

FISCAL NOTE
Requested by Legislative Council
12/19/2014

Bill/Resolution No.: HB 1026

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

| | 2013-2015 Biennium | | 2015-2017 Biennium | | 2017-2019 Biennium | |
|----------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Expenditures | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Appropriations | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

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

| | 2013-2015 Biennium | 2015-2017 Biennium | 2017-2019 Biennium |
|------------------|--------------------|--------------------|--------------------|
| Counties | \$0 | \$0 | \$0 |
| Cities | \$0 | \$0 | \$0 |
| School Districts | \$0 | \$0 | \$0 |
| Townships | \$0 | \$0 | \$0 |

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

HB 1026 repeals Chapter 4-39 which eliminates ginseng dealer registration and grower registration fees.

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

The fiscal impacts are determined to be immaterial due to the very small number of dealers and growers.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

N/A

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

N/A

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

N/A

Name: Junkert/Baumiller

Agency: Agriculture

Telephone: 328-4756/328-1960

Date Prepared: 12/30/2014

2015 HOUSE AGRICULTURE

HB 1026

2015 HOUSE STANDING COMMITTEE MINUTES

Agriculture Committee
Peace Garden Room, State Capitol

HB1026
1/15/2015
21999

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to ginseng

Minutes:

Attachments #1 & 2

L. Anita Thomas: (See attached #1)

Representative Alan Fehr: (4:39) Are there any commodity groups wanting to promote growth?

Chairman Dennis Johnson: The promotion I've seen is 20 years ago reading in magazines telling about how long it takes to get a crop established. We need these regulations in place to address the opportunity if someone would want to grow it. We wanted to shift it up to the Ag. Dept.

Representative Diane Larson: I didn't realize what it was used for other than it is expensive. Why don't people grow it?

Chairman Dennis Johnson: It takes 40 inches of rain. You need good soil and 18 months to germinate.

Lane Kozel, Plant Protection Specialist for ND Ag. Dept.: (7:45) (See attached #2)

Representative Alan Fehr: What are we doing by repealing one chapter 4-39?

Lane Kozel: Section 4-39 lays out rules and regulations of the U.S. Fish and Wildlife Service that it requires states to do. It puts in law saying we need shipping certificates, providing annual reports, administering fees and penalties. This is repealing that and making it administrative rule in a smaller form.

Representative Alan Fehr: So we are taking the language out and putting it into rule.

Lane Kozel: It is granting administrative authority to the ND Ag. Dept. to still run the program. We've only had one registered harvest. ND Ag. Dept. will still report to the U.S. Fish and Wildlife Service annually and still follow federal regulations.

Representative Alan Fehr: What is the potential for this as a crop in ND?

Lane Kozel: It needs 40 inches of moisture and all shaded areas. It grows on the east coast. It takes five years before it can be harvested. For those interested, we allow them to grow it. Wild ginseng root is going for \$400-600/pound. Even on EBay it is selling for about \$100 for 4-6 ounces.

Chairman Dennis Johnson: Closed the hearing.

2015 HOUSE STANDING COMMITTEE MINUTES

Agriculture Committee
Peace Garden Room, State Capitol

HB1026
1/16/2015
22056

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

(Committee Action)
Relating to ginseng

Minutes:

Representative Diane Larson: Moved Do Pass

Representative Joshua Boschee: Seconded the motion

A Roll Call vote was taken: Yes 9, No 0, Absent 4.

Do Pass carries.

Representative Cynthia Schreiber Beck will carry the bill.

Date: 1/16/2015

Roll Call Vote #: 1

**2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1026**

House **Agriculture** Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation

:

- ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Rep. Larson Seconded By Rep. Boschee

| Representatives | Yes | No | Representatives | Yes | No |
|------------------------------|-----|----|---------------------|-----|----|
| Chairman Dennis Johnson | X | | Rep. Joshua Boschee | X | |
| Vice Chairman Wayne Trottier | AB | | Rep. Jessica Haak | X | |
| Rep. Bert Anderson | X | | Rep. Alisa Mitskog | AB | |
| Rep. Alan Fehr | X | | | | |
| Rep. Craig Headland | AB | | | | |
| Rep. Tom Kading | X | | | | |
| Rep. Dwight Kiefert | X | | | | |
| Rep. Diane Larson | X | | | | |
| Rep. Alex Looyen | AB | | | | |
| Rep. Cynthia Schreiber Beck | X | | | | |
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Total (Yes) 9 No 0

Absent 4

Floor Assignment Rep. Schreiber-Beck

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

REPORT OF STANDING COMMITTEE

HB 1026: Agriculture Committee (Rep. D. Johnson, Chairman) recommends **DO PASS** (9 YEAS, 0 NAYS, 4 ABSENT AND NOT VOTING). HB 1026 was placed on the Eleventh order on the calendar.

2015 SENATE AGRICULTURE

HB 1026

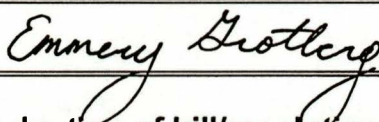
2015 SENATE STANDING COMMITTEE MINUTES

Agriculture Committee
Roosevelt Park Room, State Capitol

HB 1026
3/5/2015
Job # 24353

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to ginseng

Minutes:

Attachments: #1-2

Chairman Miller opened the hearing on HB 1026.

Anita Thomas, Legislative Council introduced HB 1026 (see attachment #1).

Lane Kozel, Plant Protection Specialist, ND Agriculture Department: (4:10) (see attachment #2)

Chairman Miller: (6:18) What do I have to do to register the ginseng seeds?

Lane Kozel: Pay a \$10 biannual registration fee with the agriculture department.

Senator Larsen: What is the price of ginseng and what people are paying for it?

Lane Kozel: Yes. Current prices for ginseng are \$500-\$600 per lbs. so it is quite lucrative. 2 oz. dry root is worth \$75 dollars, fresh roots are \$100 for 4-6 ounces. Cultivated ginseng is valued at \$50 per lbs., the older the root the higher the value. It could be quite lucrative which is why we want to switch administrative rule to the agriculture department while still fulfilling all federal regulations.

Vice Chairman Luick: Is there any harm, like a barbiturate or hallucinogenic that could come from ginseng?

Lane Kozel: As far as I know, I am unaware of any narcotic aspects of ginseng, it's mostly medicinal in herbal medicine.

Chairman Miller closed the hearing on HB 1026.

Vice Chairman Luick moved Do Pass on HB 1026.

Senator Larsen seconded the motion.

A Roll Call vote was taken. Yea: 6; Nay: 0; Absent: 0.

Do Pass carries.

Senator Warner will carry the bill.

**2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1026**

Senate Agriculture Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Senator Luick Seconded By Senator Larsen

| Senators | Yes | No | Senators | Yes | No |
|---------------------------|-----|----|---------------------|-----|----|
| Chairman Joe Miller | Y | | Sen. Erin Oban | Y | |
| Vice Chairman Larry Luick | Y | | Sen. John M. Warner | Y | |
| Sