giving an appropriation out of the general fund to the state Game & Fish for nearly a half a million dollars. Is that how it all adds up?

Chairman: Yes. The real beneficiary of all of this is the fact that Game & Fish has that money left. They have more money in their operating fund. Based on the discussion we had, what are your wishes starting with Rep Grande's amendment?

Rep Grande moved amendment.

Rep Martinson: Second.

Voice Vote: Motion carried.

Chairman: With regard to the three amendments from Reps Brandenburg, Kempenich and Monson, what are your wishes?

Rep Monson: I think we need to talk to Rep Kempenich about 01003 before we would put that on. I think 01002 is fine. That's how it used to be.

Rep Monson moved 01002.

Rep Boe seconded.

Voice Vote: Motion carried.

Chairman: Centennial farms?

Rep Streyle: That doesn't make much sense to me.

Chairman: You wonder when it's going to end.

Rep Streyle: It doesn't seem like an appropriate expense in this budget.

Rep Streyle moved to remove the \$80,000 for the Centennial farms program.

Rep Grande seconded.

Voice Vote: Motion carried.

Chairman closed meeting.

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Education and Environment Division Roughrider Room, State Capitol

HB 1009 February 18, 2013 19136

Conference Committee

Joselyn Gallagh	LNC
Explanation or reason for introduction of	of bill/resolution:
Dept. of Agriculture	
Minutes:	Handout 1

Chairman Skarphol: Have several bills we need to take action on. Secretary of States bill has been passed. We adopted a couple of different amendments, we have not resolved #3 which is the funding, move that was made in a Game and Fish budget where the government operations section. I had discussion with Majority Leader about that. Brady, tell us what number it would be we would need to transfer to the ERP fund to offset the actions of the Govt. Operations Committee.

Brady Larson, **LC**: It would be the 484,000 dollars listed in the proposed amendment change list.

Chairman Skarphol: Would that leave the projected balance the same as on the sheet that the Ag Commissioner passed out in his testimony?

Brady Larson: The revised projected balance is about 356,000 dollars so there would be a slight deficient. Because there would be 484,000 dollars that would have to come out of the ERP fund and there is only projected to be 356,000.

Chairman Skarphol: How much would we have to transfer into the ERP fund in order to ensure we have the 356 as a balance based on the actions of the Govt. Ops. Committee?

Brady Larson: 484,000

Chairman Skarphol: That would come from the fees paid on commercial feed?

Brady Larson: Correct.

Chairman Skarphol: Which typically go to the general fund?

Brady Larson: Correct.

Chairman Skarphol: That would leave some amount of money still going to the general fund from those commercial feed fees?

Brady Larson: It is roughly about 980,000 dollars estimated to be deposited into the general fund so there still would be some fees going into the general fund.

Chairman Skarphol: Roughly, 500,000.

Brady Larson: Right, if the committee took action to deposit only a portion of the fees into the ERP fund.

Chairman Skarphol: Is there someone on the committee who wished to make the motion to move 484,398 dollars from the commercial feed fund?

Brady Larson: It might be simpler to state half of the fees that would be deposited in the general fund would instead be deposited in the ERP fund instead of a specific dollar amount.

Rep. Boe: We estimate how much it is, what's going to happen if those fees don't come out to be that amount?

Brady Larson: There would be a deficit in both funds. Another option the committee may want to consider is to deposit the first 484,000 dollars of fee collection into the ERP fund and then any remaining collection goes into the general fund and that would ensure the ERP fund has sufficient revenues, in that case if there was a revenue shortfall it would be on the general fund and not the ERP fund.

Rep. Boe: That sounds good, that's my motion.

Chairman Skarphol: We have a motion and a second by Rep. Monson, and Brady understands what it was.

Chairman Skarphol: That makes the ERP fund whole. Any other discussion on that? We will take that on a voice vote. Motion carries.

Chairman Skarphol: We have the amendments and all we need is a motion on bill as amended. Motion made by Rep. Boe for a do pass as amended on HB 1009, second by Rep. Monson.

Chairman Skarphol: Motion passes. 8-0-0

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee

Roughrider Room, State Capitol

HB 1009 2/20/13 Job 19278

Conference Committee

Committee Clerk Signature
Explanation or reason for introduction of bill/resolution:
A BILL for an Act to provide an appropriation for defraying the expenses of the agriculture commissioner; to amend and reenact section 4-01-21 of the North Dakota Century Code,

relating to the salary of the agriculture commissioner; to provide for transfers; and to

Minutes:

provide an exemption.

You may make reference to "attached testimony."

Rep. Boe moved amendment 13.8138.01007; seconded by Rep. Skarphol.

- 0:36 **Rep. Boe** introduced the amendment, including the background of the amendment.
- 2:04 Chairman Delzer: So how much is the tonnage free?

Rep. Boe: I believe it was estimated that it would gather somewhere around \$980,000 a year.

- 2:37 **Rep. Boe** continued to introduce amendment, starting with Section 9.
- 4:04 **Rep. Kempenich:** Did they hold out any sick leave, or don't they have any anticipation, or aren't we doing that with this?

Chairman Delzer: There is a new line in the bill for \$132,719. On page 3 of the amendment, it shows you under footnote number 3.

Rep. Skarphol: We did have a request to put a little more money into the minor use fund. That was also done in the amendment. We went from \$200,000 to \$325,000. That was taken out of the EARP fund. The \$325,000 is reflective of what we had done in the past. It was felt to be needed to ensure the continued ability to utilize those chemicals.

Rep. Brandenburg: Our appropriation for the minor use fund has been \$325,000 for years. We did not meet until late, and we had some carryover in December when we met. We expended those funds that we had planned on expending but had not had a meeting to do that. It was seen in there by OMB that we had this carryover, so they thought we didn't need as much, but we did. There is no money there now. We use it for dealing with minor

House Appropriations Committee HB 1009 February 20, 2013 Page 2

use crops that need financial assistance to be able to deal with issues on pesticide, also in dealing with crops that do not have the same support as large crops do.

Rep. Skarphol: The cost associated with getting the approval for the utilization....

Rep. Brandenburg: Many of those crops cannot get the approval for special needs, an IR4 or what it may be to have a special needs...

Chairman Delzer: Are they temporary, or are they permanent minor use? Do you have to get it every year for the same one?

Rep. Brandenburg: There are different crops that have different needs. It's not the same crop every time.

6:52 **Chairman Delzer:** Did you have any discussion about Project Safe Send? How much money is in here for it.

Rep. Boe: That was not discussed.

Rep. Skarphol: I believe there is \$585,000 in the bill for it. There is a cost associated with it, but they do charge for the rinse aid. That was an issue several years ago. That's where the chemicals are blended with the water, and that's where tonnage becomes involved, so they do charge to haul it somewhere.

Chairman Delzer: Is the 585 all general fund money? Is that portion of that the charge? Is the usage up or down?

7:50 **Tammy Dolan, OMB:** For Project Save Send, I show the funding for that coming out of the EARP fund.

Rep. Kempenich: It comes out of the pesticide registration side of that. They collected \$4.1 million.

Chairman Delzer: That's where the charges are.

Rep. Kempenich: In the past, it comes out of that pesticide registration

Tammy Dolan: Those monies are deposited to EARP.

Chairman Delzer: Where is the money they charge for the rinse aid? Where does it collect?

Rep. Skarphol: Back in EARP fund.

Chairman Delzer: Further discussion on the motion to amend?

A voice vote was done on the adoption of amendment 13.8138.01007, and the motion carried.

House Appropriations Committee HB 1009 February 20, 2013 Page 3

9:03 **Rep. Boe** went through the green sheet.

Chairman Delzer: How many vacant FTEs did they have?

Rep. Skarphol: Number 1 & 3 on the green sheet were mistakes as printed. We did not have to add actual funds, but we had to reflect the correct dollars. That number should have been \$144,644 but it was already included in the total up above. We didn't add money, just correcting a mistake. It was already included on the budget in the total.

Chairman Delzer: OMB must have added the money. Was it an unfunded, vacant FTE? How many did we have in the budget?

Rep. Skarphol: It was unfunded. There were unfunded meat inspectors. There were two employees in ad mediation who were in unfunded positions. We did not have the FTE per se; we took one of unutilized positions and to have it funded to hire that emergency program specialist. The same thing applies in item 3. We did not add the money. Rather than \$20,000, it should have read \$112,975, and that too was included in the total on the top.

Chairman Delzer: I'm surprised we would have had that many unfunded FTEs in the Ag Commissioner's budget.

Rep. Skarphol: The meat inspectors have been vacant because the funding was not there.

Chairman Delzer: There is shifting from meat inspectors to these positions?

Rep. Skarphol: They're going to utilize the empty positions rather than ask for another position. The funding source will change. Meat inspectors would have been available had there been federal funds available.

13:00 **Rep. Boe** resumed explanation of the green sheet, numbers 4-5.

Chairman Delzer: Was it the signs for Centennial Farm, or was it for the __ (audio unclear) Lewis and Clark?

Rep. Boe: I guess it was to cover the costs of doing the data research to prove that they were actually at Centennial Farm.

14:00 **Rep. Boe** resumed explanation of the green sheet, numbers 6-8. Game and Fish funding, we've covered that.

Chairman Delzer: On the back page of the green sheets, what about the water commission funding?

Rep. Boe: I believe that still transfers \$250,000 into wildlife services program.

House Appropriations Committee HB 1009 February 20, 2013 Page 4

Chairman Delzer: And Johne's is the same?

Rep. Boe: We took that out, didn't we? Did we end up taking that out? There was no carry over. We talked about possibly taking that out, but I don't believe we did. I didn't see in the amendment that we actually did that.

Rep. Skarphol: There was money there, and they get to carry it forward. It will be utilized to cover whatever costs associated with the Johne's needs in the state.

Chairman Delzer: Have they spent any in the last two years?

Rep. Skarphol: I see Ken nodding his head yes. We didn't get into how much of whatever was carried forward. Rather than taking it out and having to fund it later, we just left it.

Chairman Delzer: How much did you leave there?

Rep. Skarphol: I don't even know that we necessarily asked the question. It's not a significant amount of money.

Rep. Kempenich: It looks like about \$64,000.

Rep. Bellew: Could you explain number 4 on the green sheet to me, please? My question is why do they need to mediate in?

Chairman Delzer: We did that last session. We started the ag with some of the mineral mediation out in the oil patch.

Rep. Skarphol: We have added to their responsibilities in this session if it goes all the way through.

Rep. Boe: I move a Do Pass as Amended on HB 1009.

Rep. Skarphol: Seconded the motion.

Roll call vote on the motion for a Do Pass as Amended. Motion carries.

Yes = 21 No = 0 Absent = 1

Carrier: Rep. Boe

13.8138.01007 Title.02000

Fiscal No. 1

Prepared by the Legislative Council staff for House Appropriations - Education and Environment Division
February 19, 2013



PROPOSED AMENDMENTS TO HOUSE BILL NO. 1009

Page 1, line 2, after "commissioner" insert "; to create and enact a new section to chapter 19-13.1 of the North Dakota Century Code, relating to license, inspection, and registration fees"

Page 1, line 3, after "transfers" insert "; to provide for a legislative management study of the milk marketing board"

Page 1, replace lines 13 through 22 with:

"Salaries and wages	\$9,712,364	\$909,745	\$10,622,109
Operating expenses	6,451,453	(679,191)	5,772,262
Capital assets	17,000	(5,000)	12,000
Grants	3,170,828	800,000	3,970,828
State board of animal health	2,153,952	(44,124)	2,109,828
Wildlife services	1,417,400	0	1,417,400
Crop harmonization board	75,000	0	75,000
Accrued leave payments	<u>0</u>	<u>237,295</u>	237,295
Total all funds	\$22,997,997	\$1,218,725	\$24,216,722
Less estimated income	14,801,251	223,143	15,024,394
Total general fund	\$8,196,746	\$995,582	\$9,192,328"

Page 2, line 2, replace "\$200,000" with "\$325,000"

Page 2, after line 4, insert:

"SECTION 3. ESTIMATED INCOME - ENVIRONMENT AND RANGELAND

PROTECTION FUND. The estimated income line item in section 1 of this Act includes the sum of \$5,997,408, or so much of the sum as may be necessary, from the environment and rangeland protection fund for the purpose of defraying the expenses of various department of agriculture programs, for the biennium beginning July 1, 2013, and ending June 30, 2015."

- Page 2, line 6, replace "\$968,796" with "\$484,398"
- Page 2, line 21, replace "ninety-nine" with "ninety-eight"
- Page 2, line 22, replace "thirty-five" with "seventy-eight"
- Page 2, line 23, replace "three" with "one"
- Page 2, line 23, replace "twelve" with "thirty-two"
- Page 2, after line 23, insert:

"**SECTION 8.** A new section to chapter 19-13.1 of the North Dakota Century Code is created and enacted as follows:

G Si

Deposit of fees.

The commissioner shall forward all inspection fees, license fees, and registration fees received under this chapter to the state treasurer. The state treasurer shall deposit the first \$485,000 of fees received under this chapter each biennium in the environment and rangeland protection fund and any remaining fees in the general fund.

SECTION 9. LEGISLATIVE MANAGEMENT STUDY - MILK MARKETING BOARD. During the 2013-14 interim, the legislative management shall consider studying the structure of the milk marketing board; its statutory duties; the manner in which it prescribes and regulates producer, distributor, and retail prices throughout the state; and the manner in which it investigates and resolves concerns regarding the price and availability of milk throughout the state. If conducted, the study must review any policy or regulatory changes that the board has implemented in order to address pricing issues and availability of milk in the western portion of this state. The study must examine whether the continued regulation of the grade A dairy industry is best accomplished by the milk marketing board in its current form and operating under its current statutory directives, whether changes are needed to the board or its statutory directives, and whether there are other methods by which the desired results could be effectively and efficiently achieved. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1009 - Department of Agriculture - House Action

	Executive Budget	House Changes	House Version
Salaries and wages Operating expenses	\$11,258,319 5.772,262	(\$636,210)	\$10,622,109 5,772,262
Capital assets	12,000		12,000
Grants	4,050,828	(80,000)	3,970,828
State Board of Animal Health	2,135,803	(25,975)	2,109,828
Wildlife Services	1,417,400		1,417,400
Crop Harmonization Board	75,000		75,000
Accrued leave payments		237,295	237,295
Total all funds	\$24,721,612	(\$504,890)	\$24,216,722
Less estimated income	15,209,546	(185,152)	15,024,394
General fund	\$9,512,066	(\$319,738)	\$9,192,328
FTE	77.00	0.00	77.00

Department No. 602 - Department of Agriculture - Detail of House Changes

	Corrects Executive Compensation Package ¹	Adjusts State Employee Compensation and Benefits Package ²	Provides Separate Line Item for Accrued Leave Payments ³	Removes Centennial Farms Program Grant	Total House Changes
Salaries and wages Operating expenses	\$26,212	(\$451,102)	(\$211,320)		(\$636,210)
Capital assets Grants State Board of Animal Health Wildlife Services			(25,975)	(80,000)	(80,000) (25,975)
Crop Harmonization Board Accrued leave payments			237,295		237,295



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Total all funds	\$26,212	(\$451,102)	\$0	(\$80,000)	(\$504,890)
Less estimated income	11,533	(196,685)	0	0	(185,152)
General fund	\$14,679	(\$254,417)	\$0	(\$80,000)	(\$319,738)
FTE	0.00	0.00	0.00	0.00	0.00

¹Funding is added due to a calculation error in the executive compensation package.

²This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 2 to 4 percent per year.
- Reduces the market component from 2 to 4 percent per year for employees below the midpoint of their salary range to up to 2 percent for employees in the first quartile of their salary range for the first year of the biennium only.
- Removes funding for additional retirement contribution increases.

³A portion of salaries and wages funding from the general fund (\$132,719) and from other funds (\$104,576) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying annual leave and sick leave for eligible employees.

⁴Funding included in the executive budget recommendation for a grant to the Centennial Farms program is removed.

This amendment also:

- Increases the transfer from the environment and rangeland protection fund to the minor use fund from \$200,000 to \$325,000.
- Adds a section to deposit the first \$485,000 of commercial feed license, inspection, and registration fees received under Chapter 19-13.1 in the environment and rangeland protection fund rather than the general fund.
- Adjusts Section 6 relating to the salary of the Agriculture Commissioner consistent with changes made to the state employee compensation package.
- Provides for a Legislative Management study of the Milk Marketing Board.
- Changes the statutory salary for the Agriculture Commissioner to provide for a 3 percent annual increase rather than a 4 percent annual increase as recommended in the executive budget.

Date:	15	FUS	
Roll C	all Vote	#:	

2013 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. 109

House _Educat	tion and Environmer	nt Divisio	on		_ Com	mittee
☐ Check here	for Conference Co	ommitte	ee			
Legislative Coun	cil Amendment Num	nber _				
Action Taken:	☐ Do Pass ☐	Do Not	Pass	☐ Amended	pt Amen	dment
	Rerefer to Ap	propria	tions	Reconsider		
Motion Made By	Grand	R	Se	econded By Marki	h50	7
	sentatives	Yes	No	Representatives	Yes	No
Chairman Robe	•			Rep. Clark Williams		
Vice Chairman Rep. Bob Martii			-	Rep. Tracy Boe	+	
Rep. Roscoe St						
Rep. Mark Dose						
Rep. Bette Grai						
Total (Yes)			N	0		
Absent						
Floor Assignmer	nt					
If the vote is on a	an amendment, brief	fly indica	ate inte	nt: Motion of	pass	es
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2013 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. _________

House _Education and Environme	ent Divisio	on		Com	mittee
☐ Check here for Conference	Committe	ee			
Legislative Council Amendment Nu	ımber _				
Action Taken: Do Pass] Do Not	Pass	☐ Amended	opt Amer	ıdmen
Rerefer to A	ppropria	tions	Reconsider		
Motion Made By	500	Se	econded By	Poe	
Representatives	Yes	No	Representatives	Yes	No
Chairman Robert Skarphol			Rep. Clark Williams		
Vice Chairman David Monson			Rep. Tracy Boe		
Rep. Bob Martinson					
Rep. Roscoe Streyle					
Rep. Mark Dosch					
Rep. Bette Grande					
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Total (Yes)		N	0		
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Floor Assignment					
If the vote is on an amendment, bri	efly indica	ate inte	nt:		

volce vote on bl.ob2 motion carries

Date: Roll Call Vote #: 3

House _Education and Environment Division				Committee
☐ Check here for Conference Co	ommitte	ee		
Legislative Council Amendment Num	ber _			
Action Taken: Do Pass D	Do Not	Pass	Amended Adop	ot Amendment
Rerefer to Ap	propria	tions	Reconsider	
Motion Made By	eyle	Se	conded By	rande
Representatives	Yes	No	Representatives	Yes No
Chairman Robert Skarphol			Rep. Clark Williams	
Vice Chairman David Monson Rep. Bob Martinson			Rep. Tracy Boe	
Rep. Roscoe Streyle				
Rep. Mark Dosch				
Rep. Bette Grande				
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Total (Yes)		No	·	
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Floor Assignment				-
If the vote is on an amendment, brief	ly indica	ate inter	nt:	
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Date: 2-18-13
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. ____/0_9__

House _Education and Environmen	t Division			Com	mittee
Check here for Conference Co	ommittee	:			
Legislative Council Amendment Num	ber				
Action Taken: Do Pass	Do N ot F	ass	☐ Amended	t Amen	dment
Rerefer to Ap	propriatio	ons	Reconsider		
Motion Made By Rep. Boe		_ Se	conded By Rep - Mon 501	1,8	
Representatives	Yes	No	Representatives	Yes	No
Chairman Robert Skarphol			Rep. Clark Williams		
Vice Chairman David Monson Rep. Bob Martinson			Rep. Tracy Boe		
Rep. Roscoe Streyle					
Rep. Mark Dosch					
Rep. Bette Grande					
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Total (Yes)		No)		
Absent					
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If the vote is on an amendment, brief	ly indicate	e inter	nt: 1.54 1 n	(1010)	of too
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Date: 18 Feb Roll Call Vote #: 2

2013 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. 1009

House Education and Environmen	t Divisio	<u>n</u>		Comn	nittee
☐ Check here for Conference Co	mmitte	е			
Legislative Council Amendment Num	ber _				
Action Taken: 💢 Do Pass 🗌	Do N ot	Pass	Amended	pt Amen	dment
Rerefer to App	propriat	ions	Reconsider		
Motion Made By Rep-Bae		Se	econded By Ryp/Monso	n	
Representatives	Yes	No	Representatives	Yes,	No
Chairman Robert Skarphol	1		Rep. Clark Williams	V	
Vice Chairman David Monson	V		Rep. Tracy Boe		
Rep. Bob Martinson	1/				
Rep. Roscoe Streyle	1 1/				
Rep. Mark Dosch	1/.				
Rep. Bette Grande	11/				
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Total (Yes)		N	。		
Absent		\bigcirc			
Floor Assignment Rep.	Boe				

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

Date:	2/	20	13	
Roll Call	Vote #	# :	1	1-2-4

2013 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. 1009

House Appropriations				Com	mittee
☐ Check here for Conference Co	ommitte	ee			
Legislative Council Amendment Num	ber _	•	01007		
Action Taken: Do Pass	Do Not	Pass	Amended 🔀 Adopt A	mendme	nt
Rerefer to App	oropriati	ons	Reconsider		
Motion Made By Rep. Boe		Se	econded By Rey. Skarp	hol	
Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Rep. Streyle		
Vice Chairman Kempenich			Rep. Thoreson		
Rep. Bellew			Rep. Wieland		
Rep. Brandenburg					
Rep. Dosch					
Rep. Grande			Rep. Boe	- L	7
Rep. Hawken			Rep. Glassheim		
Rep. Kreidt			Rep. Guggisberg	15 - 2	
Rep. Martinson			Rep. Holman		
Rep. Monson			Rep. Williams		
Rep. Nelson					
Rep. Pollert					
Rep. Sanford					
Rep. Skarphol					
Total Yes		N	0		
Absent					
Floor Assignment					
If the vote is on an amendment, brief	ly indica	ate inte	nt:		

voice vote carries

Date:	2	20	13
Roll Call	Vote #:	2	,

2013 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. __________

House Appropriations				Com	mittee
☐ Check here for Conference Co	mmitte	ее			
Legislative Council Amendment Num	ber _				
Action Taken: 😾 Do Pass 🗌 I	Do Not	Pass		nendme	nt
Rerefer to App	ropriati	ons	Reconsider		
Motion Made By Lep Boe		Se	econded By Rep. Skar	pho1	
Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Rep. Streyle	X	
Vice Chairman Kempenich	X		Rep. Thoreson	X	
Rep. Bellew	X		Rep. Wieland	X	
Rep. Brandenburg	X				
Rep. Dosch	X				
Rep. Grande	X		Rep. Boe	X	
Rep. Hawken			Rep. Glassheim	X	
Rep. Kreidt	χ.		Rep. Guggisberg	X X	
Rep. Martinson	X		Rep. Holman	X	
Rep. Monson	X		Rep. Williams	X	
Rep. Nelson	X				
Rep. Pollert	X				
Rep. Sanford	X				
Rep. Skarphol	X				
Total Yes		N	0		
Absent					
Floor Assignment If the vote is on an amendment, briefle		ate inte	nt·		

Module ID: h_stcomrep_33_019
Carrier: Boe

Insert LC: 13.8138.01007 Title: 02000

REPORT OF STANDING COMMITTEE

HB 1009: Appropriations Committee (Rep. Delzer, Chairman) recommends
AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS
(21 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1009 was placed on the Sixth order on the calendar.

- Page 1, line 2, after "commissioner" insert "; to create and enact a new section to chapter 19-13.1 of the North Dakota Century Code, relating to license, inspection, and registration fees"
- Page 1, line 3, after "transfers" insert "; to provide for a legislative management study of the milk marketing board"

Page 1, replace lines 13 through 22 with:

"Salaries and wages	\$9,712,364	\$909,745	\$10,622,109
Operating expenses	6,451,453	(679, 191)	5,772,262
Capital assets	17,000	(5,000)	12,000
Grants	3,170,828	800,000	3,970,828
State board of animal health	2,153,952	(44, 124)	2,109,828
Wildlife services	1,417,400	0	1,417,400
Crop harmonization board	75,000	0	75,000
Accrued leave payments	<u>0</u>	237,295	237,295
Total all funds	\$22,997,997	\$1,218,725	\$24,216,722
Less estimated income	<u>14,801,251</u>	<u>223,143</u>	<u>15,024,394</u>
Total general fund	\$8,196,746	\$995,582	\$9,192,328"

Page 2, line 2, replace "\$200,000" with "\$325,000"

Page 2, after line 4, insert:

"SECTION 3. ESTIMATED INCOME - ENVIRONMENT AND RANGELAND PROTECTION FUND. The estimated income line item in section 1 of this Act includes the sum of \$5,997,408, or so much of the sum as may be necessary, from the environment and rangeland protection fund for the purpose of defraying the expenses of various department of agriculture programs, for the biennium beginning July 1, 2013, and ending June 30, 2015."

- Page 2, line 6, replace "\$968,796" with "\$484,398"
- Page 2, line 21, replace "ninety-nine" with "ninety-eight"
- Page 2, line 22, replace "thirty-five" with "seventy-eight"
- Page 2, line 23, replace "three" with "one"
- Page 2, line 23, replace "twelve" with "thirty-two"
- Page 2, after line 23, insert:

"SECTION 8. A new section to chapter 19-13.1 of the North Dakota Century Code is created and enacted as follows:

Deposit of fees.

The commissioner shall forward all inspection fees, license fees, and registration fees received under this chapter to the state treasurer. The state treasurer shall deposit the first \$485,000 of fees received under this chapter each biennium in the environment and rangeland protection fund and any remaining fees in the general fund.

Module ID: h_stcomrep_33_019
Carrier: Boe

Insert LC: 13.8138.01007 Title: 02000

SECTION 9. LEGISLATIVE MANAGEMENT STUDY - MILK MARKETING

BOARD. During the 2013-14 interim, the legislative management shall consider studying the structure of the milk marketing board; its statutory duties; the manner in which it prescribes and regulates producer, distributor, and retail prices throughout the state; and the manner in which it investigates and resolves concerns regarding the price and availability of milk throughout the state. If conducted, the study must review any policy or regulatory changes that the board has implemented in order to address pricing issues and availability of milk in the western portion of this state. The study must examine whether the continued regulation of the grade A dairy industry is best accomplished by the milk marketing board in its current form and operating under its current statutory directives, whether changes are needed to the board or its statutory directives, and whether there are other methods by which the desired results could be effectively and efficiently achieved. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1009 - Department of Agriculture - House Action

	Executive Budget	House Changes	House Version
Salaries and wages	\$11,258,319	(\$636,210)	\$10,622,109
Operating expenses	5,772,262		5,772,262
Capital assets	12,000		12,000
Grants	4,050,828	(80,000)	3,970,828
State Board of Animal Health	2,135,803	(25,975)	2,109,828
Wildlife Services	1,417,400	' '	1,417,400
Crop Harmonization Board	75,000		75,000
Accrued leave payments		237,295	237,295
Total all funds	\$24,721,612	(\$504,890)	\$24,216,722
Less estimated income	15,209,546	(185,152)	15,024,394
General fund	\$9,512,066	(\$319,738)	\$9,192,328
FTE	77.00	0.00	77.00

Department No. 602 - Department of Agriculture - Detail of House Changes

	Corrects Executive Compensation Package'	Adjusts State Employee Compensation and Benefits Package ²	Provides Separate Line Item for Accrued Leave Payments ³	Removes Centennial Farms Program Grant ⁴	Total House Changes
Salaries and wages Operating expenses	\$26,212	(\$451,102)	(\$211,320)		(\$636,210)
Capital assets Grants State Board of Animal Health Wildlife Services Crop Harmonization Board			(25,975)	(80,000)	(80,000) (25,975)
Accrued leave payments			237,295		237,295
Total all funds Less estimated income	\$26,212 11,533	(\$451,102) (196,685)	\$0 0	(\$80,000) 0	(\$504,890) (185,152)
General fund	\$14,679	(\$254,417)	\$0	(\$80,000)	(\$319,738)
FTE	0.00	0.00	0.00	0.00	0.00

¹Funding is added due to a calculation error in the executive compensation package.

Reduces the performance component from 3 to 5 percent per year to 2 to 4 percent

²This amendment adjusts the state employee compensation and benefits package as follows:

Module ID: h_stcomrep_33_019 Carrier: Boe

Insert LC: 13.8138.01007 Title: 02000

per year.

- Reduces the market component from 2 to 4 percent per year for employees below
 the midpoint of their salary range to up to 2 percent for employees in the first quartile
 of their salary range for the first year of the biennium only.
- · Removes funding for additional retirement contribution increases.

³A portion of salaries and wages funding from the general fund (\$132,719) and from other funds (\$104,576) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying annual leave and sick leave for eligible employees.

⁴Funding included in the executive budget recommendation for a grant to the Centennial Farms program is removed.

This amendment also:

- Increases the transfer from the environment and rangeland protection fund to the minor use fund from \$200,000 to \$325,000.
- Adds a section to deposit the first \$485,000 of commercial feed license, inspection, and registration fees received under Chapter 19-13.1 in the environment and rangeland protection fund rather than the general fund.
- Adjusts Section 6 relating to the salary of the Agriculture Commissioner consistent with changes made to the state employee compensation package.
- Provides for a Legislative Management study of the Milk Marketing Board.
- Changes the statutory salary for the Agriculture Commissioner to provide for a 3
 percent annual increase rather than a 4 percent annual increase as recommended
 in the executive budget.

2013 SENATE APPROPRIATIONS

HB 1009

2013 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee

Harvest Room, State Capitol

HB 1009 March 15, 2013 Job # 19992

	onterence Committee
Committee Clerk Signature	Rose Taning
Explanation or reason for introduct	ion of bill/resolution.
A BILL for an Act to provide an approprommissioner;	oriation for defraying the expenses of the agriculture
Minutes:	Testimony attached # 1-4

Legislative Council - Brady Larson OMB - Laney Herauf

V.Chairman Grindberg opened the hearing on HB 1009. All committee members were present.

Doug Goehring, Commissioner, Department of Agriculture

Testimony attached # 1

Testimony attached # 2 Environment and Rangeland Protection Fund - Fund 376.

(5:40) **V.Chairman Bowman** asked if we were getting a handle on the noxious weeds like leafy spurge.

Doug Goehring: We are making a little progress but it all depends on the type of year and environmental conditions certainly are a part of that factor. Some counties it's working fairly well. We had some depletion and some of the populations with the flea beetles, and some of the other insects that help control. We feel we made a little headway but we also had new invasive species that we have to deal with, but county weed boards are doing their best to stay on top of it, manage it and work with land owners.

Senator Carlisle: I noticed that you have two acting directors? How come they're not permanent? And if they go permanent, is there going to be any changes in the budget?

Doug Goehring: We've had a couple resignations recently and we've also had some challenges with all the activity in ND with recruitment and retention. For the time being, until we get through the legislative session, we are going to be in a search, but we are just trying to manage. The people managing these areas are competent, they've worked in them before, so they're not going to be permanent, but I am looking at potentially re-

organizing the department. When I first came in, I said I was going to be assessing and evaluating the programs, services, and products for the Ag community and the consumers. We may have to shift some personnel around and maybe even re-organize our division in how our department is going to operate and function.

Senator Carlisle: Wasn't there another noxious weed besides spurge that was introduced and a step more dangerous? The knapweed?

Doug Goehring: We have a list of 12 noxious weeds in the state of ND and knapweed some of those are more prevalent in some parts of the state than others. It's a matter of working with the county weed boards and officers to make sure we identify and target those areas and eradicate, control and keep things in check.

Senator Carlisle: Have the flea beetles been fairly successful on spurge when the conditions are right?

Doug Goehring: Yes, we have beetles. We have worms. We have different biological agents for different weed species. They're working fairly well in some areas. In other areas, we're not sure why they're not working as well. Different species of plants have different pests that actually antagonize and can control the growth and propagating of any seed and more plant rhizomes from springing up and causing more problems.

Senator Wanzek: Could you elaborate on the state water bank program, and could that potentially be an area that the Heritage Fund that we're discussing, could that be an area where additional funds could go?

Doug Goehring: That's quite an intriguing thought. You could potentially target that program and utilize it to expand water bank acres in ND. I haven't been tracking that bill very closely so it would depend on how it was structured. The program, I don't want to say is inactive, as we still have contracts, but we have not been seeking any more new contracts simply because there are limited funds left there - very little.

Senator Erbele: Along those lines, what's the utilization of the program? Is it a multi-year contract? When you sign up, is it a 10year or 20 year program and what's the source of the funds? Are they special funds or where do we see those funds as part of the budget?

Doug Goehring: Contracts are 10-15 years. Those are special funds. We have contracts right now but we have not been taking in applications. I don't know but we could provide that information to you concerning how much money is left there. If that's something that you choose for us to pursue and we could utilize the Heritage Fund, if that is established, there might be an opportunity. It's a water bank program so we'd have to do some outreach and see who would want to participate in it.

(15:55) **V.Chairman Grindberg** asked about beaver and coyote depredation and how the program is going.

Doug Goehring: We changed how we are doing business and interacting with the USDA Wildlife services. We are now in a contract for services and we indicated to the legislature

last session, that after we established this new relationship and this new business partnership, that we would also do surveys to find out what kind of impacts and if there's any place we can improve and manage helping to direct resources in a better way. It's working very well as we had very good reports back through our surveys.

Senator Robinson: Coyote depredation issues - There is a large cattle ranch south of Valley City that is fighting off coyotes. They are using a poison of some sort. Is that provided by your department or do they have to buy it themselves?

Doug Goehring: We don't provide any of the materials. First of all, they have to be licensed to even handle those. The USDA Wildlife Services has the trained personnel and the ability to purchase and utilize those products. Through our contract, our relationship and type of program we have in place is probably one of the better ones that exist in the entire Midwest and West.

(24:27) **Senator Warner**: When were you laboratory facilities built and when were they last updated? How adequate do you feel they are for the needs of your department?

Doug Goehring: We don't have laboratory facilities. We have to coordinate our efforts with other agencies, whether the Dept. of Health, DOT and Game & Fish to access some of their facilities to do some autopsies, necroscopies, or maybe some TB issues. Other work is sent to NDSU - land grant universities diagnostic facilities. They have been in need of certain equipment or analyzers. We are aware at times of some of their needs but have not been deeply involved in that aspect. When we can't accomplish something here, we're also working with USDA to try and resolve an issue or other states that may have the diagnostic equipment.

(28:26) **Senator Warner**: Do you look for weed seed in fertilizers? Answer: No.

(33:50) **V.Chairman Bowman**: The issues you just brought before us, were those all eliminated from the House. Is this the whole package or are there other ones that we'll be discussing when we get done with this budget?

Doug Goehring: All of these were brought to the House. The only one that was dealt with at the last moment was the feed inspection license and registration fees that would be put into the EARP and then those special funds would be used to offset the funding that the Game and Fish had been providing. Everything else was in the governor's proposed budget.

V.Chairman Bowman: And the House took them out? And **Doug Goehring** said "Or they just didn't consider them. The one they took directly out was the Centennial Farms."

Senator Erbele: When we meet with the subcommittee, the one thing I see that is missing is the Governor's recommendations. In other budgets, we see 2011-13 budget, the executive budget and then the House changes. Could you bring the executive recommendations to the subcommittee? And why the Centennial Farms coming out of there

Doug Goehring: We'll make sure that every division shows what was proposed in the governor's recommendation. I hate to speculate, but there was another bill out there, something along the line of \$3M for Lewis & Clark Foundation. It was different, but this is about the data base, updating information for the Centennial Farms program. This is specific to their operations.

(40:23) **Senator Mathern**: Concerned about the state in 40-50 years about agriculture. Do you do anything to influence the DOT about the road building that is going on in the energy area? There are a lot of roads being deteriorated and then the farmers are going to be left trying to make it all go in their property taxes. Do you influence the department at all in trying to build a higher quality infrastructure that will be there in the future?

Doug Goehring shared with several things they are doing and what things are being done around the world.

V.Chairman Bowman asked about the changes from the House because the subcommittee will be looking at them and if he could have that information handy it would speed things up.

(47:10) **John Job, Northern Division Manager, AMCON Distributing Company** Testified in favor of HB 1009 Testimony attached # 3

(56:08) **Senator Mathern**: What would be the source of your milk if you were licensed to sell fluid milk?

John Job: I have a customer number with Dean's Foods, right here in Bismarck. I buy product from them and ship it into SD.

Senator Mathern: You're not into buying from producers; you buy it from somebody who is already wholesaling it.

John Job: Yes, buy from a dairy and it's a ND dairy. We're shipping it into SD at the present time for our SD customers. We do distribution and anybody that has operated a convenience store knows that every company that stops at your store has expenses. There are fuel surcharges. The advantage we'd have is we have a fuel surcharge on ours; the milk truck has a fuel surcharge. They would eliminate the milk truck fuel surcharge. I'm not asking to put anybody out of business. I just want to compete.

(57:40) Mike Rud, President, ND Petroleum Marketers and ND Retail Association (Lobbyist # 91)

Testified in favor of HB 1009 No written testimony.

I think there is a need to study this. We have been very patient with this, not only AMCON, but the other distributers across the state. When we review the milk marketing regulations as they stand now, we can't really see where they couldn't sell milk, but no one wants to go down that legal path. Our wholesalers are being very patient with this process. It's been

almost 11 years now. We would just ask that you give strong support to that amendment. If this is a path we have to take, we don't want to be breaking any laws. We just want to be sure we are doing it right. They do need that opportunity to compete out there. It would help the rural areas. It would be a big plus out there.

Senator Robinson: Why two more years? Is there something that we can do legislatively this session to solve the issue?

Mike Rud: We met earlier in this session and started to talk about this issue. We had been talking to the Ag Commissioner's office and AG office trying to solve this problem without any legislation and so we continue to go down that path. Until we are sure that we can do it legally, we just haven't taken the steps to go out and sell it on our own at this point. We want to make sure we're doing it right.

Senator Erbele: Maybe Mr. Job wants to answer, but in his testimony, he said out of the meeting that if they licensed AMCON, they would need to license all the wholesalers like AMCON. My question is "So? What's the downside to that?"

Mike Rud: We don't see a downside to that. We just think this is a process that hasn't been reviewed and as you can see, someone is dragging their feet regarding AMCONs position for sure. We've had other distributors across the state ask for this and they've been told that 'no, we're not going down this path.' As Mr. Job referred, "If we give it to one, we have to give it to everyone." In the world of free market place and free competition, we don't see where that applies at all in the retail sector.

(1:00:36) Tom Woodmansee, President, North Dakota Grocer's Association (Lobbyist # 244)

No written testimony.

I'm not directly involved with the ND Milk Marketing Board, but we do have a retail member on there. My concern with this whole issue was that I think this amendment was placed on the bill in the House prior to the deadline for study resolutions. We have no problem with the study resolutions or a review of the entire milk marketing board as there are two consumers, one retailer, one processer and dairy farmer. The issue to us is not do we have anything to hide - to study it, we do not. The issue was why it had to come in the back side, placed on the budget proposal for the Ag commissioner when the study resolution date had not passed. Had I not been told about it, since we do have a retail member on the board who is from Beulah, ND, we wouldn't have known about this. The one advantage of the study resolution is people on both sides can explain their point of view. So my question is not whether we approve a review, but why it was done the way it was done.

V.Chairman Grindberg said the subcommittee will consist of Senators Bowman, Erbele, and O'Connell and the closed the hearing on HB 1009.

Testimony is support of HB 1009 submitted later:

Julie Ellingson North Dakota Stockmen's Association

Testimony attached # 4

2013 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee

Harvest Room, State Capitol

HB 1009 March 26, 2013 Job # 20473

☐ Conference Committee
Committee Clerk Signature Love Laning
Explanation or reason for introduction of bill/resolution:
A BILL for an Act to provide an appropriation for defraying the expenses of the Agriculture Commissioner
Minutes: Testimony attached # 1-2.
Legislative Council - Brady Larson

Senator Bowman opened the subcommittee hearing on HB 1009. **Senator Erbele** and **Senator O'Connell** were also present.

Vice Chairman Bowman suggested they go through the different line items in attachment #1. As far as the compensation package, I believe that will all be corrected in one amendment. So I don't think we will have to spend a lot of time on that. An error was made and that will also be corrected. Let's start with State Board of Animal Health line item change \$25,975.

Ken Junkert, Administrative Services Director, Department of Agriculture ND Agriculture Commissioner's budget memo - attached #1

OMB - Tammy Dolan

That change was enacted by the House and authority is moved from the BOAH line item down to accrued leave payments line item to come up to the total it came up to. The reason the agency has a concern is that the new accrued leave payments line item will place an unnecessary administrative burden on the Department to manage the salary and wages line item. This move will force the Department to make an automatic Emergency Commission request to move funds back to the State Board of Animal Health line item to cover salary and wages.

Vice Chairman Bowman: Was that originally in the salary wages and part of that or was it a separate line item in this particular part of the budget.

Ken Junkert: The Board of Animal Health is a separate line item and all the salaries of the employees are paid from that line item.

Vice Chairman Bowman: So what we need to do is correct that line item.

Ken Junkert: If you are going to remove that accrued leave payment line item you would have to move the authority back into the Board of Animal Health line item.

Vice Chairman Bowman: Grants line item changes of \$80,000

Ken Junkert: The House removed grant funding of \$80,000 that was in the Executive Budget for the support of the North Dakota Centennial Farms Program. We would like your consideration to put that back in our budget. He explained how they would use it. (4:00)

Vice Chairman Bowman: Has this been in the budget in the past.

Ken Junkert: No it is new.

Senator O'Connell: This would be part of the program out at Washburn that was explained to us when we were out there.

Ken Junkert: Yes. We do a onetime grant to the Lewis & Clark/Ft. Mandan Foundation and they administer the program for us.

Vice Chairman Bowman: EARP Fund transfer to the Minor Use Fund - Why was that changed?

Ken Junkert: The House wanted to make sure there was adequate funding to address all the needs. The Minor Use Fund funds valuable research on minor crops and helps insure that Pesticide registrations come forward so farmers have tools available to control weed and insect. It's been a successful program.

Vice Chairman Bowman: Of the two appropriations we just discussed - \$80,000 and \$125,000 - which is the higher priority.

Ken Junkert: The \$125,000 is EARP funding and the \$80,000 was a request for general fund dollars that the governor had placed in his budget. They are both really important. The Minor Use Fund increase has the most direct connection to production agriculture.

Senator Erbele: Is the tonnage fees a part of the EARP fund.

Ken Junkert: He explained the EARP (Environment and Rangeland Protection Fund) statement - attachment #2

Discussion followed on the redirecting of funds, paying federal government to do activities, and service contract. The service contract has gone a long way in healing the relationship between the state and federal in the state. They also discussed Endangered Species Act and predator program.

Vice Chairman Bowman: Specialty Crop Block Grant (attachment #1)

Ken Junkert: The NDDA request that the Senate consider making the following amendments: The crop block grant program: increase spending authority in grants line item to distribute federal grant funds.

Vice Chairman Bowman: You're just requesting federal fund "authority"?

Ken Junkert: Yes.

Discussion was to add it back in. Don't know why it's even an issue.

ITD Desktop support - additional general fund authority required to maintain current level of ITD desktop support pilot project.

Ken Junkert: We're one of two agencies that entered into an agreement with ITD to help us with our Desktop Support. We are asking for an additional \$48,000 and explained (14:00).

Discussion followed on the high cost of going to computer and the technology and the fact that it is all supposed to save money but this doesn't happen. There was concern of the high cost and questions asked. (16:00)

ND Mediation Service: additional general fund authority required to pay for expansion of services not allowed under the current federal grant.

Vice Chairman Bowman: Is that an additional \$50,000.

Ken Junkert: The legislature is expanding our scope of the mediation program. Most of the expanded work is not allowable to the federal grant. Last session the legislature expanded the use of this program into the oil industry and we've handled 26 successful cases for the oil industry. That is 26 cases we have kept from the court rooms. We were active in helping resolve a grazing dispute between the grazing association and the federal government. We have a hired contractor out of Dickinson and she is doing an excellent job.

Vice Chairman Bowman asked how much was in the original budget.

Ken Junkert: The original request and the additional \$50,000.

Vice Chairman Bowman: So this is another \$50,000 over that? Yes.

Senator Erbele: Can you list those House bills again that will be affecting the mediation program.

Ken Junkert: As of March 8, the House bills are: 1333 expanded the medication into gas related pipelines; 1352 mineral development; 1407 water surface agreements; SB 2209 condemnation and owner of property

Senator Erbele: Asked for fiscal notes and update. **Ken Junkert** will get that information.

Livestock Auction Market News Reporting

Ken Junkert: Additional general fund authority required to continue support for reporting sale and purchase of livestock data. Need additional funds because we are losing federal funds.

Vice Chairman Bowman: Asked him to justify the return on investment to the State.

Ken Junkert: The greatest justification is that it would communicate the strength of the market. Having accurate data helps portray what is happening in North Dakota Livestock Auction markets.

Senator Erbele: When the contractor brings the information, what happens to it? Where does it go from there and who uses the information.

Ken Junkert: We collect data on behalf of USDA. USDA compiles the data and reports the data. We are assisting with that process to collect data.

Vice Chairman Bowman: The computers in sales barn keeps everyone up to date. What are you doing that isn't already being done that can be a bigger benefit to the livestock producer?

Ken Junkert: Asked for some time to talk with Wayne Carlson, NDDA, to make sure that he has all the right information.

Deposit of commercial feed inspection, license, and registration fees: The House amended the law to allow the first \$485,000 of fees to be deposited in the EARP Fund. The Department recommends that all of these fees be deposited in the EARP Fund. The total revenue is estimated to be \$970,000.

Ken Junkert: Commissioner Goehring is asking that the whole amount be placed into the EARP fund. This will booster that final balance of that fund for the future. Programs that flow from EARP funds do support livestock programs.

Senator Wanzek: I actually pay those tonnage fees. I am in agreement that we should booster that EARP fund. It's all fees that are collected from manufactures that put together feed rations, and feed programs for livestock and animals.

Ken Junket: Our concern is the projected revenue that is flowing into that fund for this biennium, if you don't consider the carryover from the previous biennium, expenditures could exceed the estimated revenue and that places EARP in a precarious positions.

(33:00) Discussion followed on where the other half of the funds would go (General Fund). EARP funds livestock and animal programs as well as Game and Fish programs. It is also going to help fund some of the Wildlife Service Programs.

Vice Chairman Bowman asked how much we have expanded the use of EARP funds.

Ken Junkert: Explained (35:00)

Vice Chairman Bowman: adjourned.

2013 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee

Harvest Room, State Capitol

HB 1009 subcommittee April 1, 2013 Job # 20734

	Conference Committee
Committee Clerk Signature	Hore Janing
Explanation or reason for int	roduction of bill/resolution:
This is a subcommittee hearing	on the budget of the Department of Agriculture.
Minutes: Legislative Council - Becky J. R	Testimony attached # 1 - 2 Keller

Senator Bowman opened the subcommittee hearing on HB 1009. **Senator Erbele** and **Senator O'Connell** were present.

V.Chairman Bowman wants to go down the list of possible amendments provided by the department <u>- HB 1009 - Agriculture Commission's Budget</u> - attached # 1. The salaries and wages will be taken care of in a line item of a different bill.

Ken Junkert, Administrative Services Director, Dept. of Agriculture said the House created an accrued leave payments line item in the department's budget and when they calculated that amount, we have salaries that flow through the Board of Animal Health (BOAH) line item. They took, by formula, some amount from the BOAH line item and moved that amount into the accrued leave payments line item. That's why they came up with the \$25.975.

Senator Erbele: We need to move that back to Animal Health, right?

OMB - Lori Laschkewitsch

Ken Junkert: If you adjust for our compensation package, my assumption would be that if you do not have an accrued leave payments line item, you would have to move \$25,975 back into the salaries and wages line item.

Semator Bowman: How did you come up with the \$80,000 for the ND Centennial Farms Program? Is that what you absolutely have to have?

Doug Goehring, ND Agriculture: This started out over 4 years ago when the Governor sent the Foundation up to my office and wanted me to put this in the budget. At that time, I just stepped into this position and I was trying to work with the budget I had and I said I don't want to go down that road. The governor sent them up again the last legislative session and it was too late, we had already put our budget together and I did not put it in. I told them we didn't have enough time. They came back a year ago and I built it into the budget. This is for the data base for the Foundation for the Centennial Farms Program, along with the website and some other things that are connected with it. The governor has

Senate Appropriations Committee HB 1009 subcommittee April 1, 2013 Page 2

been very supportive and so are we. We partner with them to do Centennial Farm Programs. They actually asked for more, but I told them given the fact that its general funds and it really distorts our budget, I would prefer we keep the number a bit lower and he said he could live with \$80,000. You could say its an arbitrary number, but it's less than they asked for.

Senator Bowman: We have to figure out where we're going to be in negotiating between the two because if they took it out and we put it back in, we have to realize there will be negotiations. Should we put it back in?

Senator O'Connell: This gives us something to trade with.

Senator Erbele: In the last two sessions, what was running with Centennial Farms Programs?

Doug Goehring: Not a whole lot. They didn't have money to run it. They have different pots of money for the Foundation - not all of them are used for operating, they're used for facilities, other aspects of the Foundation. Only a small portion is used for Centennial Farms and since Centennial Farms had originally been with us and moved over there, they haven't done a whole lot with the data base itself.

Senator Erbele: Is there anything with Centennial Farms housed here in the capital?

Doug Goehring: I sign a certificate that is sent with a letter that is sent to each Centennial Farm applicant - once it's proven that they are a Centennial farm. They receive that data and then they display it. This past year I signed well over 100 and about that many the previous year.

Senator Bowman: If they cost \$125, that's \$12,500, so where is the big expense in that? That's a lot over. Is it technology?

Doug Goehring: Probably updating software. To get things in order, they may have some expenses to updating the information and data. I believe this is a one-time expenditure that will carry them up to speed and gets the work done. I don't know if they'll be coming back and asking for anything more, but if they do, they'll have to spell out beyond this.

Senator Bowman: Make a note that this will be a one-time expense. That's outside of the normal budgeting. If we start giving someone \$80,000 dollars, they'll figure everyway in the world to get more next time.

Senator O'Connell: Didn't that start out as a partnership and now the foundation is taking over and doing their own thing now and we're supposed to finance them?

Doug Goehring: I would say they still partnership. It's not that I don't care about the program, but to take people and resources to work on the program isn't in our best interest. I know the governor is very supportive and that's why they keep showing up. They fill a void.

Senate Appropriations Committee HB 1009 subcommittee April 1, 2013 Page 3

Senator Erbele: There's a part of me that says it would be wiser to house it at the Heritage Center than at a Lewis & Clark dominated facility.

Senator Bowman: Could be in discussion. That's a good point because it will attract a whole lot more people at the Heritage Center than the one up north.

Senator Erbele: You could incorporate that in with their pioneer, homestead, agriculture displays which they don't have. It's Lewis & Clark going up and down the river 100 years before we started homesteading here practically.

Senator Bowman: For budgeting this will be a one time and we'll look at the possibility of moving it down here. Hopefully it won't be duplicating all the technology that's already been put in doing that.

EARP funds transfer -

Senator Bowman: This transfers \$125,000 to the Minor Use Fund.

Doug Goehring: It was a request made by the Pesticide board. They were shorted funds, but there was also a lack of communication. We will communicate with OMB on behalf of the board. **Senator Bowman** asked if this would this replace the EARP fund?

They discussed revenue sources for the EARP fund - commercial feed inspection, license fees, registrations and tonnage fees and the first \$485,000 that is deposited into the EARP fund.

Also discussed the Game and Fish budget. The \$485,000 will be utilized to offset what the Game & Fish will no longer have to put into Wildlife Services and the Board of Animal Health.

Ken Junkert: The governors' budget did a funding source shift of \$100,000 and with the \$485,000, the Game and Fish budget will take a \$585,000 adjustment out.

The discussion centered on the changes the House made on the budget and shifting money that was used for outreach and advocacy work plus some regulatory work. The EARP fund normally totals \$970,000, but the House said only the first \$485,000 collected from inspections, license and registration fees will be deposited in EARP.

Doug Goehring asked for \$96,000 for ITD and \$100,000 for mediation services for all landowners, energy, deer depredation and all the costs not covered in the federal grant and then also \$15,000 for the biennium for the Livestock Auction News Reporting.

He also handed out a proposed amendment - see attached #2 and in the event they find some space, they would like to have the ability to move their staff back and have them next to the office. They can't break their lease unless the legislature approves

Senator O'Connell moved to put that back in.
Senator Erbele seconded. Motion carried.
Senator Bowman closed the subcommittee hearing on HB 1009.

2013 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee

Harvest Room, State Capitol

HB 1009 04-04-2013 Job # 20901

	Conference Committee
Committee Clerk Signature	alece Deber
Explanation or reason for introduct	tion of bill/resolution:
A Subcommittee hearing for the Agric	culture Commission Budget
Minutes:	See attached testimony.

Brady Larson - Legislative Council Tammy R. Dola - OMB

Chairman Bowman called the subcommittee to order on Thursday, April 04, 2013 in regard to HB 1009. Let the record show that all conferees were present; Senator Erbele and Senator O'Connell.

Vice Chairman Bowman presented and explained amendment #13.8138.02002. Attachment #1

He went over the details of the amendments that are summarized on page 3 of attachment #1.

Senator O'Connell asked how much the tonnage fee was.

Ken Junkert, Acting Deputy Commissioner: The feed tonnage fee is \$.20/ton paid annually. We receive about 800,000 tons. We have 330 commercial manufacturers' licenses. A detailed report of feed fees can be found in **Attachment #2**.

Vice Chairman Bowman: How do you justify the \$80,000 for 125 Centennial farms per year?

Ken Junkert: Estimation is from the Foundation. It is the estimation of the costs, its operating costs to them in order to process, and make that data available on line and maintenance with IT systems.

Vice Chairman Bowman: The last part of the bill is the milk study.

Wayne Carlson, Livestock Development Director, is available for questions.

Vice Chairman Bowman: For the record does anybody have any other concerns? Are you satisfied that the amendments will take care of the bill?

Senate Appropriations Committee HB 1009- Subcommittee 04-04-13 Page 2

Senator O'Connell: Did we restore the money to the State Board of Animal Health.

Ken Junkert: I believe the amendments would restore the previous cut made by the House to the Board of Animal Health.

Vice Chairman Bowman asked about the last bullet point on page 3. It adds a section to require the Agriculture Commissioner to terminate an office space lease off of the Capitol grounds if additional office is provided to the Ag Department on the Capitol grounds.

Ken Junkert: We have leased office space and it gives us the ability, if OMB would find a place in the capital, to cancel a lease.

Senator Erbele moved to adopt amendments #13.8138.02002.

Senator O'Connell: Seconded.

Voice vote: Motion approved.

Vice Chairman Bowman: The one thing I will need is the total dollars from the governor's budget and the total dollars in this budget. He has a question on the money that went into the EARP fund instead of going into the general fund. I need to understand that. Will this increase the budget?

Ken Junkert: All this will do is move the revenue from the general fund to the EARP fund.

Vice Chairman Bowman: Asked Mr. Junkert to make him a statement so he will have it when he presents the amendments to the full committee and legislature. He closed the subcommittee hearing on HB 1009.

2013 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee

Harvest Room, State Capitol

HB 1009 04/05/2013 Job # 20914

Committee Clerk Signature Aleie Velger		Conference Committee
	Committee Clerk Signature	alice Deler
planation or reason for introduction of bill/resolution:	planation or reason for inte	roduction of bill/resolution:

Minutes:

You may make reference to "attached testimony."

Chairman Holmberg called the committee to order on Friday, April 05, 2013 at 8:35 am in regards to HB 1009.

Becky J. Keller- Legislative Council Joe Morrissette- OMB

Vice Chairman Bowman (3,13) went through amendments # 13.8138.02002. # 1. (4.00 - what's different between this reporting service, this is a complete report of not only the top selling but the bottom selling, so it gives a lot better picture of the cattle market, and this \$15,000 is what they needed to complete the program. The grant money , that has no bearing on the bottom line of this budget. Chart # 2, Leafy Spurge Infestation and Control Programs (years) the tonnage fees , they want ot leave that in the EARP fund, to get the EARP fund built back up . the last one on that, if you want to terminate the office space lease, they have a problem with help, terminate

Vice Chairman Bowman moved the amendment # 13.8138.02002. 2nd by Senator Erbele.

Senator Warner: Had questions about the termination of office space.

A BILL for the Agriculture Commission (Do Pass as Amended)

Vice Chairman Bowman: That is the language that they asked. They are looking for some changes. They want to try to have new accommodations. That is what they testified as.

Senator Warner: They have to come up with something on the capital grounds.

Vice Chairman Bowman: If you read it, terminate office space off the capital ground if a space can be provided on the capital grounds, they are looking

Chairman Holmberg: All in favor of the amendment say aye. It carried.

Senate Appropriations Committee HB 1009 04-09-13 Page 2

Vice Chairman Bowman: Moved Do Pass as Amended. 2nd by Senator O'Connell.

Chairman Holmberg: Call the roll on a Do Pass as Amended on HB 1009.

A Roll Call vote was taken. Yea: 13; Nay: 0; Absent: 0.

Vice Chairman Bowman will carry the bill.

The hearing was closed on HB 1009.

April 2, 2013



PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1009

Page 1, remove lines 15 through 24

Page 2, replace lines 1 and 2 with:

"Salaries and wages	\$9,712,364	\$1,572,167	\$11,284,531
Operating expenses	6,451,453	(566,191)	5,885,262
Capital assets	17,000	(5,000)	12,000
Grants	3,170,828	1,505,000	4,675,828
State board of animal health	2,153,952	(18,149)	2,135,803
Wildlife services	1,417,400	0	1,417,400
Crop harmonization board	<u>75,000</u>	<u>0</u>	<u>75,000</u>
Total all funds	\$22,997,997	\$2,487,827	\$25,485,824
Less estimated income	<u>14,801,251</u>	1,044,828	<u>15,846,079</u>
Total general fund	\$8,196,746	\$1,442,999	\$9,639,745
Full-time equivalent positions	77.00	0.00	77.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-FOURTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-second legislative assembly for the 2011-13 biennium and the 2013-15 one-time funding items included in the appropriation in section 1 of this Act:

One-Time Funding Description	<u>2011-13</u>	<u>2013-15</u>
Centennial farms program grant	<u>\$0</u>	\$80,000
Total general fund	\$ 0	\$80,000

The 2013-15 one-time funding amounts are not a part of the entity's base budget for the 2015-17 biennium. The agriculture commissioner shall report to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2013, and ending June 30, 2015."

Page 2, line 8, replace "\$5,997,408" with "\$6,122,681"

Page 2, line 15, remove "agriculture"

Page 2, line 15, after "department" insert "of agriculture"

Page 2, replace lines 25 through 30 with:

"SECTION 8. DEPARTMENT OF AGRICULTURE OFFICE LEASE -

TERMINATION. The agriculture commissioner shall terminate any lease of office space off of the capitol grounds if sufficient office space on the capitol grounds is provided to the department of agriculture by the office of management and budget for the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 9. AMENDMENT. Section 4-01-21 of the North Dakota Century Code is amended and reenacted as follows:

4-01-21. Salary of agriculture commissioner.

The annual salary of the agriculture commissioner is ninety-two thousand eight hundred twenty-sixninety-nine thousand four hundred thirty-five dollars through June 30, 20122014, and ninety five thousand six hundred tenone hundred three thousand four hundred twelve dollars thereafter."

Page 3, line 5, remove "first"

Page 3, line 6, remove "\$485,000 of"

Page 3, line 6, remove "each biennium"

Page 3, line 7, remove "and any remaining fees in the general fund"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1009 - Department of Agriculture - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$11,258,319	\$10,622,109	\$662,422	\$11,284,531
Operating expenses	5,772,262	5,772,262	113,000	5,885,262
Capital assets	12,000	12,000		12,000
Grants	4,050,828	3,970,828	705,000	4,675,828
State Board of Animal Health	2,135,803	2,109,828	25,975	2,135,803
Wildlife Services	1,417,400	1,417,400		1,417,400
Crop Harmonization Board	75,000	75,000		75,000
Accrued leave payments		237,295	(237,295)	
Total all funds	\$24,721,612	\$24,216,722	\$1,269,102	\$25,485,824
Less estimated income	15,209,546	15,024,394	821,685	15,846,079
General fund	\$9,512,066	\$9,192,328	\$447,417	\$9,639,745
FTE	77.00	77.00	0.00	77.00

Department No. 602 - Department of Agriculture - Detail of Senate Changes

	Restores Executive Compensation Package ¹	Removes Separate Line Item for Accrued Leave Payments ²	Restores Funding for Centennial Farms Program Grant ³	Adds Funding for Information Technology Desktop Support ⁴	Expands Mediation Services Program ⁵	Adds Funding for Livestock Auction Market News Reporting ⁶
Salaries and wages Operating expenses Capital assets Grants	\$451,102	\$211,320	80,000	48,000	50,000	15,000
State Board of Animal Health Wildlife Services Crop Harmonization Board Accrued leave payments		25,975				
Total all funds Less estimated income	\$451,102 196,685	\$0 0	\$80,000	\$48,000 0	\$50,000 0	\$15,000 0
General fund	\$254,417	\$0	\$80,000	\$48,000	\$50,000	\$15,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Increases Federal Funds Authority for Specialty Crop Grants ⁷	Total Senate Changes
Salaries and wages Operating expenses Capital assets Grants	625,000	\$662,422 113,000 705,000
State Board of Animal Health Wildlife Services Crop Harmonization Board Accrued leave payments		(237,295)
Total all funds	\$625,000 625,000	\$1,269,102 821,685
General fund	\$0	\$447,417
FTE	0.00	0.00

Funding reductions made by the House to the state employee compensation and benefits package are restored to the Governor's recommended level.

This amendment also:

 Adjusts Section 3 of the bill regarding the amount of funding appropriated from the environment and rangeland protection fund.

- Amends Section 8 of the bill to deposit all commercial feed inspection, licensing, and registration fees in the environment and rangeland protection fund rather than just the first \$485,000. Total fee revenue is estimated to be \$970,000 during the 2013-15 biennium.
- Adds a section to require the Agriculture Commissioner to terminate an office space lease off of the Capitol grounds if additional office space is provided to the Department of Agriculture on the Capitol grounds.

² The accrued leave payments line item added by the House is removed and the associated funding returned to line items with salaries and wages funding.

³ Funding added in the executive budget recommendation and removed by the House for a grant to the Centennial Farms program is restored as one-time funding.

⁴ Funding for information technology desktop support services is increased by \$48,000 to provide total increased funding of \$96,000 as compared to 2011-13 biennium appropriations.

⁵ Funding is added to expand the mediation services program to address mediation issues arising from energy development.

⁶ Funding from the general fund is added for livestock auction market news reporting to replace estimated decreases in federal funds.

⁷ Other funds authority for specialty crops grants is increased by \$625,000 to reflect anticipated federal funds to be received for the program.

Adjusts Section 7 of the bill to provide 4 percent annual salary increases for the Agriculture Commissioner, the same as the executive budget recommendation. The House provided 3 percent annual increases.

Date:	4	-	5-	13
Roll Call Vote	#	1		

2013 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RES	OLUTIO	N NO.	1009		
Senate Appropriations	*			_ Com	nmittee
Check here for Conference					
Legislative Council Amendment Nu					
Action Taken Adopt Amer Do Pass as	ndment Amend	ed	☑ Do Pass ☐ Do Not Pass		
Motion Made By	nan	Se	econded By Ocon	nell	
Senators	Yes	No	Senator	Yes	No
Chariman Ray Holmberg			Senator Tim Mathern		
Co-Vice Chairman Bill Bowman			Senator David O'Connell		
Co-Vice Chair Tony Grindberg		4	Senator Larry Robinson	1	
Senator Ralph Kilzer			Senator John Warner	-	
Senator Karen Krebsbach					
Senator Robert Erbele					
Senator Terry Wanzek					
Senator Ron Carlisle					
Senator Gary Lee					İ
•					Ĭ
Total (Yes)		No		<u> </u>	
Absent					$\overline{}$
Floor Assignment			t voic	11 t	gote
f the vote is on an amendment, brief	fly indica	te inten	t: Voice		iel

Date: 4 - 5 - 13

Roll Call Vote #___2

2013 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 100 9 Senate Appropriations Committee Check here for Conference Committee Legislative Council Amendment Number Do Pass Action Taken Adopt Amendment Do Pass as Amended ☐ Do Not Pass Seconded By Motion Made By Senators No Senator Yes Yes No Senator Tim Mathern Chariman Ray Holmberg Co-Vice Chairman Bill Bowman Senator David O'Connell Co-Vice Chair Tony Grindberg Senator Larry Robinson Senator Ralph Kilzer Senator John Warner Senator Karen Krebsbach Senator Robert Erbele Senator Terry Wanzek Senator Ron Carlisle Senator Gary Lee Total Absent Floor Assignment

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

Module ID: s_stcomrep_62_001
Carrier: Bowman

Insert LC: 13.8138.02002 Title: 03000

REPORT OF STANDING COMMITTEE

HB 1009, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1009 was placed on the Sixth order on the calendar.

Page 1, remove lines 15 through 24

Page 2, replace lines 1 and 2 with:

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Module ID: s_stcomrep_62_001 Carrier: Bowman Insert LC: 13.8138.02002 Title: 03000

Page 3, line 5, remove "first"

Page 3, line 6, remove "\$485,000 of"

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Accrued leave payments		(237,295)				
Total all funds Less estimated income	\$451,102 196,685	\$0 0	\$80,000 0	\$48,000 0	\$50,000 0	\$15,000 0
General fund	\$254,417	\$0	\$80,000	\$48,000	\$50,000	\$15,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Increases Federal Funds Authority for Specialty Crop Grants ⁷	Total Senate Changes
Salaries and wages		\$662,422
Operating expenses Capital assets		113,000
Grants	625,000	705,000
State Board of Animal Health Wildlife Services		25,975
Crop Harmonization Board		
Accrued leave payments		(237,295)
	\$625,000	\$1,269,102

Com Standing Committee Report April 8, 2013 7:32am

Module ID: s_stcomrep_62_001 Carrier: Bowman Insert LC: 13.8138.02002 Title: 03000

Total all funds Less estimated income	625,000	821,685
General fund	\$0	\$447,417
FTE	0.00	0.00

- ³ Funding added in the executive budget recommendation and removed by the House for a grant to the Centennial Farms program is restored as one-time funding.
- ⁴ Funding for information technology desktop support services is increased by \$48,000 to provide total increased funding of \$96,000 as compared to 2011-13 biennium appropriations.
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Module ID: s_stcomrep_62_001 Carrier: Bowman Insert LC: 13.8138.02002 Title: 03000

 Adds a section to require the Agriculture Commissioner to terminate an office space lease off of the Capitol grounds if additional office space is provided to the Department of Agriculture on the Capitol grounds. **2013 CONFERENCE COMMITTEE**

HB 1009

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Education and Environment Division

Roughrider Room, State Capitol

HB 1009 April 18, 2013 Job 21276

□ Conference Committee

Committee Clerk Signature	David Hanson
Explanation or reason for intro A BILL for an Act to provide an commissioner.	oduction of bill/resolution: appropriation for defraying the expenses of the agriculture
Minutes:	
Chairman Monson called the	committee to order with a quorum procent

Chairman Monson called the committee to order with a quorum present

Sen. Bowman: Went over the Senate's changes. 4:35

Chairman Monson: To whom?

Sen. Bowman: It goes to the Department of Agriculture and then they apply the grants out. There no General Fund dollars in that all. It just gives them an opportunity to use those grants when they come through.

Rep. Boe: Where does the money start from?

Sen. Bowman: It looks to me like the federal funds that are anticipated in coming.

Rep. Skarphol: The money for IT...As I recall we gave them what they asked for.

Brady Larson-Legislative Council: There was funding included in the executive budget recommendation for IT cost and that was not changed by the House. This would increase that.

Rep. Skarphol: Was that their request?

Larson: That was their request

Chairman Monson: We did nothing different. So, why did you add that?

Sen. Bowman: He thought that's they presented to them, because that's what they needed to run the IT program. The reasoning was they don't have any IT personnel and that is what the contracts come to. 7:35

House Appropriations Education and Environment Division HB 1009 April 18, 2013 Page 2

Chairman Monson: The mediation services we know are probably increasing. This is something you added, because you felt they needed more for the oil increase?

Sen. Bowman: That was the request that we had from the department. We just honored their request. We felt that is was probably necessary. 8:30

Sen. O'Connell: The mediation has been really successful.

Rep. Skarphol: Is this over and above what was requested?

Tammy Dolan-OMB: Yes it is. 9:30

Rep. Skarphol: Was there an appropriation attached to the bill that was removed?

Dolan: I don't believe so.

Rep. Skarphol: With regard to the livestock auction market news reporting, help me understand where the numbers will be invested that will provide value to the public. I 11:10

Sen. Erbele: It would be compiled for online data to reflect the market basis, rather than just the highs and lows that bring your averages out. The federal funds were taken away. This keeps the program going.

Chairman Monson: This is to replace the federal funds?

Sen. Erbele: Well that's what it says here. It says it has to meet the decreases in federal funds.

Rep. Skarphol: So, this is going to be an online service. Is this something that ranchers use frequently.

Sen. Bowman: The ranchers that I work with, they look at every report that they can when they make their marketing decisions, because they can change so fast. If you are in the process of buying replacement heifers, you want to look at all the markets. The more marketing things available make it a lot easier to make those decisions. 13:00

Sen. Erbele: It's also used through your livestock indemnity programs.

Chairman Monson: It does say that it to replace as many decreases in federal funds, but we've been very reluctant in the House to replace federal dollars that are going away and these are estimated decreases.

Rep. Boe: Who has been compiling this data?

Sen. Bowman: One thing that I know we did was on the EARP funds we put that up to what the total amount of funds collected would be. I think that came from the collection from fees. 17:08

House Appropriations Education and Environment Division HB 1009 April 18, 2013 Page 3

Rep. Boe: The switch was the when we took the...Game and Fish would pay us for wildlife services and then pay the Ag Department and the we put money in and they would transfer it through. 18:07

Chairman Monson: You just want to keep the EARP Fund full?

Sen. Bowman: Right. 8:18

Larson: Explained section 3 and 8 of the bill. 20:30

Rep. Skarphol: Clarified how much was transferred. 20:55

Larson: That is correct.

Chairman Monson: Whenever we were spending money out of the EARP Fund, I think we took it from the EARP Fund and ran it through the General Fund. That's one of the things we've been trying do to keep track of it. 21:25

Sen. O'Connell: You are saving money by taking it out of the Stabilization Fund.

Rep. Skarphol: What is the balance of the EARP Fund as a result of the Senate's actions?

Dolan: Stated what the estimated ending balance would be in the House and Senate versions and at the beginning of the biennium. 23:35

Rep. Skarphol: The very last item on page 3 of amendment .02002. Who was off the capitol grounds?

Sen. Bowman: Being that I don't work up there I don't know how it is or was, but they are short of space and they are looking to bring people back because of the working relationship that they have with the people that work with them. This would only be if there is space available. 24:45

Chairman Monson: So, if there is space in the tower they would be required by this language to move the people into the tower from the off sites.

Sen. Bowman: They would have the option to do that if things worked out.

Rep. Skarphol: It seems to me that the policy to be within the building is that those entities that are generally funded are preferred to be in the building and those that are specially funded are preferred to be out. 26:05

Chairman Monson: They would obviously like their people as close to them as possible.

Sen. Bowman: We thought it made sense that if you could bring their people home, rather than in a different building, it centralizes the working relationship with the people that work for you.

House Appropriations Education and Environment Division HB 1009 April 18, 2013 Page 4

Rep. Skarphol: I understand that. I would like to know the policy with regard to that.

Chairman Monson: I understand that IT will be moving out, so there will be some space. Whether it's in the tower or in the judicial wing that is an option.

Chairman Monson adjourned the committee.

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Education and Environment Division Roughrider Room, State Capitol

HB 1009 April 23, 2013 Job 21429

Committee Clerk Signature	David Hanson
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Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the agriculture commissioner.

Minutes: Attachment 1.

Chairman Monson called the committee to order with a quorum present.

Senator Bowman moved to accept the salary package and seconded by Senator Erbele. Motion carried. Yea-6 Nay-0 Absent-0 1:55

Rep. Skarphol: I would be amenable to leaving the added in funding for information technoloy desktop support.

Sen. Bowman: I don't know why the passer grants would be controversial. It is money that comes down and goes out. It's not money that we are taking out of the General Fund. 4:40 The mediation service was added, because there has been a lot of request with the increase in oil. 5:15

Rep. Skarphol: What is the total amount in the mediation program? I may not have an issue with that, but I would like a report back to the next Legislative Assembly as to utilization, by whom, and for what purpose so that we know how much goes to oil and how much goes to ag mediation.

Rep. Skarphol moved to require a report for how the ag mediation dollars are used and seconded by Sen. Erbele. Motion carried on a voice vote. 6:45

Chairman Monson: We have livestock auction reporting; is it your thoughts that is we don't have that that our farmers might lose some funding?

Sen. Erbele: They use that data for the livestock indemnity program and then NDSU uses those numbers for their ag production formula. 7:50

House Appropriations Education and Environment Division HB 1009 April 23, 2013 Page 2

Chairman Monson: The Ag Commissioner said that this is federally funded and it has been going away several years back, but they have been finding money within their budget to fund it. 8:50

Rep. Boe: The fifteen thousand represents our 100% of share of the program.

Sen. Bowman: I believe this is replacing what the federal government funded.

Rep. Boe: I just wanted to make sure that we are taking other funds from someplace else.

Tammy Dolan-OMB: In IBARS the mediation services is part of another division, so I can't pull out those costs. I'd have to get those from the agency.

Chairman Monson: Any thoughts on the fifteen thousand?

Rep. Skarphol: I don't like the philosophy of replacing federal funds at all. But I'm not going to fall over it, unless it has to do with Lawrence Welk. (Laughter)

Chairman Monson: Senator Erbele, I was watching the news this morning and I saw that a Robert Erbele got an award from soil conservation from Logan County. Was that you?

Sen. Erbele: Yes.

Chairman Monson: Well, congratulations.

Rep. Skarphol: Alright. Enough being nice.

Chairman Monson: Yeah! Now we can be mean again. Does the House want to do the fifteen thousand or not?

Sen. Erbele: It is important for the data they use.

Sen. O'Connell: Isn't this used for up to the minute markets too?

Sen. Erbele: There's a gentleman at the Napoleon livestock that is on his computer and he takes in the data as it happens.

Rep. Skarphol: We've started the centennial farm program many years ago and I'm wondering if it is ever going away? 13:45

Chairman Monson: This is the discussion that our section had. We are at a point where maybe it's time that this isn't as big a deal.

Sen. Erbele: I have questions about it as well. If we are going to do it then put in the Heritage Center.

Rep. Skarphol: What is the money used for?

House Appropriations Education and Environment Division HB 1009 April 23, 2013 Page 3

Sen. Erbele: Updating the data and to program. They are doing this touchscreen on the wall so that you can enter your name and county read about your family and farms history.

Chairman Monson: I was talking to Commissioner Goehring and he indicated that they are the ones that receive the data and the Ag Department sends out a certificate. 16:30

Sen. Bowman: How many centennial farms have they recorded and how do they draw the line to determine what is a centennial farm and another regular farm? I don't know that answer to that.

Sen. Erbele: It has to be continuously owned by the same family for one hundred years. I'm one that hasn't done that yet. My grandpa settled six months before North Dakota became a state.

Rep. Skarphol: My grandfather homesteaded in 1904 and we still own the property.

Sen. Bowman: Would it be acceptable if we took it out now and wait two years and see if it is something we want to continue?

Senator Bowman moved to amend and seconded by Representative Skarphol.

Rep. Boe: Would they have room for this touchscreen in the Lawrence Welk House? (Laughter)

Motion carried. Yea-6 Nay-0 Absent-0 20:20

Chairman Monson: We feel that we have enough money in there to do what EARP needs to do. 21:15 Read from attachment 1. 22:30

Discussed Senate actions. 23:30

Rep. Skarphol: I think next time we need to touch on is the working space.

Sen. Bowman: I would like someone to review the original EARP fund language; because I don't think it was ever set up to fund the General Fund.

Chairman Monson adjourned the committee.

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Education and Environment Division Roughrider Room, State Capitol

HB 1009 April 24, 2013 Job 21487

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Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the agriculture commissioner.

Minutes:

Amendment 1,2,3, and 4.

Chairman Monson called the committee to order with a quorum present.

Representative Skarphol: How many of these vacant positions we can take? How long have these positions been vacant?

Chairman Monson: One will be probably be replaced quickly. This is not the total list of employees it is the special funded. Attachment 2.

Ken Junkert, Director of Administrative Services: The vacancies for 4 and 5 are recent retirements. Number 13 was transferred to another division in our office and is a recent vacancy.

Chairman Monson: So all of these are considered recent vacancies since the legislative session started?

Junkert: Thereabout or right beforehand.

2:25 Senator Erbele: These are biennial numbers?

Junkert: This is biennial numbers.

Chairman Monson: Since we started with employees paid with special funds is it about the EARP Fund?

3:06 Senator Bowman: The Ag Department requested that we get the EARP ending fund balance back up to where they feel comfortable with it.

House Appropriations Education and Environment Division HB 1009 April 24, 2013 Page 2

4:07 Representative Boe: We were discussing the amount of salaries that are out of there. With the amount of salaries that were coming out of there I was thinking that instead of the entire \$485,000 extra maybe \$200,000 or \$300,000 coming out.

4:43 Chairman Monson: And we haven't really discussed that in great detail. Currently they don't have a lot of room in the tower. What are your feelings on that?

5:28 Senator Bowman: I think all it really says is that is an option.

Chairman Monson: I guess it would, but the last paragraph that talk about the facilities offsite says that the term of the lease is for 64 months. I would think they would like some direction.

6:35 Senator Erbele: It does say shall terminate.

Chairman Monson: That is true.

Senator Erbele: You'd also want to give notice to them.

Senator Bowman: That might be a legal question to ask.

7:39 Representative Skarphol: It might be wise of us to talk to Mr. Boyd of facilities management. It would seem logical to me we would want to do what's in the best interest of the general fund. I know one time that the previous Ag Commissioner tried to move some staff offsite.

8:52 Chairman Monson: One other thing I'd like to add. Talked about the people who are offsite and sometimes there are some smells and critters that people bring into this department because that's what they do. Maybe these are people that are best suited to be offsite for that reason besides the fact that they are special funded.

10:26 Senator Bowman: Can I ask that we go over what we agreed on.

Chairman Monson: The space thing isn't a huge deal. You have proposed the EARP funding difference. Attachment 1.

Representative Skarphol: We took out the \$80,000. We agreed to 1, 2, 4, 6, and 7. We are still talking about the other two.

Representative Skarphol: We got some information here. Attachment 3. This is your projection for these upcoming biennia. Can you give us an idea of what it's been and the previous?

12:40 Ken Junkert, Director of Administrative Services: The budget or the mediation service this biennium, salary line is \$556,157.00. The operating line is \$154,000.00 for this biennium.

House Appropriations Education and Environment Division HB 1009 April 24, 2013 Page 3

Chairman Monson: Why are salaries projected to be less this time, operating more? You are anticipating more work correct?

Junkert: We are making a conscious effort to move work away from employees and into contractors. We felt we needed to hire that expertise rather than bring employees on and have them sit. Sometimes we have a very high workload and sometimes we've dipped. We are moving more towards operating.

14:33 Chairman Monson: These percentages you don't anticipate being very much in flux when federal funds are going to stay federal funds and special funds special and general funds general?

Junkert: We have a lot of other funds in our budget and the guess is what the federal funds going to do. This type of service saves money for the industry rather than spends money in terms of keeping people out of court.

15:12 Representative Skarphol: The 29 mediations you did for oil success rate all 29?

Junkert: Yes, we are very pleased with our success rate. Some cases have been there for years since the oil boom began. We've been able to solve them in one or two mediation settings.

Representative Skarphol: What do you pay for rent in the building since you're special funded? Do you pay rent now in this building and if so can you give us a number?

Junkert: We do pay rent. It's based on a formula. It is based on how employees are paid. OMB bills us. I can get that for you.

Representative Skarphol: I'm curious what it amounts to square foot.

Junkert: I'm paying approximately \$9,595 per quarter for 2,640 square foot.

Representative Skarphol: It's nearly \$5.00 a quarter per square foot.

17:10 Junkert: Described the building they are in.

18:38 Chairman Monson: If you're contracting more, so salaries are less, is that figured into here, is that part of your operating and why your operating has gone up? Is this the total?

Junkert: This is the total budget. We have one contractor and we believe we are going to have to go to another contractor. You are one of the best marketers for us.

19:34 Chairman Monson: We talked about the potential if we get a lot of crops that aren't seeded we could end up with the rents as they are and if prices of crops go down the Ag part of the mediation could start to go up again.

Junkert: We are the only shop that can help with Ag Credit.

House Appropriations Education and Environment Division HB 1009 April 24, 2013 Page 4

20:40 Representative Skarphol: I don't believe the U. S. government can allow interest rates to go up. We never service our own debt.

Junkert: I'm very concerned about that on the Ag side because we have people that are purchasing some very expensive land right now. Addressed the rental issue, explained the amendment.

23:06 Senator Erbele: That would just say it would give them legal recourse to break the lease.

Representative Skarphol: Based on the conversation that we've had about mediation I don't disagree that there's likely to be more of it going on so I'm not sure if I have any discomfort with the \$50,000 in number 5.

24:46 Senator Bowman: What are the remaining issues that need to be addressed?

Brady Larson, Legislative Council: There are three things left.

Representative Skarphol: I would ask in our next meeting that we have Mr. Boyle here.

Chairman Monson: Yes.

Chairman Monson adjourned the committee.

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Education and Environment Division Roughrider Room, State Capitol

HB 1009 April 25, 2013 Job 21509

○ Conference Committee

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Explanation or reason for introduction of bill/resolution:							
A BILL for an Act to provide an appropriation for defraying the expenses of the agriculture commissioner.							
Minutes:							
Chairman Monson called the meeting to order a	and called John Boyle to the podium.						

Rep. Skarphol: Are you familiar with the language in the bill?

John Boyle, Director of Facility Management: Yes.

Chairman Monson: Read section 7 of proposed amendments 02003. Is "shall" needed or could it be "may"?

John Boyle: I had asked if the AG office had proofread that language. I guess it is fine the way it's written. If that were in our standard lease agreement, it would be very difficult to lease any space. When you think about what may happen in the future with ITD moving out, I can't say who will take that space. The ones in the first priority are J-wing tenants; the Supreme Court, Human Services, and the Health Department. If they give up 15,000 feet, I could easily see those 3 absorbing most of that space. Our preference is not to move anyone back on campus.

Rep. Skarphol: You said ITD is vacating 15,000 square feet. What are you anticipating the Supreme Court, Human Services and the Health Department would like to have?

John Boyle: The easiest way would be to break it into the thirds. But the Supreme Court could use two-thirds. We would have to shift everybody around a little bit in the J-wing.

Sen. Bowman: We discussed the fact that some of the federal funds pay for the rent. If it was moved, would we lose that money? Would the federal government fund an off-campus space?

John Boyle: Yes. We bill agencies that are federal fund and special fund. In our mind, it's better to have agencies that are federal and special funded off-site so we don't have to fund House Appropriations Education and Environment Division HB 1009 April 25, 2013 Page 2

that much in general fund dollars. Right now, general fund agencies don't pay anything to us. Our goal has always been to have more of those agencies on-site.

Rep. Skarphol: Your goal has been to have more general funded agencies on-site?

John Boyle: Yes.

Rep. Skarphol: Why are Human Services and the Health Department occupying as much space as they are in this building because they do have a lot of federal funds?

John Boyle: That's one of the reasons why there have been so many bills and studies to look at all the space that's available and if they should be on or off campus.

Chairman Monson: Getting back to my question of "shall" or "may". What if we don't have space in the J-wing that is as good as what they're renting, if they need lab space?

John Boyle: Even if it says "may", it still gives them some opportunity to get out. It's now up to their discretion. I don't know if it's fair to the landlord to have that language after a lease has already been entered into.

Rep. Skarphol: When is the lease due to expire?

Chairman Monson: 2015

John Boyle: ITD is not going to move out until June of 2014.

Chairman Monson: So it's one more year?

John Boyle: Yes. That's if it's on schedule. I'm not anticipating that building to be ready.

Chairman Monson: This language was put together with consultation with the AG?

John Boyle: Yes.

Chairman Monson: Ken, what do you think of the "may" or "shall"?

Ken Junkert, Department of Agriculture: When we heard about space options, we were just putting together language and consulting with the AG's office to have an option available. It provided us an option to help terminate lease because there are only very specific reasons why we can terminate lease. "May" would be fine. If space is as limited in the J-wing as indicated, maybe the amendment isn't necessary then.

Rep. Skarphol: I haven't visited your off-site facility. But I recall the conversation with regard to the odors that are sometimes present with the work you have to do. Is that a significant issue in a part of that facility?

Ken Junkert: I think the larger issue is the overcrowding. We're using our men's bathroom as a filing cabinet room. We were violating ADA space requirements for wheelchair access.

House Appropriations Education and Environment Division HB 1009 April 25, 2013 Page 3

At times, the department has situations where we work on dissecting. The space we have has a little space to help with that. However, we also can work with our federal partners to access some of their space to do some of that. The department was just consulting with the idea with the possibility of if we could bring people back to the Capitol. If space is at a premium, I would hate to have the conference committee hold this up for this issue.

Rep. Skarphol: I understand the commissioner's desire to have everybody in one place. But I wonder if it wouldn't be better for him to have an office here and have his staff together somewhere else.

Ken Junkert: We're primarily a regulatory agency; the majority of our resources in our department are regulatory. The commissioner feels that he needs to be a part of those regulatory discussions as they unfold. He's very concerned about placing regulators offsite.

Sen. Bowman: It seems to me like before the decision to bring anyone to the Capitol, all of this would have to be worked out first. All of the language that we've put in there would be so that it made it possible to do that.

Ken Junkert: We were just looking at the option.

Rep. Skarphol: John, have you visited their off-site facility? Are you familiar with what they do out there? Would you find that to be something that would be uncomfortable within the building?

John Boyle: I visited the site. I haven't seen it since they moved in; I just helped negotiate the deal with the current landlord.

Rep. Skarphol: Is that \$10 a square foot?

John Boyle: No, it's more than that, about \$17.

Rep. Skarphol: That's not that different than what ITD is going to pay on the new contract.

John Boyle: Yes.

Chairman Monson: Brady, everything we've talked about is in this set of amendments?

Brady, LC: They should be.

Chairman Monson: Salary is all taken care of.

Rep. Skarphol: Government Ops hasn't changed anything in here?

Brady, **LC**: The Game and Fish budget did pass out a government ops and there were no changes made. The budgets coincide.

Chairman Monson: My opinion on section 7 is I feel guilty about breaking contracts. I think when the state signs a contract for renting something and we have satisfactory

House Appropriations Education and Environment Division HB 1009 April 25, 2013 Page 4

property, I don't think it is good policy for the state to move out early. I assume there must be something in the fine print that says we need to pay a penalty of some kind.

Rep. Skarphol: I move to remove section 7.

Rep. Boe: Second.

Roll Call Vote: Yes: 6, No: 0, Absent: 0. Motion carried.

Rep. Skarphol: If the commissioner, during the interim, would decide that he would like to relocate all of his people to some other facility, does he have the right to do that?

John Boyle: Yes he does, as long as he has enough money in his operating account.

Chairman Monson: If space opened up in the J-wing or anywhere else that was suitable for the Ag Commissioner and some other agency wanted to go over to where the Ag Commission is, would they have that option because we still have a year lease?

John Boyle: We do have the right to sub-lease space to other state agencies.

Chairman Monson: Probably no one will want to go over there for one year or less either.

Brady, **LC**: To clarify, there was a discussion yesterday regarding the amount of fees that should be deposited in the ERP fund. The House version had \$485,000 and the Senate version had \$970,000. These amendments split it in half.

Chairman Monson: That was our agreement.

Rep. Skarphol: I move amendment 02003 as amended.

Sen. Bowman: Second.

Roll Call Vote: Yes: 6, No: 0, Absent: 0. Motion carried

Chairman Monson adjourned the meeting.

1/25/13 4/25/13

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1009

That the Senate recede from its amendments as printed on pages 1296-1299 of the House Journal and pages 1177-1180 of the Senate Journal and that Engrossed House Bill No. 1009 be amended as follows:

Page 1, line 6, after "board" insert "; to provide for a report to the sixty-fourth legislative assembly"

Page 1, remove lines 15 through 24

Page 2, replace lines 1 and 2 with:

"Salaries and wages	\$9,712,364	\$1,148,831	\$10,861,195
Operating expenses	6,451,453	(566,191)	5,885,262
Capital assets	17,000	(5,000)	12,000
Grants	3,170,828	1,425,000	4,595,828
State board of animal health	2,153,952	(44,124)	2,109,828
Wildlife services	1,417,400	0	1,417,400
Crop harmonization board	75,000	0	75,000
Accrued leave payments	<u>0</u>	237,295	237,295
Total all funds	\$22,997,997	\$2,195,811	\$25, 193,808
Less estimated income	14,801,251	953,340	15,754,591
Total general fund	\$8,196,746	\$1,242,471	\$9,439,217
Full-time equivalent positions	77.00	0.00	77.00"

Page 2, line 8, replace "\$5,997,408" with "\$6,064,403"

Page 2, line 15, remove "agriculture"

Page 2, line 15, after "department" insert "of agriculture"

Page 2, replace lines 25 through 30 with:

"SECTION 7. NORTH DAKOTA MEDIATION SERVICE - REPORT TO SIXTY-FOURTH LEGISLATIVE ASSEMBLY. The agriculture commissioner shall provide a report to the appropriations committees of the sixty-fourth legislative assembly regarding the activities of the North Dakota mediation service. The report must include information regarding the amount of funding used for the program, the use of contracted services for the program, the success of resolving disputes, and the amount of services provided for agriculture mediation, energy development mediation, and other mediation areas.

SECTION 8. AMENDMENT. Section 4-01-21 of the North Dakota Century Code is amended and reenacted as follows:

4-01-21. Salary of agriculture commissioner.

The annual salary of the agriculture commissioner is ninety-two thousand eight hundred twenty-sixninety-nine thousand four hundred thirty-five dollars through June 30, 20122014, and ninety five thousand six hundred tenone hundred two thousand four hundred eighteen dollars thereafter."

Page 3, line 6, replace "\$485,000" with "\$727,500"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1009 - Department of Agriculture - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages Operating expenses	\$11,258,319 5,772,262	\$10,622,109 5,772,262	\$239,086 113,000	\$10,861,195 5,885,262	\$11,284,531 5,885,262	(\$423,336)
Capital assets Grants State Board of Animal Health	12,000 4,050,828 2,135,803	12,000 3,970,828 2,109,828	625,000	12,000 4,595,828 2,109,828	12,000 4,675,828 2,135,803	(80,000) (25,975)
Wildlife Services Crop Harmonization Board	1,417,400 75,000	1,417,400 75,000		1,417,400 75,000	1,417,400 75,000	027.005
Accrued leave payments Total all funds	\$24,721,612	237,295 \$24,216,722	\$977,086	237,295 \$25,193,808	\$25,485,824	237,295 (\$292,016)
Less estimated income	15,209,546	15,024,394	730,197	15,754,591	15,846,079	(91,488)
General fund FTE	\$9,512,066 77.00	\$9,192,328 77.00	\$246,889	\$9,439,217 77.00	\$9,639,745 77.00	(\$200,528) 0.00

Department No. 602 - Department of Agriculture - Detail of Conference Committee Changes

	Removes House Changes to Executive Compensation Package ¹	Adjusts State Employee Compensation and Benefits Package ²	Adds Funding for Information Technology Desktop Support ³	Expands Mediation Services Program ⁴	Adds Funding for Livestock Auction Market News Reporting ⁵	Increases Federal Funds Authority for Specialty Crop Grants ⁶
Salaries and wages Operating expenses Capital assets Grants State Board of Animal Health Wildlife Services Crop Harmonization Board Accrued leave payments	\$ 451,102	(\$212,016)	48,000	50,000	15,000	625,000
Total all funds Less estimated income	\$451,102 196,685	(\$212,016) (91,488)	\$48,000 0	\$50,000 0	\$15,000 0	\$625,000 625,000
General fund	\$254,417	(\$120,528)	\$48,000	\$50,000	\$15,000	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Salaries and wages Operating expenses Capital assets Grants State Board of Animal Health Wildlife Services Crop Harmonization Board	Total Conference Committee Changes \$239,086 113,000 625,000
Accrued leave payments Total all funds Less estimated income	\$977,086 730,197
General fund	\$246,889
FTE	0.00

- ¹ Changes made by the House to the executive compensation package are removed.
- ² This amendment adjusts the state employee compensation and benefits package as follows:
 - Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
 - Reduces the market component from 2 to 4 percent per year to 1 to 2 percent per year for employees below the midpoint of their salary range.
 - Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.
- ³ Funding for information technology desktop support services is increased by \$48,000 to provide total increased funding of \$96,000 as compared to 2011-13 biennium appropriations. The Senate also added this funding.
- ⁴ Funding of \$50,000 is added to expand the mediation services program to address mediation issues arising from energy development. The Senate also added this funding.
- ⁵ Funding from the general fund is added for livestock auction market news reporting to replace estimated decreases in federal funds. The Senate also added this funding.
- ⁶ Other funds authority for specialty crop grants is increased by \$625,000 to reflect anticipated federal funds to be received for the program.

This amendment also:

- Adjusts Section 3 of the bill regarding the amount of funding appropriated from the environment and rangeland protection fund.
- Adjusts Section 7 of the bill to provide a 4 percent salary increase on July 1, 2013, and a 3 percent salary increase on July 1, 2014, for the Agriculture Commissioner. The House provided 3 percent annual salary increases and the Senate provided 4 percent annual salary increases.
- Amends Section 8 of the bill to deposit the first \$727,500 of commercial feed inspection, licensing, and registration fees in the environment and rangeland protection fund rather than all fees as provided in the Senate version. The House provided for the first \$485,000 of fee revenue to be deposited in the fund. Total fee revenue is estimated to be \$970,000 during the 2013-15 biennium.
- Adds a section to require the Agriculture Commissioner to provide a report to the Appropriations
 Committees of the 64th Legislative Assembly regarding the activities of the North Dakota
 Mediation Service.

Com	mittee:	Арр	ropria	ations	E	ducation ar	d Envir	onment				
Bill/F	Resolution	No		НВ	10	009	_ as (re	e) engross	ed			
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of business on the	calendar											
Motion Made by:	Sen.	Bou	van)	Se	econded by:	_5	en. Er	be	le		
Representa	tives		Yes	No		s	enators	•			Yes	No
Chairman David N			X	W		Senator Bo					X	
Rep. Robert Skar	ohol	\square	X			Senator Ro			4	\vdash	X	
Rep. Tracy Boe		\Box	X			Senator Da	avid O'C	onnell			Δ	
Vote Count	Yes:	6				No:	2	Abse	ent: _	C	2	
House Carrier					_ 8	Senate Car	rier					
LC Number _					٠.				of ar	ner	dme	nt
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Emergency clau	se added	or delete	ed									
Statement of pur	•											
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Committee:	Appropriatio	ns Education and E	nvironment	_
Bill/Resolution	No	HB 1009 as	s (re) engross	ed
	Date:	23-13		
	Roll Call Vote #	:2		
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House/Se	enate Amendmei	nts on HJ/SJ page(s	s)	
	e to agree, recor committee be app	nmends that the co pointed	mmittee be d	ischarged and a
((Re) Engrossed)		v	vas placed on f	the Seventh order
of business on the calendar				
Motion Made by: Rep.	Skarphol	Seconded by:	Sen. Er	bele
Representatives	Yes No	Sena	tors	Yes No
Chairman David Monson Rep. Robert Skarphol Rep. Tracy Boe		Senator Bowm Senator Rober Senator David	t Erbele	
Vote Count Yes:	Voice Vo	ote _{No:} Carr	i'es Abse	ent:
House Carrier		Senate Carrier		
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Statement of purpose of a	mendment			,
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1,00	arcpo	·	0	

Com	mittee:	Ap	propri	ations	Education and	d Environment				
Bill/F	Resolution	No.		НВ	1009	as (re) engros	sed			
		Date:		4-2	3-13	<u>~</u>				
		Roll C	Call Vo	te#: _	3					
Action Taken HOUSE accede to Senate amendments HOUSE accede to Senate amendments and further amend SENATE recede from Senate amendments SENATE recede from Senate amendments and amend as follows										
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of business on the	calendar									
Motion Made by:	Sen.	Bo	uma	<u>'n</u>	Seconded by:	Rep. S.	kar,	phi	0/	
Representa	tives		Yes	No	Se	enators			Yes	No
Chairman David N			X		Senator Boy		\perp	П	X	
Rep. Robert Skar Rep. Tracy Boe	phol	+++	X		Senator Rot	vid O'Connell	+	\vdash	- X	
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Con	nmittee:	A	opropri	ations	E	ducation and	d Environme	nt	_			
Bill/	Resolution	No.		HE	3 10	009	as (re) engi	ross	ed			
		Date		×4-2	25	.13	_					
		Roll (Call Vo	te #:	_	1	_					
Action Taken HOUSE accede to Senate amendments HOUSE accede to Senate amendments and further amend SENATE recede from Senate amendments SENATE recede from Senate amendments and amend as follows												
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of business on the	e calendar											
Motion Made by:	Motion Made by: Rep. 3karphol Seconded by: Rep. Box											
Representa	itives	4/4/	Yes	No		Se	enators		4/	4 3	Yes	No
Chairman David I	Monson	XX	XX			Senator Bill	Bowman		X	XX	X	
Rep. Robert Skar	phol	XX	XX			Senator Rol			X	XX	X	
Rep. Tracy Boe		XX	XX			Senator Day	vid O'Connell		X	XX	X	
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Statement of pu	rpose of a	mendi	ment									
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Com	mittee:	Appropri	ations E	ducation and	d Environment			
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((Re) Engrossed) of business on the	calendar	HB 10	009					der
Representa	tives	Yes	No 🚛	Se	enators	ПП	Yes	No
Chairman David N	Monson	HX		Senator Bill	Bowman	+++	X	
Rep. Robert Skar	phol	X		Senator Ro	bert Erbele		X	
Rep. Tracy Boe		X		Senator Da	vid O'Connell	\perp	X	
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Statement of pur	rpose of ame	endment						

Module ID: h_cfcomrep_75_002

Insert LC: 13.8138.02004

REPORT OF CONFERENCE COMMITTEE

HB 1009, as engrossed: Your conference committee (Sens. Bowman, Erbele, O'Connell and Reps. Monson, Skarphol, Boe) recommends that the SENATE RECEDE from the Senate amendments as printed on HJ pages 1296-1299, adopt amendments as follows, and place HB 1009 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1296-1299 of the House Journal and pages 1177-1180 of the Senate Journal and that Engrossed House Bill No. 1009 be amended as follows:

Page 1, line 6, after "board" insert "; to provide for a report to the sixty-fourth legislative assembly"

Page 1, remove lines 15 through 24

Page 2, replace lines 1 and 2 with:

"Salaries and wages	\$9,712,364	\$1,148,831	\$10,861,195
Operating expenses	6,451,453	(566, 191)	5,885,262
Capital assets	17,000	(5,000)	12,000
Grants	3,170,828	1,425,000	4,595,828
State board of animal health	2,153,952	(44, 124)	2,109,828
Wildlife services	1,417,400	Ó	1,417,400
Crop harmonization board	75,000	0	75,000
Accrued leave payments	<u>0</u>	<u>237,295</u>	<u>237,295</u>
Total all funds	\$22,997,997	\$2,195,811	\$25,193,808
Less estimated income	<u>14,801,251</u>	<u>953,340</u>	<u> 15,754,591</u>
Total general fund	\$8,196,746	\$1,242,471	\$9,439,217
Full-time equivalent positions	77.00	0.00	77.00"

Page 2, line 8, replace "\$5,997,408" with "\$6,064,403"

Page 2, line 15, remove "agriculture"

Page 2, line 15, after "department" insert "of agriculture"

Page 2, replace lines 25 through 30 with:

"SECTION 7. NORTH DAKOTA MEDIATION SERVICE - REPORT TO SIXTY-FOURTH LEGISLATIVE ASSEMBLY. The agriculture commissioner shall provide a report to the appropriations committees of the sixty-fourth legislative assembly regarding the activities of the North Dakota mediation service. The report must include information regarding the amount of funding used for the program, the use of contracted services for the program, the success of resolving disputes, and the amount of services provided for agriculture mediation, energy development mediation, and other mediation areas.

SECTION 8. AMENDMENT. Section 4-01-21 of the North Dakota Century Code is amended and reenacted as follows:

4-01-21. Salary of agriculture commissioner.

The annual salary of the agriculture commissioner is ninety-two thousand eight hundred twenty-sixninety-nine thousand four hundred thirty-five dollars through June 30, 20122014, and ninety-five thousand six hundred tenone hundred two thousand four hundred eighteen dollars thereafter."

Page 3, line 6, replace "\$485,000" with "\$727,500"

Renumber accordingly

Module ID: h_cfcomrep_75_002

Insert LC: 13.8138.02004

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1009 - Department of Agriculture - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$11,258,319	\$10,622,109	\$239,086	\$10,861,195	\$11,284,531	(\$423,336)
Operating expenses	5,772,262	5,772,262	113,000	5,885,262	5,885,262	
Capital assets	12,000	12,000		12,000	12,000	
Grants	4,050,828	3,970,828	625,000	4,595,828	4,675,828	(80,000)
State Board of Animal Health	2,135,803	2,109,828		2,109,828	2,135,803	(25,975)
Wildlife Services	1,417,400	1,417,400		1,417,400	1,417,400	
Crop Harmonization Board	75,000	75,000		75,000	75,000	
Accrued leave payments		237,295		237,295		237,295
Total all funds	\$24,721,612	\$24,216,722	\$977,086	\$25,193,808	\$25,485,824	(\$292,016)
Less estimated income	15,209,546	15,024,394	730,197	15,754,591	15,846,079	(91,488)
General fund	\$9,512,066	\$9,192,328	\$246,889	\$9,439,217	\$9,639,745	(\$200,528)
FTE	77.00	77.00	0.00	77.00	77.00	0.00

Department No. 602 - Department of Agriculture - Detail of Conference Committee Changes

Salaries and wages	Removes House Changes to Executive Compensation Package ¹ \$451,102	Adjusts State Employee Compensation and Benefits Package ² (\$212,016)	Adds Funding for Information Technology Desktop Support ³	Expands Mediation Services Program ⁴	Adds Funding for Livestock Auction Market News Reporting ⁵	Increases Federal Funds Authority for Specialty Crop Gran ic ⁶
Operating expenses Capital assets Grants State Board of Animal Health Wildlife Services Crop Harmonization Board Accrued leave payments			48,000	50,000	15,000	625,000
Total all funds Less estimated income	\$451,102 196,685	(\$212,016) (91,488)	\$48,000 0	\$50,000 0	\$15,000 0	\$625,000 625,000
General fund	\$254,417	(\$120,528)	\$48,000	\$50,000	\$15,000	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Salaries and wages Operating expenses Capital assets Grants State Board of Animal Health Wildlife Services Crop Harmonization Board Accrued leave payments	Total Conference Committee Changes \$239,086 113,000 625,000
Total all funds Less estimated income	\$977,086 730,197
General fund	\$246,889
FTE	0.00

¹ Changes made by the House to the executive compensation package are removed.

² This amendment adjusts the state employee compensation and benefits package as follows:

Module ID: h_cfcomrep_75_002 Insert LC: 13.8138.02004

 Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.

- Reduces the market component from 2 to 4 percent per year to 1 to 2 percent per year for employees below the midpoint of their salary range.
- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.
- ³ Funding for information technology desktop support services is increased by \$48,000 to provide total increased funding of \$96,000 as compared to 2011-13 biennium appropriations. The Senate also added this funding.
- ⁴ Funding of \$50,000 is added to expand the mediation services program to address mediation issues arising from energy development. The Senate also added this funding.
- ⁵ Funding from the general fund is added for livestock auction market news reporting to replace estimated decreases in federal funds. The Senate also added this funding.
- ⁶ Other funds authority for specialty crop grants is increased by \$625,000 to reflect anticipated federal funds to be received for the program.

This amendment also:

- Adjusts Section 3 of the bill regarding the amount of funding appropriated from the environment and rangeland protection fund.
- Adjusts Section 7 of the bill to provide a 4 percent salary increase on July 1, 2013, and a 3 percent salary increase on July 1, 2014, for the Agriculture Commissioner.
 The House provided 3 percent annual salary increases and the Senate provided 4 percent annual salary increases.
- Amends Section 8 of the bill to deposit the first \$727,500 of commercial feed inspection, licensing, and registration fees in the environment and rangeland protection fund rather than all fees as provided in the Senate version. The House provided for the first \$485,000 of fee revenue to be deposited in the fund. Total fee revenue is estimated to be \$970,000 during the 2013-15 biennium.
- Adds a section to require the Agriculture Commissioner to provide a report to the Appropriations Committees of the 64th Legislative Assembly regarding the activities of the North Dakota Mediation Service.

Engrossed HB 1009 was placed on the Seventh order of business on the calendar.

2013 TESTIMONY

HB 1009

AB 1009 House apprepriations & E January 15, 2013 attachment + 1



NORTH DAKOTA DEPARTMENT OF AGRICULTURE

Doug Goehring, Commissioner

BUDGET PRESENTATION FOR THE 2013-15 BIENNIUM

HB 1009

NORTH DAKOTA HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE
EDUCATION AND ENVIRONMENT DIVISION

ROBERT J. SKARPHOL, CHAIRMAN

JANUARY 15, 2013

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Vision . . .

To provide North Dakota agriculture with the services and leadership necessary to make North Dakota the trusted provider of the highest quality food in the world with prosperous family farms, thriving rural communities and world class stewardship of resources.

Mission . . .

The North Dakota Department of Agriculture fosters the long-term well-being of North Dakota by promoting a healthy economic, environmental and social climate for agriculture and the rural community through leadership, advocacy, education, regulation and other services. To carry out its mandate, the Department of Agriculture is committed to the following responsibilities:

- Serving as an advocate for farmers and ranchers and our rural communities.
- Providing services that ensure safe, high-quality and marketable agricultural products.
- Developing and expanding markets for agricultural products.
- Reducing the risk of financial loss to agricultural producers and to buyers and sellers of agricultural commodities.
- Safeguarding livestock and other domestic animals from communicable diseases.
- Ensuring human safety and protecting the environment through proper use of pesticides.
- Reducing agricultural losses from noxious weeds, animal depredation, insects, and diseases.
- Verifying the contents of pesticides, fertilizers, soil conditioners, animal feeds, and veterinary medicines.
- Gathering and disseminating information concerning agriculture to the general public.
- Providing fair and timely dispute resolution services to agricultural producers, creditors and others.

AGRICULTURE COMMISSIONER Doug Goehring

Assistant to the Commissioner
Jody Reinke

DEPUTY COMMISSIONER

ADMINISTRATIVE SERVICES Ken Junkert , Director

FISCAL MANAGEMENT

Account Budget Specialist
Lynette Baumiller
Administrative Officers
Jet Collins
Lindsay Schatz
Grant & Procurement Specialist
Jeannie Jacobs-Kopp
Administrative Assistant
Marni Morrison

INFORMATION TECHNOLOGY

Computer & Network Specialist Roberta Tjaden Geographic Information System Specialist Jim Hansen

NORTH DAKOTA MEDIATION SERVICE

Administrator
Bethany Abrams
Negotiators
Vacant (2)
Administrative Officer
Betty Schneider

MARKETING & INFORMATION Katie Pinke, Director

Marketing Specialists
Amanda Godfread
Dana Pritschet
Stephanie Sinner
Tamra Heins
Public Information Officer
Ted Quanrud
Administrative Assistant
Bonnie Sundby
Program & Policy Analyst
Dane Braun
Vacant

PESTICIDE & FERTILIZER Jim Gray, Director

Environmental Scientist
Vacant
Enforcement Coordinator
Blake Schaan
Ag Program Specialist
Vacant
Posticide Outroach

Pesticide Outreach Jeremiah Lien Fertilizer Specialists Spencer Wagner Vacant

Inspectors
Sara Beaudrie
Kevin Coufal
James Jeske
Eric Delzer
Ken MacDoi

James Jeske Ken MacDonald Derek Woehl

Administrative Assistant Brandy Kiefel

Darrell Haseleu

PLANT INDUSTRIES Judy Carlson , Director

Plant Protection Specialists
Charles Elhard
Lane Kozel
Carrie Larson
Samantha Brunner
Noxious Weed Specialist
Rachel Seifert-Spilde
Administrative Assistant
Elaine Sayler

ANIMAL HEALTH Dr. Susan Keller, State Veterinarian

Dr. Beth Carlson
Assistant State Veterinarian
Dr. Jesse Vollmer
Livestock Field Investigator
Justin Maddock
Administrative Assistant
Tammy Celley
Office Assistants
Kathy Hoffman
Kimberly Spear

Deputy State Veterinarian

LIVESTOCK SERVICES Wayne Carlson, Director

DAIRY INSPECTION

Milk Surveillance Officer
John Ringsrud
Dairy Inspectors
Orville Payne Gary Molstad

or ville rayine dary moist

STATE MEAT & POULTRY INSPECTION

Director

Dr. Andrea Grondahl

Senior Inspectors

Shaun Quissell Cody Kreft

Compliance Officer David Slack

Information Coordinator

Jerry Sauter Inspectors

Heather Andersen
Joshua Epperly
Whitney Vogel
Cami Metzger
Welief Inspector & Meat Grader

Julie Nilges

Livestock Pollution Prevention Specialist

Jason Wirtz Feed Specialist

Dave Phillips Livestock Development Coordinator

Vacant

Administrative Assistant Becky Rienstra

WILDLIFE SERVICES

Phil Mastrangelo

Wildlife Services, a division of the Animal and Plant Health Inspection Service of the U.S. Department of Agriculture, operates in North Dakota under a memorandum of agreement with the North Dakota Department of Agriculture and the North Dakota Game and Fish Department.

Administrative Services Ken Junkert, Director

Administrative Services includes fiscal management, human resources and procurement functions, and information technology services in the North Dakota Department of Agriculture (NDDA). The division also administers the North Dakota Mediation Service.

Fiscal Management

- Oversees the development and tracking of the department's budget.
- Processes payroll.
- Pays all bills and deposits all revenues.
- Reviews and approves contracts.
- Ensures compliance with state and federal laws relating to the department's finances; including expenditure tracking and filing of required reports to federal agencies.
- Responsible for human resource activities.
- Responsible for procurement of goods and services for the department.

Information Technology

- Purchases and maintains the department's computers, printers, scanners, and copiers.
- Maintains the department's network, email accounts and websites.
- Maintains all desktop and wireless phones.
- Maintains all software licenses.

	2011-2013 Budget	Governor's Proposed 2013-2015
Salaries	\$2,317,497	\$3,124,265
Operating	521,224	691,613
Total	\$2,838,721	\$3,815,878
Sources		
General Funds Special Funds	478,253 <u>244,505</u>	633,658 <u>401,744</u>
Total	\$2,838,721	\$3,815,878

North Dakota Mediation Service

- Offers negotiation and mediation services to resolve differences among creditors, farmers and others.
- Offers mediation to address energy-related issues.
- Offers conflict resolution services to resolve deer depredation disputes.
- Provides financial counseling.
- Offers assistance with beginning farmer loan applications and farm program paperwork.

Plant Industries Judy Carlson, Director

Plant Industries includes the plant protection, noxious weeds, apiary, waterbank, and industrial hemp programs.

I Iaiit I I Uttettivii	Pl	ant	Protection	n
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- Provides export certification/phytosanitary services for export of agricultural products.
- Surveys for exotic pests such as exotic moths, nematodes and emerald ash borer that threaten North Dakota agriculture and horticulture.
- Surveys for pests, such as various diseases, insects and nematodes, including Karnal bunt, dwarf bunt, cereal leaf beetle, soybean cyst nematode and potato cyst nematode, to enable export of agricultural products.
- Licenses and inspects nurseries.
- Reviews traits for biotechnology.

Noxious Weeds

- Distributes state and federal funds for noxious weed control to weed boards.
- Manages federal grants for noxious and invasive weeds.
- Trains and assists weed boards with GPS/GIS mapping technology.
- Assists county and city weed boards in field days and weed management.
- Assists the general public with weed identification and control.
- Coordinates statewide biological weed control and obtains and distributes biological weed agents.

	2011-2013 Budget	Governor's Proposed 2013-2015
Salaries	\$1,351,171	\$1,298,811
Operating	824,560	801,277
Capital assets	17,000	12,000
Grants	<u>1,450,274</u>	<u>1,450,274</u>
Total	\$3,643,005	\$3,562,362
Sources		
General Funds	752,572	782,016
Federal Funds	721,824	720,275
Special Funds	2,168,609	2,060,071
Total	\$3,643,005	\$3,562,362

Apiary

- Licenses beekeepers.
- Registers apiary locations.
- Inspects bees and issues health certificates for migratory movement.
- Responds to bee complaints.

Special programs

- Conducts the State Waterbank program.
- Registers ginseng growers.
- Administers industrial hemp program.

Livestock Services Wayne Carlson, Director

Livestock Services includes Livestock Licensing, Dairy/Poultry, Livestock Pollution Prevention, Wildlife Services, State Meat & Poultry Inspection, Livestock Development, and Feed.

Livestock Licensing

- Licenses and establishes bonds for livestock dealers and auction markets.
- Monitors financial conditions of dealers and auction markets, and discovers unlicensed dealers.

Dairy/Poultry

- Inspects dairy farms for sanitation, facilities, water purity, and proper drug usage and storage.
- Inspects dairy processing plants and milk transfer stations four or more times annually.
- Conducts Grade A survey work.
- Inspects distribution facilities, milk bulk trucks and samplers/haulers.
- Inspects manufacturing grade plants and transfer stations under agreement with the U.S. FDA.
- Inspects licensed commercial egg producers.
- Licenses and sets bond for hatcheries.

Livestock Pollution Prevention

- Helps livestock producers install manure containment systems through cost-share funding assistance.
- Advises producers on nutrient management, project planning, regulations, and manure containment.

Wildlife Services

 Reduces wildlife damage to property and is conducted by USDA Wildlife Services in cooperation with NDDA, ND Water Commission, and North Dakota Game and Fish Department.

State Meat & Poultry Inspection

- Trains, certifies and inspects meat processing companies participating in the program.
- Inspects custom-exempt processing plants.
- Inspects retail outlets for country-of-origin labeling.

	2011-2013 Budget	Governor's Proposed 2013-2015
Salaries	\$2,956,225	\$3,367,669
Operating	2,504,996	1,579,489
Wildlife Services	1,417,400	1,417,400
Grants	<u>286,000</u>	1,050,000
Total	\$7,164,621	\$7,414,558
Sources		
General Funds	2,522,974	2,729,788
Federal Funds	2,942,464	2,975,067
Special Funds	1,699,183	1,709,703
Total	\$7,164,621	\$7,414,558

- Grades livestock carcasses at official state and/or federal establishments as requested.
- Provides consultation and education to the meat and poultry industry.
- Ensures proper label use by the industry.
- Ensures compliance with meat and poultry processing regulations.

Livestock Development

- Conducts an age/source verification program.
- Assists producers and processors in expanding and promoting the state's livestock industry.
- Works with the North Dakota Dairy Coalition to expand the state's dairy industry.

Feed

- Licenses commercial feed manufacturers and retailers
- Maintains a label file of all commercial feeds sold in the state.
- Samples feed products to ensure nutritional content matches label claims.
- Inspects medicated feed plants.
- Verifies manufacturer and producer compliance with federal requirements to prevent bovine spongiform encephalopathy.
- Registers all pet food sold in the state.

Marketing & Information Katie Pinke, Director

Marketing and Information provides education, promotion and market enhancement programs to increase sales of North Dakota agricultural commodities and value-added agricultural products in international, domestic and local markets.

Marketing

- Administers the Pride of Dakota (POD) program, including Holiday Showcases, POD meetings and other events.
- Provides trade show assistance to North Dakota companies.
- Wine research and promotion.
- Administers North Dakota Turkey Federation program.
- Administers North Dakota Honey promotion program.
- Conducts and participates in international trade events.
- Implements programs associated with the Food Export-Midwest Association of the USA.
- Conducts market research for North Dakota companies to expand business internationally and domestically.
- Conducts Exporter Training programs around the state for North Dakota companies.
- Administers school garden grants.
- Administers local foods initiative.
- Administers farm-to-school programs.
- Operates the mobile food processing unit.
- Administers USDA Specialty Crop Block Grant Program.
- Administers organics program and USDA Organic Certification Cost Share program.
- Organizes the annual meeting of the agriculture commissioner and the commodity councils.
- Organizes an annual food summit and farmer's market conference.

	2011-2013 Budget	Governor's Proposed 2013-2015
Salaries	\$1,208,371	\$1,435,458
Operating	1,176,635	1,185,657
Grants	<u>1,470,554</u>	<u>1,550,554</u>
Total	\$3,855,560	\$4,171,669
Sources		
General Funds	\$1,466,914	\$1,759,653
Federal Funds	1,767,848	1,782,196
Special Funds	620,798	629,820
Total	\$3,855,560	\$4,171,669

Policy Development

- Researches and analyzes agricultural policy for the commissioner.
- Prepares talking points on agriculture and food issues.
- Responds to public requests for information.

Public Information

- Publishes department publications, including news releases, brochures and reports.
- Responds to public requests for information.

Agriculture in the Classroom

- Helps K-12 teachers integrate agriculture information into science, math, social studies and language curricula.
- Supports Project Food, Land, & People which
 provides hands-on lessons to help students better
 understand the interrelationships among the
 world's environment, agriculture and people.
- Publishes Ag Mag three times a year for 3rd, 4th, and 5th graders at no charge. Each issue focuses on a North Dakota agricultural topic.
- Underwrites FFA Foundation mini-grants for agriculture-related projects, units, and lessons used by school-age children.

Animal Health Dr. Susan Keller, State Veterinarian

The Animal Health Division protects the health of domestic animals and non-traditional livestock, and administers all rules and orders of the State Board of Animal Health (BOAH).

Animal Health

- Monitors and regulates animal imports and exports.
- Traces animal movements as part of disease investigations.
- Issues and maintains records of official USDA tags and official state certificates of veterinary inspection.
- Conducts a Johne's disease control program.
- Conducts the National Scrapie Eradication program.
- Investigates suspected cases of foreign animal diseases and emerging diseases.
- Responds to complaints of inhumane treatment of animals.
- Coordinates pet sheltering during disasters.
- Conducts tuberculosis, brucellosis and other disease investigations.
- Reviews testing information and granting status for tuberculosis-accredited herds, brucellosiscertified herds statuses, and Brucella ovis-free flocks.
- Administers non-traditional livestock and farmed elk regulations.
- Issues permits to possess, propagate or domesticate live protected birds or animal species for North Dakota Game and Fish Department.
- Provides chronic wasting disease testing, training and oversight.
- Oversees feral swine investigations.
- Cooperates with North Dakota Department of Health on zoonotic disease issues.
- Ensures proper carcass disposal.

	2011-2013 Budget	Governor's Proposed 2013-2015
Board of Animal Health	\$2,218,561	\$2,135,803
Total	\$2,218,561	\$2,135,803
Sources		
General Funds Federal Funds Special Funds	\$1,402,932 562,005 253,624	\$1,460,133 421,511 254,159
Total	\$2,218,561	\$2,135,803

- Inspects auction markets and approves veterinarians to provide market services.
- Provides inspection services at the North Dakota State Fair.
- Registers feedlots.
- Licenses rendering facilities.
- Registers veterinary medicines used in the state.
- Conducts avian influenza testing through USDA Avian Health Co-Op Agreement.
- Coordinates the National Poultry Improvement Plan in the state.
- Licenses dealers of modified live vaccines.
- Trains and coordinates a Reserve Veterinary Corps to assist in emergency situations.
- Participates in animal emergency preparedness and response on state, regional and national levels.
- Cooperates with other state and federal animal health officials regionally and nationally to guide national animal health policy.
- Monitors and reports diseases on state and national levels.
- Provides education and outreach for practicing veterinarians and the livestock industry.
- 8 Maintains the state's animal traceability database.

Pesticide & Fertilizer Jim Gray, Director

The Pesticide & Fertilizer Division regulates pesticides, fertilizers and anhydrous ammonia to protect human health and the environment.

Pesticide

- Conducts annual inspections of pesticide dealers, users and repackaging facilities to ensure compliance with laws and regulations.
- Provides outreach to educate and inform the public of state and federal pesticide requirements.
- Prepares and submits emergency exemption requests to ensure North Dakota producers have access to necessary pest management tools.
- Registers all pesticides herbicides, fungicides, rodenticides, insecticides, avicides and disinfectants sold in North Dakota.
- Conducts Project Safe Send, an annual statewide collection of unusable pesticides.
- Works with the U.S. Environmental Protection Agency on national pesticide regulatory and policy issues.
- Conducts risk assessments, receives public input, and offers data and recommendations to the EPA to mitigate risk of pesticides to North Dakota threatened and endangered species as part of the North Dakota Endangered Species Protection Plan.
- Investigates and responds to pesticide contamination of groundwater and surface water
- Investigates complaints of pesticide misuse and other violations.
- Administers and enforces the federal Worker Protection Standard to protect workers who handle and use pesticides.

	2011-2013 Budget	Governor's Proposed 2013-2015
Salaries	\$1,879,100	\$2,032,116
Operating	1,424,038	1,514,226
Harmonization	<u>75,000</u>	<u>75,000</u>
Total	\$3,378,138	\$3,621,342
Sources		
Federal Funds	\$1,007,103	\$986,683
Special Funds	2,371,035	<u>2,634,659</u>
Total	\$3,378,138	\$3,621,342

Fertilizer

- Registers fertilizer products.
- Licenses fertilizer distributors.
- Samples fertilizer products to ensure content matches label claims.
- Licenses and ensures regulatory compliance of anhydrous ammonia facilities.

AGRICULTURE COMMISSIONER'S BUDGET

	2011-2013 Budget	Governor's Proposed 2013-2015
Sources		
General Funds	8,261,355	9,512,066
Federal Funds	7,479,497	7,519,390
Special Funds	<u>7,357,754</u>	7,690,156
Total	\$23,098,606	\$24,721,612
FTE's	77	77

The work of the North Dakota Department of Agriculture is vital to our state's largest and most important industry. Although the department is one of the smallest of its kind in the United States, its personnel administer and deliver a wide variety of programs and services for the benefit of the state's family farmers and ranchers, and all of our citizens.

This budget presentation was designed to help members of the North Dakota Legislature determine spending priorities for the 2013-2015 biennium.

My staff and I welcome the interest and questions of the Legislature and all North Dakota citizens, regarding the work of the Agriculture Commissioner.

Sincerely

Doug Goehring

Agriculture Commissioner

HB 1009 House approp. Educ & Encirc January 15, 2013 nd 376 attachment #2

Environment and	Rangeland	Protection	Fund - Fund 3	76
	INGLISCIALIA	IIOCCCCIOII	Tullu Tullu J	,, ,

Balance: June 30, 2011	\$	2,234,971
Revenue: 2011-2013 Biennium		4 000 000
Pesticide Registration Fees Weed Seed Free Forage Fees	\$	4,000,000
Fertilizer Registration & Tonnage Fees	\$	48,922 886,178
Tertilizer Registration & Tormage Fees	TOTAL \$	7,170,071
Actual Appropriations: 2011-2013 Biennium		7,170,07
ND Health Department - Ground Water Program	\$	222,310
ND Stockmen's Association - Livestock Waste	\$	50,000
ND Department of Agriculture - Livestock Waste	\$	50,000
Pesticide & Fertilizer Programs	\$	1,824,30
Project Safe Send	\$	591,73
Noxious Weeds	\$	2,003,58
Crop Harmonization Board	\$	75,000
Agriculture in the Classroom	\$	110,000
Farmers' Markets	\$	29,50
ND Department of Agriculture - (rent/operating)	\$	120,00
Minor Use Fund	\$	200,00
Dairy Coalition	\$	250,00
Weed Seed Free Forage	\$	48,92
	TOTAL \$	5,575,34
Projected Balance: June 30, 2013	\$	1,594,72
Projected Revenue: 2013-2015 Biennium		
Pesticide Registration Fees	\$	4,000,00
Weed Seed Free Forage Fees	\$	48,92
Fertilizer Registration & Tonnage Fees	\$	886,17
Pending Appropriations: 2013-2015 Biennium	TOTAL \$	6,529,82
ND Health Department - Ground Water Program	\$	222,31
ND Stockmen's Association - Livestock Waste	\$	50,00
ND Department of Agriculture - Livestock Waste	\$	50,00
Pesticide & Fertilizer Programs	\$	1,928,87
Project Safe Send	\$	595,11
Noxious Weeds	\$	1,892,92
Crop Harmonization Board	\$	75,00
Agriculture in the Classroom	\$	119,02
Farmers' Markets	\$	29,50
ND Department of Agriculture (rent)	\$	100,00
Minor Use Fund	<u> </u>	200,00
Dairy Coalition	\$	246,16
Livestock development administrative support	\$	
		112,97
Feed	\$	142,59
Weed Seed Free Forage	\$	48,92
Health & retirement Increase	\$	54,960
Estimated market salary adjustment	\$ ************************************	180,000
Projected Balance: June 30, 2015	TOTAL \$	6,048,36 481,46
	•	401,40
Pending Legislative Issues		
Pending Legislative Issues Minor Use Fund increase	\$	125,000

House approp. Educ and Environ

Prepared by the North Dakota Legislative Council staff for House Appropriations

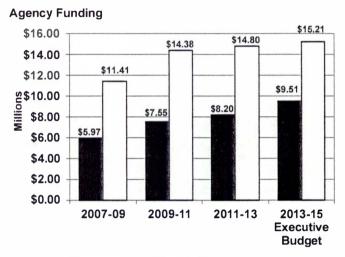
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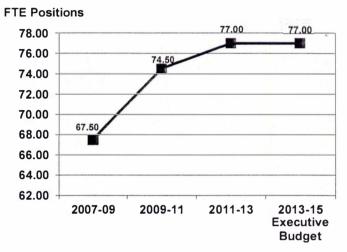
Department 602 - Agriculture Commissioner House Bill No. 1009

Green Shut

	FTE Positions	General Fund	Other Funds	Total
2013-15 Executive Budget	77.00	\$9,512,066	\$15,209,546	\$24,721,612
2011-13 Legislative Appropriations	77.00	8,196,746	14,801,251	22,997,997 ¹
Increase (Decrease)	0.00	\$1,315,320	\$408,295	\$1,723,615
1 1				

The 2011-13 appropriation amounts do not include \$36.000 of additional special funds authority resulting from Emergency Commission action during the 2011-13 biennium.





■General Fund □Other Funds

Ongoing and One-Time General Fund Appropriations

ongoing and one this continue to the continue			
	Ongoing General Fund	One-Time General	Total General Fund
	Appropriation	Fund Appropriation	Appropriation
2013-15 Executive Budget	\$9,512,066	\$0	\$9,512,066
2011-13 Legislative Appropriations	8,196,746	0	8,196,746
Increase (Decrease)	\$1,315,320	\$0	\$1,315,320

Executive Budget Highlights Other Funds General Fund Total 1. Adds funding to hire an emergency program specialist to fill an \$30,000 \$30,000 existing vacant FTE position \$30,000 2. Adds funding to increase animal disease investigating and \$30,000 surveillance 3. Adds funding from the environment and rangeland protection \$20,000 \$20,000 fund to hire a new administrative assistant to assist in livestock development duties. An existing vacant FTE position will be used for this position. 4. Adds funding for energy development mediation services \$50,000 \$50,000 5. Adds funding to provide a grant to the centennial farms program \$80,000 \$80,000 \$48,000 6. Adds funding for information technology desktop support \$48,000 services (\$100,000)7. Replaces a portion of funding from the game and fish fund with \$100,000 funding from the general fund to provide total funding from the game and fish fund of \$968,796 \$368,899 8. Provides funding for state employee salary increases of which \$469,508 \$838,407 \$557,276 relates to performance increases and \$281,131 is for market equity adjustments

Other Sections in Bill

Game and fish funding - Section 3 provides \$968,796 from the game and fish operating fund for the State Board of Animal Health (\$199,996) and Wildlife Services Program (\$768,800) for the 2013-15 biennium. The 2011-13 legislative appropriations from the game and fish fund for these programs was \$1,068,261.

State Water Commission funding - Section 4 provides that \$250,000 be transferred from the State Water Commission to the Agriculture Commissioner for the Wildlife Services Program for the 2013-15 biennium. This represents the same level of funding transferred from the State Water Commission to the Agriculture Commissioner during the 2011-13 biennium.

Johne's Disease Funding Carryover - Section 5 provides an exemption to NDCC 54-44.1-11 to allow the Agriculture Commissioner to continue 2011-13 biennium appropriations for Johne's Disease control into the 2013-15 biennium.

Agriculture Commissioner's salary - Section 6 includes the statutory changes necessary to increase the Commissioner's salary as follows:

Annual salary authorized by the Legislative Assembly in 2011:

July 1, 2011	\$92,826
July 1, 2012	\$95,610

Proposed annual salary recommended in the 2013-15 executive budget:

July 1, 2013	\$99,435
July 1, 2014	\$103,412

The executive recommendation provides funding for elected officials' salary increases equal to 4 percent of salaries effective July 1, 2013, and 4 percent effective July 1, 2014.

Continuing Appropriations

Honey promotion fund - North Dakota Century Code Chapter 4.1-08 - Commodity checkoff for market development of honey

Turkey fund - Chapter 4.1-12- Commodity checkoff for market development of turkeys and turkey products

Minor use pesticide fund - Section 4-35-06.3 - For studies, investigations, and evaluations regarding registration and use of pesticides

Major Related Legislation

At this time, no major related legislation has been introduced affecting this agency.

HB 1009. House approp. Educ & Encir January 15, 2013 attachment # 4

HB 1009

Good morning, Mr. Chairman and members of the House Appropriations Committee.

For the record, my name is Julie Ellingson and I represent the North Dakota

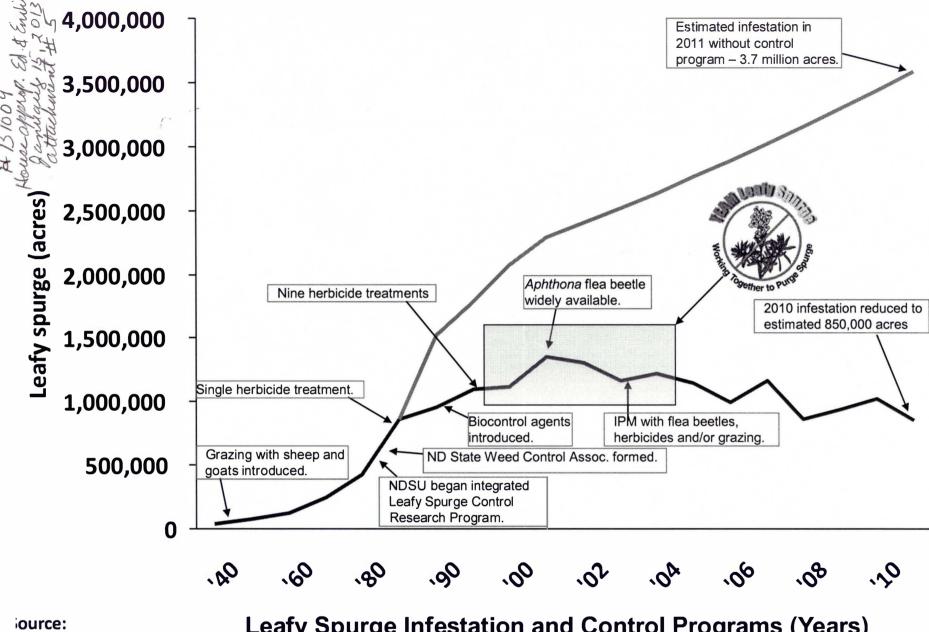
Stockmen's Association.

The North Dakota Stockmen's Association rises in support of HB 1009, the budget for the Department of Agriculture.

We are proud of our strong working relationship with the Commissioner of Agriculture and his staff and the work they do to support a favorable business climate for North Dakota's agricultural sector.

While livestock producers benefit from many of the Department's programs, of particular interest to our organization is continued support for the Board of Animal Health; Johne's Disease control; the Livestock Division; noxious weed control; and Wildlife Services. These areas help keep the domestic herd healthy and thriving; license our auction markets and dealers to protect producers' financial interest; combat weeds, which are detrimental to healthy rangelands; and respond to predator pressure and the damage they can cause.

For these reasons, we ask for your favorable consideration of these priorities as you contemplate the Department's budget.



)r. Rod Lym, NDSU

Leafy Spurge Infestation and Control Programs (Years)

HB1009

Environment and Rangeland Protection Fund - Fund 376

Balance: June 30, 2011		\$	2,234,971
Revenue: 2011-2013 Biennium		,	4 000 000
Pesticide Registration Fees		\$	4,000,000
Weed Seed Free Forage Fees		\$	48,922
Fertilizer Registration & Tonnage Fees	T0T.	\$	886,178
Actual Appropriations, 2011-2012 Piannium	TOTAL	\$	7,170,071
Actual Appropriations: 2011-2013 Biennium ND Health Department - Ground Water Program		\$	222,310
ND Stockmen's Association - Livestock Waste		\$	50,000
		\$	50,000
ND Department of Agriculture - Livestock Waste		\$	
Pesticide & Fertilizer Programs		\$	1,824,301
Project Safe Send Noxious Weeds		\$	591,732
		\$	2,003,582
Crop Harmonization Board			75,000
Agriculture in the Classroom		\$	110,000
Farmers' Markets		\$	29,500
ND Department of Agriculture - (rent/operating)		\$	120,000
Minor Use Fund		\$	200,000
Dairy Coalition		\$	250,000
Weed Seed Free Forage		\$	48,922
	TOTAL	\$	5,575,347
Projected Balance: June 30, 2013		\$	1,594,724
Projected Revenue: 2013-2015 Biennium			
Pesticide Registration Fees		\$	4,000,000
Weed Seed Free Forage Fees		\$	48,922
Fertilizer Registration & Tonnage Fees		\$	886,178
	TOTAL	\$	6,529,824
Pending Appropriations: 2013-2015 Biennium			
ND Health Department - Ground Water Program		\$	222,310
ND Stockmen's Association - Livestock Waste		\$	50,000
ND Department of Agriculture - Livestock Waste		\$	50,000
Pesticide & Fertilizer Programs		\$	1,928,870
Project Safe Send		\$	595,110
Noxious Weeds		\$	1,892,926
Crop Harmonization Board		\$	75,000
Agriculture in the Classroom		\$	119,023
Farmers' Markets		\$	29,500
ND Department of Agriculture (rent)		\$	100,000
Minor Use Fund		\$	200,000
Dairy Coalition		\$	246,166
Livestock development administrative support		\$	112,975
Feed		\$	142,599
Weed Seed Free Forage		\$	48,922
Health & retirement Increase		\$	54,960
Estimated market salary adjustment		\$	180,000
	TOTAL	\$	6,048,361
Projected Balance: June 30, 2015		\$	481,463
Pending Legislative Issues			
Minor Use Fund increase		\$	125,000
Revised Projected Balance: June 30, 2015		\$	356,463

										-	
	Game	e and Fish		Water Comm	General		Tota	<u> </u>			
<u>Biennium</u>	Funds	<u> </u>		Funds	<u>Funds</u>	-	State	Funds			
1007 1000						770 004					
1997-1999					\$	779,694	\$	779,694			
1999-2001	\$	100,000			\$	779,694	\$	879,694			
2001-2003	\$	400,000			\$	375,707	\$	775,707			
2003-2005	\$	550,000			\$	250,000	\$	800,000			
2005-2007	\$	680,000			\$	250,000	\$	930,000			
2007-2009	\$	680,000			\$	240,000	\$	920,000	1		
2009-2011	\$	968,800			\$	298,600	\$	1,267,400			
2011-2013	\$	868,800	2	\$ 250,000	\$	298,600	\$	1,417,400			
2013-2015	\$	768,800		\$ 250,000	\$	398,600	\$	1,417,400	3		
	1 Does	not include \$	15	9,000 (EARP & Si	unflower C	ouncil fund	ls) ap	propriated for t	ola	ckbird rese	arch.
				·							
				d \$300,000 genera (199,461) and Wild				to replace Gar	ne	and Fish fu	nds
				. ,				_			
	3 Breal	kouts as per t	he	Governor's budge	t.						

BOAH FUNDING	S FROM NE	GAME AND) FI	SH	
	Game	and Fish			
<u>Biennium</u>	Fund	<u>S</u>			
2001-2003	\$	68,000			
2003-2005	\$	150,000			
2005-2007	\$	150,000			
2007-2009	\$	209,684			
2009-2011	\$	200,000			
2011-2013	\$	199,461			
2013-2015	\$	199,996	1		
	1 Amoi	unt as per the			budast

13.8138.01002 Title. Prepared by the Legislative Council staff for Representative Brandenburg January 25, 2013

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1009

Page 2, line 2, replace "\$200,000" with "\$325,000"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment adjusts section 2 to increase the transfer from the environment and rangeland protection to the minor use fund from \$200,000 to \$325,000

Page No. 1

HB1009

13.8138.01001 Title. Prepared by the Legislative Council staff for Representative Monson January 25, 2013

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1009

Page 1, line 2, after the semicolon insert "to create and enact a new section to chapter 19-13.1 of the North Dakota Century Code, relating to license, inspection, and registration fees;"

Page 2, after line 23, insert:

"SECTION 7. A new section to chapter 19-13.1 of the North Dakota Century Code is created and enacted as follows:

Deposit of fees.

The commissioner shall forward all inspection fees, license fees, and registration fees received under this chapter to the state treasurer for deposit in the environment and rangeland protection fund."

Renumber accordingly

February 14, 2013

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1009

Page 1, line 3, after the second semicolon insert "to provide for a legislative management study of the milk marketing board;"

Page 2, after line 23, insert:

"SECTION 7. MILK MARKETING BOARD - STUDY. The legislative management shall study the structure of the milk marketing board; its statutory duties; the manner in which it prescribes and regulates producer, distributor, and retail prices throughout the state; and the manner in which it investigates and resolves concerns regarding the price and availability of milk throughout the state. The study shall review any policy or regulatory changes that the board has implemented in order to address pricing issues and availability of milk in the western portion of this state. The study shall examine whether the continued regulation of the Grade A dairy industry is best accomplished by the milk marketing board in its current form and operating under its current statutory directives; whether changes are needed to the board, to its statutory directives, or to both; and whether there are other methods by which the desired results could be effectively and efficiently achieved. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly."

Renumber accordingly

nandout I, HB 1007 Feb 18, 2013

Prepared by the Legislative Council staff for House Appropriations - EE Division February 15, 2013

LISTING OF PROPOSED AND ADOPTED CHANGES TO HOUSE BILL NO. 1009

Agriculture Department

Propos	sed funding changes:		General	Special	Takal
1	Description Increase the transfer from the environment and rangeland protection fund to the minor use fund from \$200,000 to \$325,000 - does not affect agency appropriation (13.8138.01002) (Adopted)	FTE	Fund \$ 0	Funds \$0	Total \$0
2	Remove funding for a grant to the centennial farms program (adopted)		(80,000)		(80,000)
3	Replace funding of \$484,398 provided from the game and fish fund for the Wildlife Services program and Board of Animal Health with funding from the environment and rangeland protection fund			0	0
To	tal proposed funding changes	-	(\$80,000)	\$0	(\$80,000)

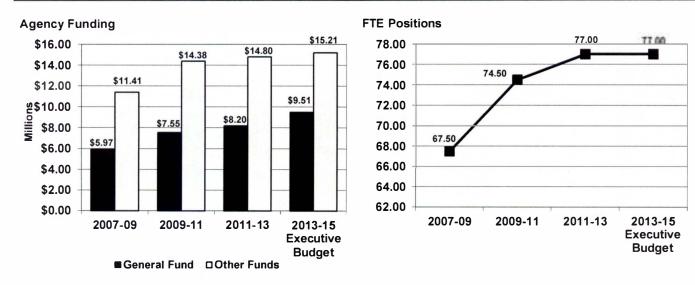
Other proposed changes:

- 1 Provide for a Legislative Management study of the Milk Marketing Board (13.8138.01004) (Adopted with change to make study optional)
- 2 Provide that commercial feed license, inspection, and registration fees be deposited in the environment and rangeland protection fund rather than the general fund (13.8138.01001)

Department 602 - Agriculture Commissioner House Bill No. 1009

	FTE Positions	General Fund	Other Funds	Total
2013-15 Executive Budget	77.00	\$9,512,066	\$15,209,546	\$24,721,612
2011-13 Legislative Appropriations	77.00	8,196,746	14,801,251	22,997,997 ¹
Increase (Decrease)	0.00	\$1,315,320	\$408,295	\$1,723,615

¹The 2011-13 appropriation amounts do not include \$36,000 of additional special funds authority resulting from Emergency Commission action during the 2011-13 biennium.



Ongoing and One-Time General Fund Appropriations

	J				
	Ongoing General Fund	One-Time General	Total General Fund		
	Appropriation	Fund Appropriation	Appropriation		
2013-15 Executive Budget	\$9,512,066	\$0	\$9,512,066		
2011-13 Legislative Appropriations	8,196,746	0	8,196,746		
Increase (Decrease)	\$1,315,320	\$0	\$1,315,320		

First House Action

Attached is a summary of the first house changes.

Executive Budget Highlights (With First House Changes in Bold)

	(With First House Changes in Bold)						
		General Fund	Other Funds	Total			
1.	Adds funding to hire an emergency program specialist to fill an existing vacant FTE position	\$30,000		\$30,000			
2.	Adds funding to increase animal disease investigating and surveillance	\$30,000		\$30,000			
3.	Adds funding from the environment and rangeland protection fund to hire a new administrative assistant to assist in livestock development duties. An existing vacant FTE position will be used for this position.		\$20,000	\$20,000			
4.	Adds funding for energy development mediation services	\$50,000		\$50,000			
5.	Adds funding to provide a grant to the centennial farms program. The House removed funding for the grant.	\$80,000		\$80,000			
6.	Adds funding for information technology desktop support services	\$48,000		\$48,000			
7.	Replaces a portion of funding from the game and fish fund with funding from the general fund to provide total funding from the game and fish fund of \$968,796	\$100,000	(\$100,000)				

8. Provides funding for state employee salary increases, of which \$557,276 relates to performance increases and \$281,131 is for market equity adjustments. The House added funding of \$26,212 to correct the executive compensation package and reduced funding for performance and market equity

adjustments by \$371,058.

\$469,508 \$368,899 \$838,407

Other Sections in Bill

Transfer to minor use fund - Section 2 transfers \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund during the 2013-15 biennium. The executive budget recommended a transfer of \$200,000 from the environment and rangeland protection fund to the minor use pesticide fund during the 2013-15 biennium.

Game and fish funding - Section 4 provides \$484,398 from the game and fish operating fund for the State Board of Animal Health (\$99,998) and Wildlife Services program (\$384,400) for the 2013-15 biennium. The executive budget recommended total funding of \$968,796 from the game and fish fund for these programs. The 2011-13 legislative appropriations from the game and fish fund for these programs was \$1,068,261.

State Water Commission funding - Section 5 provides that \$250,000 be transferred from the State Water Commission to the Agriculture Commissioner for the Wildlife Services program for the 2013-15 biennium. This represents the same level of funding transferred from the State Water Commission to the Agriculture Commissioner during the 2011-13 biennium.

Johne's disease funding carryover - Section 6 provides an exemption to North Dakota Century Code Section 54-44.1-11 to allow the Agriculture Commissioner to continue 2011-13 biennium appropriations for Johne's disease control into the 2013-15 biennium.

Agriculture Commissioner's salary - Section 7 includes the statutory changes necessary to increase the commissioner's salary as follows:

Annual salary authorized by the Legislative Assembly in 2011:

July 1, 2011	\$92,826	
July 1, 2012	\$95,610	

Proposed annual salary recommended in the 2013-15 executive budget:

July 1, 2013	\$99,435	
July 1, 2014	\$103,412	

Proposed annual salary with House changes:

July 1, 2013 July 1, 2014	\$98,478
July 1, 2014	\$101,432

The executive recommendation provides funding for elected officials' salary increases equal to 4 percent of salaries effective July 1, 2013, and 4 percent effective July 1, 2014. The House version provides funding for elected officials' salary increases of 3 percent effective July 1, 2013, and 3 percent effective July 1, 2014.

Commercial feed inspection, license, and registration fees - Section 8 deposits the first \$485,000 of commercial feed inspection, license, and registration fees in the environment and rangeland protection fund rather than the general fund. A total of \$990,000 of commercial feed fees is estimated to be collected during the 2013-15 biennium.

Milk Marketing Board study - Section 9 provides for a Legislative Management study of the Milk Marketing Board during the 2013-14 interim.

Continuing Appropriations

Honey promotion fund - Chapter 4.1-08 - Commodity checkoff for market development of honey

Turkey fund - Chapter 4.1-12 - Commodity checkoff for market development of turkeys and turkey products

Minor use pesticide fund - Section 4-35-06.3 - For studies, investigations, and evaluations regarding registration and use of pesticides

Major Related Legislation

House Bill No. 1247 - Agriculture wetland credit program - Requires the Agriculture Commissioner to implement a program which provides credits to landowners for the restoration of a wetland and allows the sale of credits to other landowners removing wetlands.

Senate Bill No. 2146 - Grape and wine industry grants - Provides a \$100,000 general fund appropriation and a \$100,000 appropriation from the agricultural fuel tax fund to the Agriculture Commissioner for grape and wine industry grants.

ATTACH:1

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1009 - Funding Summary

3	Executive Budget	House Changes	House Version
Department of Agriculture			
Salaries and wages	\$11,258,319	(\$636,210)	\$10,622,109
Operating expenses	5,772,262		5,772,262
Capital assets	12,000		12,000
Grants	4,050,828	(80,000)	3,970,828
State Board of Animal Health	2,135,803	(25,975)	2,109,828
Wildlife Services	1,417,400		1,417,400
Crop Harmonization Board	75,000		75,000
Accrued leave payments		237,295	237,295
Total all funds	\$24,721,612	(\$504,890)	\$24,216,722
Less estimated income	15,209,546	(185,152)	15,024,394
General fund	\$9,512,066	(\$319,738)	\$9,192,328
FTE	77.00	0.00	77.00
Bill Total			
Total all funds	\$24,721,612	(\$504,890)	\$24,216,722
Less estimated income	15,209,546	(185,152)	15,024,394
General fund	\$9,512,066	(\$319,738)	\$9,192,328
FTE	77.00	0.00	77.00

House Bill No. 1009 - Department of Agriculture - House Action

	Executive Budget	House Changes	House Version
Salaries and wages	\$11,258,319	(\$636,210)	\$10,622,109
Operating expenses	5,772,262		5,772,262
Capital assets	12,000		12,000
Grants	4,050,828	(80,000)	3,970,828
State Board of Animal Health	2,135,803	(25,975)	2,109,828
Wildlife Services	1,417,400	` ´ ´ ′	1,417,400
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General fund	\$9,512,066	(\$319,738)	\$9,192,328
FTE	77.00	0.00	77.00

Department 602 - Department of Agriculture - Detail of House Changes

	Corrects Executive Compensation Package ¹	Adjusts State Employee Compensation and Benefits Package ²	Provides Separate Line Item for Accrued Leave Payments ³	Removes Centennial Farms Program Grant ⁴	Total House Changes
Salaries and wages	26,212	(451,102)	(211,320)		(636,210)
Operating expenses Capital assets Grants State Board of Animal Health Wildlife Services Crop Harmonization Board			(25,975)	(80,000)	(80,000) (25,975)
Accrued leave payments			237,295		237,295
Total all funds Less estimated income General fund	\$26,212 11,533 \$14,679	(\$451,102) (196,685) (\$254,417)	\$0 0 \$0	(\$80,000) 0 (\$80,000)	(\$504,890) (185,152) (\$319,738)
FTE	0.00	0.00	0.00	0.00	0.00

¹ Funding is added due to a calculation error in the executive compensation package.

- Reduces the performance component from 3 to 5 percent per year to 2 to 4 percent per year.
- Reduces the market component from 2 to 4 percent per year for employees below the midpoint of their salary range to up to 2 percent for employees in the first quartile of their salary range for the first year of the biennium only.
- Removes funding for additional retirement contribution increases.

This amendment also:

- Increases the transfer from the environment and rangeland protection fund to the minor use fund from \$200,000 to \$325,000.
- Adds a section to deposit the first \$485,000 of commercial feed license, inspection, and registration fees received under Chapter 19-13.1 in the environment and rangeland protection fund rather than the general fund.
- Provides for a Legislative Management study of the Milk Marketing Board.
- Changes the statutory salary for the Agriculture Commissioner to provide for a 3 percent annual increase rather than a 4 percent annual increase as recommended in the executive budget.

² This amendment adjusts the state employee compensation and benefits package as follows:

A portion of salaries and wages funding from the general fund (\$132,719) and from other funds (\$104,576) for permanent employees compensation and benefits is reallocated to an accrued leave payments line item for paying annual leave and sick leave for eligible employees.

⁴ Funding included in the executive budget recommendation for a grant to the Centennial farms program is removed.



NORTH DAKOTA DEPARTMENT OF AGRICULTURE

Doug Goehring, Commissioner

BUDGET PRESENTATION FOR THE 2013-15 BIENNIUM

HB 1009

North Dakota Senate

Appropriations Committee

RAY HOLMBERG, CHAIRMAN

MARCH 15, 2013

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vision . . .

To provide North Dakota agriculture with the services and leadership necessary to make North Dakota the trusted provider of the highest quality food in the world with prosperous family farms, thriving rural communities and world class stewardship of resources.

Mission . . .

The North Dakota Department of Agriculture fosters the long-term well-being of North Dakota by promoting a healthy economic, environmental and social climate for agriculture and the rural community through leadership, advocacy, education, regulation and other services. To carry out its mandate, the Department of Agriculture is committed to the following responsibilities:

- Serving as an advocate for farmers and ranchers and our rural communities.
- Providing services that ensure safe, high-quality and marketable agricultural products.
- Developing and expanding markets for agricultural products.
- Reducing the risk of financial loss to agricultural producers and to buyers and sellers of agricultural commodities.
- Safeguarding livestock and other domestic animals from communicable diseases.
- Ensuring human safety and protecting the environment through proper use of pesticides.
- Reducing agricultural losses from noxious weeds, animal depredation, insects, and diseases.
- Verifying the contents of pesticides, fertilizers, soil conditioners, animal feeds, and veterinary medicines.
- Gathering and disseminating information concerning agriculture to the general public.
- Providing fair and timely dispute resolution services to agricultural producers, creditors and others.

AGRICULTURE COMMISSIONER **Doug Goehring**

ASSISTANT TO THE COMMISSIONER **Jody Reinke**

DEPUTY COMMISSIONER

ADMINISTRATIVE SERVICES Ken Junkert . Director

FISCAL MANAGEMENT

Account Budget Specialist Lynette Baumiller Administrative Officers Jet Collins Lindsay Schatz **Grant & Procurement Specialist** Jeannie Jacobs-Kopp Administrative Assistant Vacant

INFORMATION TECHNOLOGY

Computer & Network Specialist Roberta Tjaden Geographic Information System Specialist Jim Hansen

NORTH DAKOTA MEDIATION SERVICE

Administrator Bethany Abrams Negotiators Vacant (2) Administrative Officer **Betty Schneider**

MARKETING & INFORMATION Dana Pritschet, Acting Director

Marketing Specialists Jamie Good Dana Pritschet Stephanie Sinner Vacant **Public Information Officer** Ted Quanrud Administrative Assistant **Bonnie Sundby** Program & Policy Analyst Dane Braun Kari Herrick

PLANT INDUSTRIES Ken Junkert, Acting Director

Plant Protection Specialists Charles Elhard Lane Kozel Carrie Larson Samantha Brunner **Noxious Weed Specialist** Rachel Seifert-Spilde Administrative Assistant Elaine Sayler

PESTICIDE & FERTILIZER Jim Gray, Director

Environmental Scientist Jerry Sauter **Enforcement Coordinator** Blake Schaan Ag Program Specialist Jonathan Krei Pesticide Outreach Jeremiah Lien Fertilizer Specialists Spencer Wagner Vacant

Inspectors Josh Odden Sara Beaudrie James Jeske Kevin Coufal Ken MacDonald Eric Delzer Darrell Haseleu Derek Woehl

Administrative Assistant **Brandy Kiefel**

ANIMAL HEALTH Dr. Susan Keller, State Veterinarian

Deputy State Veterinarian Dr. Beth Carlson Assistant State Veterinarian Dr. Jesse Vollmer Livestock Field Investigator Justin Maddock Administrative Assistant Tammy Celley Office Assistants Kathy Hoffman Kimberly Spear

LIVESTOCK SERVICES Wayne Carlson, Director

DAIRY INSPECTION

Milk Surveillance Officer John Ringsrud **Dairy Inspectors**

> Orville Payne Gary Molstad

STATE MEAT & POULTRY INSPECTION

Director

Dr. Andrea Grondahl

Senior Inspectors

Shaun Quissell Cody Kreft

Compliance Officer David Slack

Information Coordinator

Vacant

Inspectors Heather Andersen Joslyn Roadstrom Joshua Epperly Shawn Steffen Whitney Vogel Doug Tobkin Cami Metzger Vacant (2)

3

Relief Inspector & Meat Grader

Julie Nilges

Livestock Pollution Prevention Specialist

Jason Wirtz Feed Specialist

Dave Phillips

Livestock Development Coordinator

Administrative Assistant

Becky Rienstra

WILDLIFE SERVICES

Phil Mastrangelo

Wildlife Services, a division of the Animal and Plant Health Inspection Service of the U.S. Department of Agriculture, operates in North Dakota under a memorandum of agreement with the North Dakota Department of Agriculture and the North Dakota Game and Fish Department.

Administrative Services Division Ken Junkert, Director

Administrative Services includes fiscal management, human resources and procurement functions, and information technology services in the North Dakota Department of Agriculture (NDDA). The division also administers the North Dakota Mediation Service.

Fiscal Management

- Oversees the development and tracking of the department's budget.
- Processes payroll.
- Pays all bills and deposits all revenues.
- Reviews and approves contracts.
- Ensures compliance with state and federal laws relating to the department's finances; including expenditure tracking and filing of required reports to federal agencies.
- Responsible for human resource activities.
- Responsible for procurement of goods and services for the department.

Aormation Technology

- Purchases and maintains the department's computers, printers, scanners, and copiers.
- Maintains the department's network, email accounts and websites.
- Maintains all desktop and wireless phones.
- Maintains all software licenses.

	2011-2013 Budget	House Version 2013-2015
Salaries Operating Accrued Leave	\$2,317,497 521,224	\$2,488,055 691,613
Payments Total	\$2,838,721	237,295 \$3,416,963
Sources		
General Funds Federal Funds Special Funds Total	2,115,963 478,253 <u>244,505</u>	2,566,713 633,658 216,592
	\$2,838,721	\$3,416,963

North Dakota Mediation Service

- Offers negotiation and mediation services to resolve differences among creditors, farmers and others.
- Expanded scope and offering mediation to address energy-related issues.
- Offers conflict resolution services for deer depredation disputes.
- Provides financial counseling.
- Offers assistance with beginning farmer loan applications and farm program paperwork.

Plant Industries Division Ken Junkert, Acting Director

Plant Industries includes the plant protection, noxious weeds, apiary, waterbank, and industrial hemp programs.

Plant Protection

- Provides export certification/phytosanitary services for export of agricultural commodities.
- Surveys for exotic pests such as exotic moths, nematodes and emerald ash borer that threaten North Dakota agriculture and horticulture.
- Surveys for pests, such as various diseases, insects and nematodes, including Karnal bunt, dwarf bunt, cereal leaf beetle, soybean cyst nematode and potato cyst nematode, to enable export of agricultural products.
- Licenses and inspects nurseries.
- Reviews traits for biotechnology.

Noxious Weeds

- Distributes state and federal funds for noxious weed control to weed boards.
- Manages federal grants for noxious and invasive weeds.
- Trains and assists weed boards with GPS/GIS mapping technology.
- Assists county and city weed boards in field days and weed management.
- Assists the general public with weed identification and control.
- Coordinates statewide biological weed control and obtains and distributes biological weed agents.

	2011-2013 Budget	House Version 2013-2015
Salaries	\$1,351,171	\$1,298,811
Operating	824,560	801,277
Capital assets	17,000	12,000
Grants	1,450,274	<u>1,450,274</u>
Total	\$3,643,005	\$3,562,362
Sources		
General Funds	752,572	782,016
Federal Funds	721,824	720,275
Special Funds	2,168,609	2,060,071
Total	\$3,643,005	\$3,562,362

Apiary

- Licenses beekeepers.
- Registers apiary locations.
- Inspects bees and issues health certificates for migratory movement.
- Responds to bee complaints.

Special programs

- Conducts the State Waterbank program.
- Registers ginseng growers.
- Administers industrial hemp program.

Livestock Services Division Wayne Carlson, Director

estock Services includes Livestock Licensing, Dairy/Poultry, Livestock Pollution Prevention, Wildlife Services, State Meat & Poultry Inspection, Livestock Development, and Feed.

Livestock Licensing

- Licenses and establishes bonds for livestock dealers and auction markets.
- Monitors financial conditions of dealers and auction markets, and discovers unlicensed dealers.

Dairy/Poultry

- Inspects dairy farms for sanitation, facilities, water purity, and proper drug usage and storage.
- Inspects dairy processing plants and milk transfer stations four or more times annually.
- Inspects distribution facilities, milk bulk trucks and samplers/haulers.
- Inspects manufacturing grade plants and transfer stations under agreement with the U.S. FDA.
 - Conducts Grade A survey work.
 - Inspects licensed commercial egg producers.
- Licenses and sets bond for hatcheries.

Livestock Pollution Prevention

- We assist livestock producers who are installing manure containment systems through cost-share funding assistance.
- We offer technical advice to producers on nutrient management, project planning, regulations, and manure containment.

Wildlife Services

 We partner with USDA Wildlife Services, North Dakota Game and Fish, and the State Water Commission to reduce wildlife damage to property.

State Meat & Poultry Inspection

- Trains, certifies and inspects meat processing companies participating in the program.
 - Inspects custom-exempt processing plants. Inspects retail outlets for country-of-origin labeling.

	2011-2013 Budget	House Version 2013-2015
Salaries	\$2,956,225	\$3,367,669
Operating	2,504,996	1,579,489
Wildlife Services	1,417,400	1,417,400
Grants	286,000	1,050,000
Total	\$7,164,621	\$7,414,558
Sources		
General Funds	2,522,974	2,729,788
Federal Funds	2,942,464	2,975,067
Special Funds	1,699,183	<u>1,709,703</u>
Total	\$7,164,621	\$7,414,558

- Grades livestock carcasses at official state and/or federal establishments as requested.
- We provide outreach, consultation and education to the meat and poultry industry.
- Ensures proper label use by the industry.
- Ensures compliance with meat and poultry processing regulations.

Livestock Development

- Conducts an age/source verification program.
- Assists producers and processors in expanding and promoting the state's livestock industry.
- Works with the North Dakota Dairy Coalition to expand the state's dairy industry.

Feed

- Registers all pet food sold in the state.
- Licenses commercial feed manufacturers and retailers.
- Maintains a label file of all commercial feeds sold in the state.
- Samples feed products to ensure nutritional content matches label claims.
- We conduct medicated feed plant inspections.
- Verifies manufacturer and producer compliance with federal requirements to prevent bovine spongiform encephalopathy.

Marketing & Information Division Dana Pritschet, Acting Director

Marketing and Information provides education, promotion and market enhancement programs to increase sales of North Dakota agricultural commodities and value-added agricultural products in international, domestic and local markets.

Marketing

- Administers the Pride of Dakota (POD) program, including Holiday Showcases, POD meetings and other events.
- Provides trade show assistance to North Dakota companies.
- Wine research and promotion.
- Administers North Dakota Turkey Federation program.
- Administers North Dakota Honey promotion program.
- Conducts and participates in international trade events.
 - Implements programs associated with the Food Export-Midwest Association of the USA.
- Conducts market research for North Dakota companies to expand business internationally and domestically.
- Conducts Exporter Training programs around the state for North Dakota companies.
- Administers school garden grants.
- Administers local foods initiative.
- Administers farm-to-school programs.
- Operates the mobile food processing unit.
- Administers USDA Specialty Crop Block Grant Program.
- Administers organics program and USDA Organic Certification Cost Share program.
- Organizes the annual meeting of the agriculture commissioner and the commodity councils.

Organizes an annual food summit and farmer's market conference.

	2011-2013 Budget	House Version 2013-2015
Salaries	\$1,208,371	\$1,435,458
Operating	1,176,635	1,185,657
Grants	<u>1,470,554</u>	<u>1,470,554</u>
Total	\$3,855,560	\$4,091,669
Sources		
General Funds	\$1,466,914	\$1,679,653
Federal Funds	1,767,848	1,782,196
Special Funds	620,798	629,820
Total	\$3,855,560	\$4,091,669

Policy Development

- Researches and analyzes agricultural policy for the commissioner.
- Prepares talking points on agriculture and food issues.
- Responds to public requests for information.

Public Information

- We provide publications, including news releases, brochures and reports.
- Responds to public requests for information.

Agriculture in the Classroom

- Helps K-12 teachers integrate agriculture information into science, math, social studies and language curricula.
- Supports Project Food, Land, & People which
 provides hands-on lessons to help students better
 understand the interrelationships among the
 world's environment, agriculture and people.
- Publishes *Ag Mag* three times a year for 3rd, 4th, and 5th graders at no charge. Each issue focuses on a North Dakota agricultural topic.
- Underwrites FFA Foundation mini-grants for agriculture-related projects, units, and lessons used by school-age children.

Animal Health Division Dr. Susan Keller, State Veterinarian

domestic animals and non-traditional livestock, and administers all rules and orders of the State Board of Animal Health (BOAH).

Animal Health

- Monitors and regulates animal imports and exports.
- Traces animal movements as part of disease investigations.
- Issues and maintains records of official USDA tags and official state certificates of veterinary inspection.
- Conducts a Johne's disease control program.
- Conducts the National Scrapie Eradication program.
- Investigates suspected cases of foreign animal diseases and emerging diseases.
- We respond to complaints and investigate inhumane treatment of animals.
- Coordinates pet sheltering during disasters.
- Conducts tuberculosis, brucellosis and other disease investigations.
- Reviews testing information and granting status for tuberculosis-accredited herds, brucellosiscertified herds statuses, and Brucella ovis-free flocks.
- Administers non-traditional livestock and farmed elk regulations.
- Issues permits to possess, propagate or domesticate live protected birds or animal species for North Dakota Game and Fish Department.
- Provides chronic wasting disease testing, training and oversight.
- Oversees feral swine investigations.
- Works with North Dakota Department of Health
 on zoonotic disease issues.
 - Ensures proper carcass disposal.

	2011-2013 Budget	House Version 2013-2015
Board of Animal Health	\$2,218,561	\$2,109,828
Total	\$2,218,561	\$2,109,828
Sources		
General Funds Federal Funds Special Funds	\$1,402,932 562,005 253,624	\$1,434,158 421,511 254,159
Total	\$2,218,561	\$2,109,828

- Inspects auction markets and approves veterinarians to provide market services.
- Provides inspection services at the North Dakota State Fair.
- Registers feedlots.
- Licenses rendering facilities.
- Registers veterinary medicines used in the state.
- Conducts avian influenza testing through USDA Avian Health Co-Op Agreement.
- Coordinates the National Poultry Improvement Plan in the state.
- Licenses dealers of modified live vaccines.
- Trains and coordinates a Reserve Veterinary Corps to assist in emergency situations.
- Participates in animal emergency preparedness and response on state, regional and national levels.
- Cooperates with other state and federal animal health officials regionally and nationally to guide national animal health policy.
- Monitors and reports diseases on state and national levels.
- Provides education and outreach for practicing veterinarians and the livestock industry.
- 8 Maintains the state's animal traceability database.

Pesticide & Fertilizer Division Jim Gray, Director

The Pesticide & Fertilizer Division regulates pesticides, fertilizers and anhydrous ammonia to protect human health and the environment.

Pesticide

- Conducts annual inspections of pesticide dealers, users and repackaging facilities to ensure compliance with laws and regulations.
- We provide compliance assistance to educate and inform the public of state and federal pesticide requirements.
- Prepares and submits emergency exemption requests to ensure North Dakota producers have access to necessary pest management tools.
- Registers all pesticides herbicides, fungicides, rodenticides, insecticides, avicides and disinfectants sold in North Dakota.
- Conducts Project Safe Send, an annual statewide
 collection of unusable pesticides.
 - Works with the U.S. Environmental Protection Agency on national pesticide regulatory and policy issues.
- Under the North Dakota Endangered Species
 Program, we conduct risk assessments, take
 public comments and make recommendations to
 the EPA to mitigate risk and minimize impacts
 to agriculture, and threatened and endangered
 species.
- Investigates and responds to pesticide contamination of groundwater and surface water resources.
- Investigates complaints of pesticide misuse and other violations.
- Administers and enforces the federal Worker Protection Standard to protect workers who handle and use pesticides.
- We conduct water quality monitoring for pesticides.

2011-2013 Budget	House Version 2013-2015
\$1,879,100	\$2,032,116
1,424,038	1,514,226
<u>75,000</u>	75,000
\$3,378,138	\$3,621,342
\$1,007,103	\$986,683
2,371,035	2,634,659
\$3,378,138	\$3,621,342
	\$1,879,100 1,424,038 75,000 \$3,378,138 \$1,007,103 2,371,035

Fertilizer

- Registers fertilizer products.
- Licenses fertilizer distributors.
- Samples fertilizer products to ensure content matches label claims.
- We licenses and regulate compliance of anhydrous ammonia facilities.
- We implement risk management plans for anhydrous ammonia facilities.

Outstanding Issues

- **Specialty Crop Block Grant:** additional federal grant authority required to distribute grant funds.
 - \$625,000
- **Information Technology Desktop Support:** additional general fund authority required to maintain ITD desktop support pilot project.
 - \$48,000
- ND Mediation Service: additional general fund authority required to pay for expansion of services not allowed under the current federal grant.
 - \$50,000
- Livestock Auction Market News Reporting: additional general fund authority required to continue support for reporting sale and purchase of livestock data.
 - \$15,000
- Deposit of commercial feed inspection, license, and registration fees: The House of Representatives amended the law to allow the first \$485,000 of fees to be deposited in the Environment and Rangeland Protection Fund. We recommend all of these fees to be deposited in the EARP Fund. The total revenue estimate is \$970,000.
- Centennial Farms Program: additional general fund authority required to provide a grant to the Lewis and Clark Foundation.
 - \$80,000

AGRICULTURE COMMISSIONER'S BUDGET

	2011-2013 Budget	House Version 2013-2015
General Funds	8,261,355	9,192,328
Federal Funds	7,479,497	7,519,390
Special Funds	7,357,754	7,505,004
Total	\$23,098,606	\$24,216,722
FTE's	77	77

The work of the North Dakota Department of Agriculture is vital to our state's largest and most important industry. Although the department is one of the smallest of its kind in the United States, its personnel administer and deliver a wide variety of programs and services for the benefit of the state's family farmers and ranchers, and all of our citizens.

This budget presentation was designed to help members of the North Dakota Legislature determine spending priorities for the 2013-2015 biennium.

My staff and I welcome the interest and questions of the Legislature and all North Dakota citizens, regarding the work of the Agriculture Commissioner.

Sincerely

Doug Goehring

Agriculture Commissioner

Doug Goehring HB 1009 3-15-13 Environment and Rangeland Protection Fund - Fund 376 Balance: June 30, 2011

Balance: June 30, 2011		\$	2,234,971
Revenue: 2011-2013 Biennium			
Pesticide Registration Fees		\$	4,000,000
Weed Seed Free Forage Fees		\$	48,922
Fertilizer Registration & Tonnage Fees		\$	886,178
	TOTAL	\$	7,170,071
Actual Appropriations: 2011-2013 Biennium			
ND Health Department - Ground Water Program		\$	222,310
ND Stockmen's Association - Livestock Waste		\$	50,000
ND Department of Agriculture - Livestock Waste		\$	50,000
Pesticide & Fertilizer Programs		\$	1,824,301
Project Safe Send		\$	591,732
Noxious Weeds		\$	2,003,582
Crop Harmonization Board		\$	75,000
Agriculture in the Classroom		\$	110,000
Farmers' Markets		\$	29,500
ND Department of Agriculture - (rent/operating)		\$	120,000
Minor Use Fund		\$	200,000
Dairy Coalition		\$	250,000
Weed Seed Free Forage		\$	48,922
	TOTAL	\$	5,575,347
Projected Balance: June 30, 2013		\$	1,594,724
Projected Revenue: 2013-2015 Biennium THROUGH CROSSOVER			
Pesticide Registration Fees		\$	4,000,000
Weed Seed Free Forage Fees		\$	48,922
Fertilizer Registration & Tonnage Fees		\$	886,178
HB 1227 - Increases Late Fees for Fertilizer and License Renewals		\$	30,570
Commercial Feed Inspection, License and Registration Fees		\$	485,000
	TOTAL	\$	7,045,394
Pending Appropriations: 2013-2015 Biennium THROUGH CROSSOVER			
ND Health Department - Ground Water Program		\$	222,310
ND Stockmen's Association - Livestock Waste		\$	50,000
ND Department of Agriculture - Livestock Waste		\$	50,000
Pesticide & Fertilizer Programs		\$	1,928,870
Project Safe Send		\$	595,110
Noxious Weeds		\$	1,892,926
Crop Harmonization Board		\$	75,000
Agriculture in the Classroom		\$	119,023
Farmers' Markets		\$	29,500
ND Department of Agriculture (rent)		\$	100,000
Minor Use Fund		\$	325,000
Dairy Coalition		\$	246,166
Livestock development administrative support		\$	112,975
Feed		\$	142,599
Weed Seed Free Forage		\$	48,922
Market Adjustment and Health Increase		\$	117,033
Wildlife Services		\$	384,400
Animal Health		\$	99,998
	TOTAL	\$	6,539,832
Projected Balance: June 30, 2015	_	\$	505,562
-		•	





Support for amendment to House Bill 1009 - Section 9.

My name is John Job. I am the Northern Division Manager for AMCON Distributing Company. AMCON of Bismarck distributes fine consumer products to customers in all of ND, in addition to customers in Northern Minnesota, Eastern Montana, Northern South Dakota and Eastern Wisconsin. Our product categories are Cigarettes, Tobacco, Beverages, Candy, Snacks, Groceries, HBC, Automotive, Food Service, & Store Supplies. There is a wide range of customer classes that we serve, with our primary customer base of Convenience Stores. AMCON is a publicly traded company that has distribution centers in Crossville, TN, Omaha, NE, Rapid City, SD, Springfield, MO, & Quincy, IL in addition to the Bismarck distribution center. Please visit our website www.amcon.com for more information.

The reasons for our support of the amendment to HB 1009, specifically section 9 are to review the licensing and regulations of the distributor.

Back in 2001 AMCON Distributing applied to be licensed in the state of ND to distribute dairy products. The license was issued to us and we have remained licensed ever since. A copy of our current license is attached. I was informed by the milk board that our license is limited to ice cream, cheeses etc. but not fluid milk. I asked the question "how do we become licensed for fluid milk". I needed to appear before the board and ask to be licensed for fluid milk. I appeared before the board requesting a fluid milk license. I was refused. I asked why and was told they voted not to give us a fluid license. I have appeared before the board several times and they have always voted no to AMCON receiving a fluid milk license. The most recent request was in May of 2012. The only reason given when questioned is the board voted no. I have asked what is the criteria to be approved and was told that we needed board approval to sell fluid milk. I was told out of the meeting room that if they licensed AMCON they would need to license all wholesalers like AMCON.

From time to time our customer base has asked AMCON to provide fluid milk service to their stores. The majority of requests would be from the small towns or rural areas. The reasoning has ranged from 1. It would be easier. 2. Our milk truck will not leave us enough products. 3. We would like more selection such as what we see in convenience stores in other states. The requests have come more frequent since the increase of activity in western ND. We have been asked by the local dairies if we could deliver to outlying areas of the state or a surrounding state since we own our own trucks some of which are tri temperature zone trailers. We cannot haul products that belong to anyone else as we

license our fleet as "not for hire". We may only haul products owned by AMCON that are sold to our customers.

Since our original licensing our competitors were held to the same standards as us. The main reason why I went to the board meeting last year was to question why some of our out of state competitors are now bringing milk into ND and selling to the same class of trade as AMCON cannot sell to. I was informed that our out of state competitors are simply delivering milk for a dairy in St. Paul for example. The St. Paul dairy is billing the product and our competitor is delivering. I asked if the milk board had challenged our out of state competitors and was told they had, but perhaps with interstate commerce they have found a loop hole. I asked if AMCON could do the same thing and was told no to that plus no to several other scenarios I outlined. I was told no since we are located in ND. We attempted to find a solution, however we could not. I was told that they would have legal review and get back to us. I asked how long that would take and was told months. I have called twice since last May and been told no decision was made. In the mean time our out of state competitors are bringing milk into ND, plus they are attempting to get our customers to switch to them from AMCON because they can provide milk and AMCON cannot. It is our desire to have the licensing of milk distributors reviewed in order to level the playing field in the wholesale distribution arena. If the playing field is level we will compete with anyone in the market place. We thoroughly want to believe that the goals of the milk board are not to create a competitive disadvantage for wholesalers located within the boundaries of North Dakota. Their present guidelines have created this situation.

AMCON Distributing Company of Bismarck is licensed to wholesale distribute fluid milk in SD. A copy of our current license is also attached to my handout. That licensing process was simple. Fill out the paperwork and send in the check.

In closing, I am not testifying on the entire bill. I am only testifying in support of section 9 of the amendments to study the milk marketing board. Our concern is the licensing of wholesale distribution of fluid milk. It is disappointing that we may have to wait two years until the interim study is completed in order to have a much more understandable reason for the continual refusal to be licensed and our ability to compete because we are located in ND.

Sincerely,

John F. Job Northern Division Manager AMCON Distributing Company



State of North Dakota DEPARTMENT OF AGRICULTURE DAIRY DIVISION

SFN 16675 (3-89)

Year 2013

NO. 1421

AMCON DISTRIBUTING COMPANY, 3125 EAST THAYER AVE, BISMARCK ND 58501 is licensed to DISTRIBUTE DAIRY PRODUCTS and is hearby duly authorized to conduct business in the state of North Dakota from July 1, 2012 to June 30, 2013.

Dairy Director

Date

This license is to be posted conspicuously in your place of business and is not transferable.



SOUTH DAKOTA DEPARTMENT OF AGRICULTURE

DIVISION OF AGRICULTURAL SERVICES

523 E. Capitol Avenue Pierre, SD 57501 Phone: 605-773-3724 / Fax: 605-773-3481 http://sdda.sd.gov/divisions/#agServices

JOHN F. JOB AMCON DISTRIBUTING COMPANY - BISMARK 3125 E. THAYER AVE BISMARCK, ND 58501-5170

DAIRY LICENSE NO. 2106

THIS CERTIFIES THAT

AMCON DISTRIBUTING COMPANY - BISMARK

IS HEREBY LICENSED TO OPERATE AS A

Milk Distributor

IN THE STATE OF SOUTH DAKOTA FROM THE DATE HEREOF UNTIL

December 31, 2013

DATED AT PIERRE, SOUTH DAKOTA December 07, 2012

Receipt No. 57306

SECRETARY OF AGRICULTURE

POST IN OFFICE

HB 1009

Julie Ellingson #44
3-15-13

Good morning, Mr. Chairman and members of the Senate Appropriations

Committee. For the record, my name is Julie Ellingson and I represent the North

Dakota Stockmen's Association.

The North Dakota Stockmen's Association rises in support of HB 1009.

We are proud of our strong working relationship with the Commissioner of Agriculture and his staff and the work they do to support a favorable business climate for North Dakota's agricultural sector.

While livestock producers benefit from many of the Department's programs, of particular interest to our organization is continued support for the Board of Animal Health; Johne's Disease control; the Livestock Division; noxious weed control; Wildlife Services; and Mediation Services. These areas help keep the domestic herd healthy and thriving; license our auction markets and dealers to protect producers' financial interest; combat weeds, which are detrimental to healthy rangelands; respond to predator pressure and the damage they can cause; and help resolve contention in areas of ag credit, deer depredation and the surface owner/oil industry interface.

For these reasons, we ask for your favorable consideration of these priorities as you contemplate the Department's budget.

COMMISSIONER DOUG GOEHRING



NORTH DAKOTA DEPARTMENT OF AGRICULTURE

STATE CAPITOL 600 E BOULEVARD AVE DEPT 602 BISMARCK ND 58505-0020 ndda@nd.gov www.agdepartment.com

Ken Junkert HB 1009 3-26-13

TO: Senator Bill Bowman

FR: Ken Junkert, Director, Administrative Services

RE: HB 1009 – Agriculture Commissioner's Budget

DT: March 20, 2013

The House of Representatives made the following amendments to the HB 1009:

- Salary and wages line item changes: \$636,210
 - o Corrected an error in the executive compensation package: +\$26,211
 - o Reduced the state employee compensation and benefits package: \$451,102
 - o Created a separate line item for accrued leave payments: \$211,320
 - Department of Agriculture comments:
 - The Department of Agriculture encourages the Senate to restore the Governor's compensation package to aid in retention and recruitment of employees.
 - The new accrued leave payments line item will play an unnecessary administrative burden on the Department to manage the salary and wages line item. For example, the Department pays seven FTEs out of the State Board of Animal Health line item. The House of Representatives moved \$25,975 from the State Board of Animal Health line item to the accrued leave payments line item. This move will force the Department to make an automatic Emergency Commission request to move funds back to the State Board of Animal Health line item to cover salary and wages.
- Grants line item changes: \$80,000
 - O The House of Representatives removed grant funding to support the North Dakota Centennial Farms Program administered by the Lewis and Clark Fort Mandan Foundation.
 - Department of Agriculture comments:
 - The North Dakota Centennial Farms Program celebrates our state's agriculture heritage by recognizing families that have lived on and/or owned their farms and ranches for more than a century. Centennial farms are located in more than 40 counties.

- Section 2: EARP Fund transfer to the Minor Use Fund: + \$125,000
 - o The House of Representatives increased the transfer from the EARP Fund to the Minor Use Fund by \$125,000.
 - Department of Agriculture comments:
 - The Department of Agriculture supports the increase in transfer. The Minor Use Fund is used for conducting important studies regarding the registration of pesticides for minor crops.

The North Dakota Department of Agriculture requests that the Senate consider making the following amendments to HB 1009:

- Specialty Crop Block Grant: increase spending authority in grants line item to distribute federal grant funds
 - o Request: +\$625,000 other fund authority in the grants line item
- Information Technology Desktop Support: additional general fund authority required to maintain current level of ITD desktop support pilot project:
 - o Request: + \$48,000 of general fund authority in the operating expenses line item
- ND Mediation Service: additional general fund authority required to pay for expansion of services not allowed under the current federal grant:
 - o Request: + \$50,000 of general fund authority in the operating expenses line item
- Livestock Auction Market News Reporting: additional general fund authority required to continue support for reporting sale and purchase of livestock data:
 - o Request: + \$15,000 of general fund authority in the operating expenses line item
- Centennial Farms Program: additional general fund authority required to provide a grant to the Lewis and Clark Fort Mandan Foundation:
 - o Request: + \$80,000 of general fund authority in the grants line item
- Deposit of commercial feed inspection, license, and registration fees: The House of Representative amended the law to allow the first \$485,000 of fees to be deposited in the EARP Fund. The Department of Agriculture recommends that all of these fees be deposited in the EARP Fund. The total revenue is estimated to be \$970,000.

Attached is a spreadsheet detailing the amendments the House of Representatives made to HB 1009.

Thank you for consideration of our recommended changes to HB 1009. If you have any questions, please call me at 328-4756.

Ken Junkert
Director, Administrative Services

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Environment and Rangeland Protection Fund - Fund 376

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Fertilizer Registration & Tonnage Fees \$886,17 HB 1227 - Increases Late Fees for Fertilizer and License Renewals \$30,57 Commercial Feed Inspection, License and Registration Fees \$485,00 TOTAL \$7,045,39 Pending Appropriations: 2013-2015 Biennium THROUGH CROSSOVER ND Health Department - Ground Water Program \$222,31 ND Stockmen's Association - Livestock Waste \$50,00 ND Department of Agriculture - Livestock Waste \$50,00 Pesticide & Fertilizer Programs \$1,928,87 Project Safe Send \$595,11 Noxious Weeds \$1,892,92 Crop Harmonization Board \$75,00 Agriculture in the Classroom \$119,02 Farmers' Markets \$29,50 ND Department of Agriculture (rent) \$100,00	Pesticide Registration Fees			4,000,000
HB 1227 - Increases Late Fees for Fertilizer and License Renewals Commercial Feed Inspection, License and Registration Fees \$ 485,00 TOTAL \$ 7,045,399 Pending Appropriations: 2013-2015 Biennium THROUGH CROSSOVER ND Health Department - Ground Water Program ND Stockmen's Association - Livestock Waste ND Department of Agriculture - Livestock Waste Pesticide & Fertilizer Programs Project Safe Send Noxious Weeds Crop Harmonization Board Agriculture in the Classroom Farmers' Markets ND Department of Agriculture (rent) \$ 30,57 24,85,00 25,00 26,00 27,045,399 222,31 22	Weed Seed Free Forage Fees			48,922
Commercial Feed Inspection, License and Registration Fees 7,045,39 Pending Appropriations: 2013-2015 Biennium THROUGH CROSSOVER ND Health Department - Ground Water Program \$ 222,31 ND Stockmen's Association - Livestock Waste \$ 50,00 ND Department of Agriculture - Livestock Waste \$ 50,00 Pesticide & Fertilizer Programs \$ 1,928,87 Project Safe Send \$ 595,11 Noxious Weeds \$ 1,892,92 Crop Harmonization Board \$ 75,00 Agriculture in the Classroom \$ 119,02 Farmers' Markets \$ 29,50 ND Department of Agriculture (rent) \$ 100,00	Fertilizer Registration & Tonnage Fees			886,178
Pending Appropriations: 2013-2015 Biennium THROUGH CROSSOVER ND Health Department - Ground Water Program \$ 222,31 ND Stockmen's Association - Livestock Waste \$ 50,00 ND Department of Agriculture - Livestock Waste \$ 50,00 Pesticide & Fertilizer Programs \$ 1,928,87 Project Safe Send \$ 595,11 Noxious Weeds \$ 1,892,92 Crop Harmonization Board \$ 75,00 Agriculture in the Classroom \$ 119,02 Farmers' Markets \$ 29,50 ND Department of Agriculture (rent) \$ 100,000	HB 1227 - Increases Late Fees for Fertilizer and License Renewals			30,570
Pending Appropriations: 2013-2015 Biennium THROUGH CROSSOVERND Health Department - Ground Water Program\$ 222,31ND Stockmen's Association - Livestock Waste\$ 50,00ND Department of Agriculture - Livestock Waste\$ 50,00Pesticide & Fertilizer Programs\$ 1,928,87Project Safe Send\$ 595,11Noxious Weeds\$ 1,892,92Crop Harmonization Board\$ 75,00Agriculture in the Classroom\$ 119,02Farmers' Markets\$ 29,50ND Department of Agriculture (rent)\$ 100,00	Commercial Feed Inspection, License and Registration Fees		\$	485,000
ND Health Department - Ground Water Program ND Stockmen's Association - Livestock Waste ND Department of Agriculture - Livestock Waste Pesticide & Fertilizer Programs Project Safe Send Noxious Weeds Crop Harmonization Board Agriculture in the Classroom Farmers' Markets ND Department of Agriculture (rent) \$ 222,31 \$ 20,00 \$ 50,00 \$ 1,928,87 \$ 595,11 \$ 75,00 \$ 1,892,92 \$ 75,00 \$ 119,02 \$ 29,50 \$ 100,00		TOTAL	\$	7,045,394
ND Stockmen's Association - Livestock Waste \$ 50,00 ND Department of Agriculture - Livestock Waste \$ 50,00 Pesticide & Fertilizer Programs \$ 1,928,87 Project Safe Send \$ 595,11 Noxious Weeds \$ 1,892,92 Crop Harmonization Board \$ 75,00 Agriculture in the Classroom \$ 119,02 Farmers' Markets \$ 29,50 ND Department of Agriculture (rent) \$ 100,00	Pending Appropriations: 2013-2015 Biennium THROUGH CROSSOVER			
ND Department of Agriculture - Livestock Waste \$ 50,00 Pesticide & Fertilizer Programs \$ 1,928,87 Project Safe Send \$ 595,11 Noxious Weeds \$ 1,892,92 Crop Harmonization Board \$ 75,00 Agriculture in the Classroom \$ 119,02 Farmers' Markets \$ 29,50 ND Department of Agriculture (rent) \$ 100,00	ND Health Department - Ground Water Program			222,310
Pesticide & Fertilizer Programs \$ 1,928,87 Project Safe Send \$ 595,11 Noxious Weeds \$ 1,892,92 Crop Harmonization Board \$ 75,00 Agriculture in the Classroom \$ 119,02 Farmers' Markets \$ 29,50 ND Department of Agriculture (rent) \$ 100,00	ND Stockmen's Association - Livestock Waste			50,000
Project Safe Send \$ 595,11 Noxious Weeds \$ 1,892,92 Crop Harmonization Board \$ 75,00 Agriculture in the Classroom \$ 119,02 Farmers' Markets \$ 29,50 ND Department of Agriculture (rent) \$ 100,00	ND Department of Agriculture - Livestock Waste			50,000
Noxious Weeds \$ 1,892,92 Crop Harmonization Board \$ 75,00 Agriculture in the Classroom \$ 119,02 Farmers' Markets \$ 29,50 ND Department of Agriculture (rent) \$ 100,00	Pesticide & Fertilizer Programs			1,928,870
Crop Harmonization Board\$ 75,00Agriculture in the Classroom\$ 119,02Farmers' Markets\$ 29,50ND Department of Agriculture (rent)\$ 100,00	Project Safe Send			595,110
Agriculture in the Classroom \$ 119,02 Farmers' Markets \$ 29,50 ND Department of Agriculture (rent) \$ 100,00	Noxious Weeds			1,892,926
Farmers' Markets \$ 29,50 ND Department of Agriculture (rent) \$ 100,00	Crop Harmonization Board			75,000
ND Department of Agriculture (rent) \$ 100,00	Agriculture in the Classroom			119,023
	Farmers' Markets			29,500
Minor Use Fund \$ 325,00	ND Department of Agriculture (rent)			100,000
				325,000
	Dairy Coalition			246,166
	Livestock development administrative support			112,975
	Feed			142,599
	Weed Seed Free Forage			48,922
	Market Adjustment and Health Increase			117,033
Wildlife Services \$ 384,40	Wildlife Services		\$	384,400
Animal Health \$ 99,99			\$	99,998
TOTAL \$ 6,539,83	Animal Health	100	~	
Projected Balance: June 30, 2015 \$ 505,56	Animal Health	TOTAL		6,539,832

COMMISSIONER DOUG GOEHRING



Ken Junkert HB 1009 ndda@nd.gov 4-1-13 www.agdepartment.com

NORTH DAKOTA DEPARTMENT OF AGRICULTURE

STATE CAPITOL. 600 E BOULEVARD AVE DEPT 602 BISMARCK ND 58505-0020

TO: Senator Bill Bowman

FR: Ken Junkert, Director, Administrative Services RE: HB 1009 – Agriculture Commissioner's Budget

DT: March 21, 2013

The House of Representatives made the following amendments to Engrossed HB 1009:

- Salary and wages line item changes: \$636,210 total change
 - o Corrected an error in the executive compensation package: + \$26,211
 - o Reduced the state employee compensation and benefits package: \$451,102
 - o Created a separate line item for accrued leave payments: \$211,320
- State Board of Animal Health line item change: \$25,975 total change
 - o Created a separate line item for accrued leave payments: \$25,975
- · Grants line item change: \$80,000 total change (One-time in Senate Amend)
 - o Grant line funding was removed to support the North Dakota Centennial Farms Program: - \$80,000

- Section 2: EARP Fund transfer to the Minor Use Fund: +\$125,000 total change
 - o The transfer from the EARP Fund to the Minor Use Fund was increased from \$200,000 to \$325,000: + \$125,000

Department of Agriculture comments regarding the changes referenced above:

- We encourage the Senate to restore the Governor's compensation package to aid in retention and recruitment of employees.
- The new accrued leave payments line item will place an unnecessary administrative burden on the Department to manage the salary and wages line item and the salary and wages that are part of the State Board of Animal Health line item. For example, the Department pays seven FTEs out of the State Board of Animal Health line item. This move will force the Department to make an automatic Emergency Commission request to move funds back to the State Board of Animal Health line item to cover salaries for the biennium.

- We encourage the Senate to restore the funding for the Centennial Farms Program. This program celebrates our state's agriculture heritage by recognizing families that have lived on and/or owned their farms and ranches for more than a century.
- We support the increase in the transfer from the EARP Fund to the Minor Use Fund. The Minor Use Fund is used for conducting important studies regarding the registration of pesticides for minor crops.

The North Dakota Department of Agriculture requests that the Senate consider making the following amendments to HB 1009:

• Specialty Crop Block Grant: increase spending authority in grants line item to distribute federal grant funds:

o Request: + \$625,000 federal fund authority in the grants line item

• Information Technology Desktop Support: additional general fund authority required to maintain current level of ITD desktop support pilot project:

o Request: +\$48,000 of general fund authority in the operating expenses line item

• ND Mediation Service: additional general fund authority required to pay for expansion of services not allowed under the current federal grant:

Scope of program

O Request: +\$50,000 of general fund authority in the operating expenses line item

1407 - work su

• Livestock Auction Market News Reporting: additional general fund authority required to continue support for reporting sale and purchase of livestock data: replaces federal finds communicate strength of market

o Request: + \$15,000 of general fund authority in the operating expenses line item

• Centennial Farms Program: additional general fund authority required to provide a grant to the Lewis and Clark Fort Mandan Foundation:

o Request: + \$80,000 of general fund authority in the grants line item

• Deposit of commercial feed inspection, license, and registration fees: The House of Representative amended the law to allow the first \$485,000 of fees to be deposited in the EARP Fund. We recommend that all of these fees be deposited in the EARP Fund. The total revenue is estimated to be \$970,000.

Attached is a spreadsheet detailing the amendments the House of Representatives made to HB 1009. Thank you for consideration of our recommended changes to HB 1009. If you have any questions, please call me at 328-4756.





PROPOSED AMENDMENTS to ENGROSSED HOUSE BILL NO. 1009

Page 3, after line 21, insert:

"SECTION 10. TERMINATION OF LEASE. The agriculture commissioner shall terminate lease of premises at such time as sufficient replacement of office space within the Capitol Complex is assigned by the Office of Management and Budget."

Renumber accordingly

April 2, 2013

4-4-13 Subcom NB 1009

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1009

Page 1, remove lines 15 through 24

Page 2, replace lines 1 and 2 with:

"Salaries and wages	\$9,712,364	\$1,572,167	\$11,284,531
Operating expenses	6,451,453	(566,191)	5,885,262
Capital assets	17,000	(5,000)	12,000
Grants	3,170,828	1,505,000	4,675,828
State board of animal health	2,153,952	(18,149)	2,135,803
Wildlife services	1,417,400	0	1,417,400
Crop harmonization board	<u>75,000</u>	<u>0</u>	75,000
Total all funds	\$22,997,997	\$2,487,827	\$25,485,824
Less estimated income	<u>14,801,251</u>	<u>1,044,828</u>	15,846,079
Total general fund	\$8,196,746	\$1,442,999	\$9,639,745
Full-time equivalent positions	77.00	0.00	77.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-FOURTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-second legislative assembly for the 2011-13 biennium and the 2013-15 one-time funding items included in the appropriation in section 1 of this Act:

One-Time Funding Description	<u>2011-13</u>	<u>2013-15</u>
Centennial farms program grant	<u>\$0</u>	\$80,000
Total general fund	\$0	\$80,000

The 2013-15 one-time funding amounts are not a part of the entity's base budget for the 2015-17 biennium. The agriculture commissioner shall report to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2013, and ending June 30, 2015."

Page 2, line 8, replace "\$5,997,408" with "\$6,122,681"

Page 2, replace lines 25 through 30 with:

"SECTION 8. AGRICULTURE DEPARTMENT OFFICE LEASE -

TERMINATION. The agriculture commissioner shall terminate any lease of office space off of the capitol grounds if sufficient office space on the capitol grounds is provided to the agriculture department by the office of management and budget for the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 9. AMENDMENT. Section 4-01-21 of the North Dakota Century Code is amended and reenacted as follows:

4-01-21. Salary of agriculture commissioner.

The annual salary of the agriculture commissioner is ninety-two thousand eight hundred twenty-sixninety-nine thousand four hundred thirty-five dollars through June 30, 2012 2014, and ninety-five thousand six hundred tenone hundred three thousand four hundred twelve dollars thereafter."

Page 3, line 5, remove "first"

Page 3, line 6, remove "\$485,000 of"

Page 3, line 6, remove "each biennium"

Page 3, line 7, remove "and any remaining fees in the general fund"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1009 - Department of Agriculture - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$11,258,319	\$10,622,109	\$662,422	\$11,284,531
Operating expenses	5,772,262	5,772,262	113,000	5,885,262
Capital assets	12,000	12,000		12,000
Grants	4,050,828	3,970,828	705,000	4,675,828
State Board of Animal Health	2,135,803	2,109,828	25,975	2,135,803
Wildlife Services	1,417,400	1,417,400]	1,417,400
Crop Harmonization Board	75,000	75,000	j l	75,000
Accrued leave payments		237,295	(237,295)	
Total all funds	\$24,721,612	\$24,216,722	\$1,269,102	\$25,485,824
Less estimated income	15,209,546	15,024,394	821,685	15,846,079
General fund	\$9,512,066	\$9,192,328	\$447,417	\$9,639,745
FTE	77.00	77.00	0.00	77.00

Department No. 602 - Department of Agriculture - Detail of Senate Changes

	Restores Executive Compensation Package ¹	Removes Separate Line Item for Accrued Leave Payments ²	Restores Funding for Centennial Farms Program Grant ³	Adds Funding for Information Technology Desktop Support ⁴	Expands Mediation Services Program ⁵	Adds Funding for Livestock Auction Market News Reporting ⁶
Salaries and wages Operating expenses Capital assets Grants	\$451,102	\$211,320	80,000	48,000	50,000	15,000
State Board of Animal Health Wildlife Services Crop Harmonization Board Accrued leave payments		25,975 (237,295)				
Total all funds Less estimated income	\$451,102 196,685	\$0 0	\$80,000 0	\$48,000 0	\$50,000 0	\$15,000 0
General fund	\$254,417	\$0	\$80,000	\$48,000	\$50,000	\$15,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Salaries and wages Operating expenses Capital assets Grants State Board of Animal Health Wildlife Services Crop Harmonization Board	Increases Federal Funds Authority for Speciality Crop Gran is ?	Total Senate Changes \$662,422 113,000 705,000 25,975				
Accrued leave payments		(237,295)				

Total all funds Less estimated income	\$625,000 625,000	\$1,269,102 821,685
General fund	\$0	\$447,417
FTE	0.00	0.00

¹ Funding reductions made by the House to the state employee compensation and benefits package are restored to the Governor's recommended level.

This amendment also:

- Adjusts Section 3 of the bill regarding the amount of funding appropriated from the environment and rangeland protection fund.
- Adjusts Section 7 of the bill to provide 4 percent annual salary increases for the Agriculture Commissioner, the same as the executive budget recommendation. The House provided 3 percent annual increases.
- Amends Section 8 of the bill to deposit all commerical feed inspection, licensing, and registration fees in the environment and rangeland protection fund rather than just the first \$485,000. Total fee revenue is estimated to be \$970,000 during the 2013-15 biennium.
- Adds a section to require the Agriculture Commissioner to terminate an office space lease off of the Capitol grounds if additional office space is provided to the Agriculture Department on the Capitol grounds.

² The accrued leave payments line item added by the House is removed and the associated funding returned to line items with salaries and wages funding.

³ Funding added in the executive budget recommendation and removed by the House for a grant to the Centennial Farms program is restored as one-time funding.

⁴ Funding for information technology desktop support services is increased by \$48,000 to provide total increased funding of \$96,000 as compared to 2011-13 biennium appropriations.

⁵ Funding is added to expand the mediation services program to address mediation issues arising from energy development.

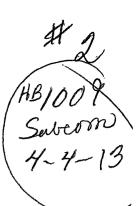
⁶ Funding from the general fund is added for livestock auction market news reporting to replace estimated decreases in federal funds.

⁷ Other funds authority for specialty crops grants is increased by \$625,000 to reflect anticipated federal funds to be received for the program.



Feed Fees

- Feed Tonnage Fee: \$.20/ton (paid annually)
- Feed tonnage reported to date for current biennium: 800,000 tons
- Commercial manufacturers licenses: 330 (about 60 of these are in-state)
- Commercial manufacturer license: \$100 for 2-year period
- Feed retail license: \$50 for 2-year period
- Feed retail licenses: 220
- Pet food: around 6,500 registrations
- Pet food registration: \$100 for 2-year period
- Total all fees: \$970,000



Environment and Rangeland Protection Fund - Fund 376

Attachment 1. April 24, 2013 HB 1009

19-18-02.1. Environment and rangeland protection fund.

The environment and rangeland protection fund is a special fund in the state treasury. The moneys in this fund may be used for rangeland improvement projects and to address issues relating to harmonization of crop protection product standards. The rangeland improvement projects may include noxious weed control; ground water testing, analysis, protection, and improvement; analysis of food products for residues of pesticides and other materials; and analysis and disposal of unusable pesticides and pesticide containers.

ND DEPARTMENT OF AGRICULTURE HB 1009 2013-2015 BIENNIUM

Attachment 2. April24, 2013 HB 1009

1					. ,
1	ERP FUND SALARIES - EXEC	UTIVE BUDGET ESTIMATE:			
L					
	<u>EMPLOYEE</u>	DIVISION	TOTAL SALARY	ERP %	ERP SALARY
	Vacant - Judy Carlson	Plant Industries	195,832.49	100%	195,832
	Rachel Seifert-Spilde	Plant Industries	135,291.35	90%	121,762
L	James Hansen	Plant Industries	160,768.69	100%	160,769
1	Vacant - Livestock Admin	Livestock Development	95,806.42	100%	95,806
1	Vacant - Dairy Coalition	Livestock Development	170,729.32	100%	
	David Phillips	Livestock Development	144,186.73	80%	115,349
	Josh Odden	Pesticide and Fertilizer	115,657.80	22%	25,445
1	Kenneth MacDonald	Pesticide and Fertilizer	131,232.18	22%	·
<u></u>	Blake Schaan	Pesticide and Fertilizer	142,229.22	15%	21,334
	Derek Woehl	Pesticide and Fertilizer	115,657.84	22%	25,445
	Kevin Coufal	Pesticide and Fertilizer	115,657.85	22%	25,445
	Jon Krei	Pesticide and Fertilizer	115,583.77	15%	
13	Vacant - Fert Auditor	Pesticide and Fertilizer	118,910.92	100%	118,911
14	James Jeske	Pesticide and Fertilizer	115,657.86	100%	115,658
15	Sara Beaudrie	Pesticide and Fertilizer	115,773.06	100%	115,773
16	Brandy Kiefel	Pesticide and Fertilizer	98,713.98	100%	98,714
17	James Gray	Pesticide and Fertilizer	192,406.75	100%	192,407
18	Spencer Wagner	Pesticide and Fertilizer	129,706.44	100%	129,706
19	Jerry Sauter	Pesticide and Fertilizer	134,024.64	100%	134,025
20	Jeremiah Lien	Pesticide and Fertilizer	126,539.71	100%	126,540
21	Eric Delzer	Pesticide and Fertilizer	126,683.71	100%	126,684
22	Darrell Haseleu	Pesticide and Fertilizer	137,680.68	100%	137,681
					2,300,223
	TEMPS:				
	Name of the second seco			,	1
1	TEMP 10 - Nox wds	Plant Industries	16,948.80	50%	8,474
	TEMP 9 - Nox wds	Plant Industries	16,948.80	95%	
	TEMP 4 - Dairy Coalition	Livestock Development	20,407.20	100%	
					44,983
		1			,
				TOTAL ERP	2,345,206

ND MEDIATION SER	RVICE:		
13-15 EXECUTIVE B	UDGET ESTIM	ATE OF FUN	DING
	SALARY	OPER	TOTAL
GENERAL FUNDS	21%	43%	28%
SPECIAL FUNDS	6%	15%	9%
FEDERAL FUNDS	73%	42%	63%
	\$ 484,558	\$ 246,394	\$ 730,952

Attachment 3. April 24, 2013 HB 1009





NORTH DAKOTA DEPARTMENT OF AGRICULTURE

STATE CAPITOL 600 E BOULEVARD AVE DEPT 602 BISMARCK ND 58505-0020 ndda@nd.gov www.agdepartment.com

> Attachment 4. April 24, 2013 HB 1009

TO: Senators Bowman, Erbele, and O'Connell Representatives Monson, Skarphol, and Boe

FR: Ken Junkert, Director Administrative Services

DT: April 23, 2013

RE: HB 1009 Information – lease of office space

The Sixty-first Legislative Assembly (2009) passed HB 1009 which included language requiring the agriculture commissioner to seek budget section approval to lease additional office space for departmental purposes.

The Department provided testimony to the Budget Section on December 15, 2009, and requested approval to access the funds in HB 1009, Section 8, to lease of fice space. The Budget Section approved the request.

Prior to leasing additional of fice space, the Department of Agriculture was experiencing overcrowding conditions and lacked other facilities as a result of adding and expanding programs; including the Board of Animal Health, the Health Department's registration program, and the meat inspection program. Facility Management was unable to locate any additional space in the State Capitol Complex.

With the aid of Facility Management, the Department of Agriculture reviewed leasing options and entered into an agreement to lease 2,640 square feet located at 1221 West Divide Avenue. The Department moved 12 FTEs to the leased office space. The term of lease is for 64 months and ends on June 30, 2015.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1009

That the Senate recede from its amendments as printed on pages 1296-1299 of the House Journal and pages 1177-1180 of the Senate Journal and that Engrossed House Bill No. 1009 be amended as follows:

Page 1, line 6, after "board" insert "; to provide for a report to the sixty-fourth legislative assembly"

Page 1, remove lines 15 through 24

Page 2, replace lines 1 and 2 with:

"Salaries and wages	\$9,712,364	\$1,148,831	\$10,861,195
Operating expenses	6,451,453	(566,191)	5,885,262
Capital assets	17,000	(5,000)	12,000
Grants	3,170,828	1,425,000	4,595,828
State board of animal health	2,153,952	(44, 124)	2,109,828
Wildlife services	1,417,400	0	1,417,400
Crop harmonization board	75,000	0	75,000
Accrued leave payments	<u>0</u>	<u>237,295</u>	237,295
Total all funds	\$22,997,997	\$2,195,811	\$25,193,808
Less estimated income	14,801,251	953,340	15,754,591
Total general fund	\$8,196,746	\$1,242,471	\$9,439,217
Full-time equivalent positions	77.00	0.00	77.00"

Page 2, line 8, replace "\$5,997,408" with "\$6,064,403"

Page 2, line 15, remove "agriculture"

Page 2, line 15, after "department" insert "of agriculture"

Page 2, replace lines 25 through 30 with:

"SECTION 7. DEPARTMENT OF AGRICULTURE OFFICE LEASE -

TERMINATION. The agriculture commissioner shall terminate any lease of office space off of the capitol grounds if sufficient office space on the capitol grounds is provided to the department of agriculture by the office of management and budget for the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 8. NORTH DAKOTA MEDIATION SERVICE - REPORT TO SIXTY-FOURTH LEGISLATIVE ASSEMBLY. The agriculture commissioner shall provide a report to the appropriations committees of the sixty-fourth legislative assembly regarding the activities of the North Dakota mediation service. The report must include information regarding the amount of funding used for the program, the use of contracted services for the program, the success of resolving disputes, and the amount of services provided for agriculture mediation, energy development mediation, and other mediation areas.

SECTION 9. AMENDMENT. Section 4-01-21 of the North Dakota Century Code is amended and reenacted as follows:

4-01-21. Salary of agriculture commissioner.

The annual salary of the agriculture commissioner is ninety-two thousand eight hundred twenty-sixninety-nine thousand four hundred thirty-five dollars through June 30, 20122014, and ninety five thousand six hundred tenone hundred two thousand four hundred eighteen dollars thereafter."

Page 3, line 6, replace "\$485,000" with "\$727,500"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1009 - Department of Agriculture - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$11,258,319	\$10,622,109	\$239,086	\$10,861,195	\$11,284,531	(\$423,336)
Operating expenses	5,772,262	5,772,262	113,000	5,885,262	5,885,262	
Capital assets	12,000	12,000		12,000	12,000	
Grants	4,050,828	3,970,828	625,000	4,595,828	4,675,828	(80,000)
State Board of Anima! Health	2,135,803	2,109,828		2,109,828	2,135,803	(25,975)
Wildlife Services	1,417,400	1,417,400		1,417,400	1,417,400	
Crop Harmonization Board	75,000	75,000		75,000	75,000	
Accrued leave payments		237,295		237,295		237,295
Total all funds	\$24,721,612	\$24,216,722	\$977,086	\$25,193,808	\$25,485,824	(\$292,016)
Less estimated income	15,209,546	15,024,394	730,197	<u>15,754,591</u>	15,846,079	(91,488)
General fund	\$9,512,066	\$9,192,328	\$246,889	\$9,439,217	\$9,639,745	(\$200,528)
FTE	77.00	77.00	0.00	77.00	77.00	0.00

Department No. 602 - Department of Agriculture - Detail of Conference Committee Changes

	Removes House Changes to Executive Compensation Package¹	Adjusts State Employee Compensation and Benefits Package ²	Adds Funding for Information Technology Desktop Support ³	Expands Mediation Services Program ⁴	Adds Funding for Livestock Auction Market News Reporting ⁵	Increases Federal Funds Authority for Specialty Crop Grants ⁶
Salaries and wages Operating expenses Capital assets Grants State Board of Animal Health Wildlife Services Crop Harmonization Board Accrued leave payments	\$451,102	(\$212,016)	48,000	50,000	15,000	625,000
Total all funds Less estimated income	\$451,102 196,685	(\$212,016) (91,488)	\$48,000 0	\$50,000 0	\$15,000 0	\$625,000 625,000
General fund	\$254,417	(\$120,528)	\$48,000	\$50,000	\$15,000	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Salaries and wages Operating expenses Capital assets Grants State Board of Animal Health Wildlife Services Crop Harmonization Board Accrued leave payments	Total Conference Committee Changes \$239,086 113,000 625,000					

Total all funds	\$977,086 730,197
General fund	\$246,889
FTE	0.00

¹ Changes made by the House to the executive compensation package are removed.

- ² This amendment adjusts the state employee compensation and benefits package as follows:
 - Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
 - Reduces the market component from 2 to 4 percent per year to 1 to 2 percent per year for employees below the midpoint of their salary range.
 - Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.
- ³ Funding for information technology desktop support services is increased by \$48,000 to provide total increased funding of \$96,000 as compared to 2011-13 biennium appropriations. The Senate also added this funding.
- ⁴ Funding of \$50,000 is added to expand the mediation services program to address mediation issues arising from energy development. The Senate also added this funding.
- ⁵ Funding from the general fund is added for livestock auction market news reporting to replace estimated decreases in federal funds. The Senate also added this funding.
- ⁶ Other funds authority for specialty crop grants is increased by \$625,000 to reflect anticipated federal funds to be received for the program.

This amendment also:

- Adjusts Section 3 of the bill regarding the amount of funding appropriated from the environment and rangeland protection fund.
- Adjusts Section 7 of the bill to provide a 4 percent salary increase on July 1, 2013, and a 3 percent salary increase on July 1, 2014, for the Agriculture Commissioner. The House provided 3 percent annual salary increases and the Senate provided 4 percent annual salary increases.
- Amends Section 8 of the bill to deposit the first \$727,500 of commercial feed inspection, licensing, and registration fees in the environment and rangeland protection fund rather than all fees as provided in the Senate version. The House provided for the first \$485,000 of fee revenue to be deposited in the fund. Total fee revenue is estimated to be \$970,000 during the 2013-15 biennium.
- Adds a section to require the Agriculture Commissioner to terminate an office space lease off of the Capitol grounds if additional office space is provided to the Department of Agriculture on the Capitol grounds. The Senate also added this section.
- Adds a section to require the Agriculture Commissioner to provide a report to the Appropriations
 Committees of the 64th Legislative Assembly regarding the activities of the North Dakota
 Mediation Service.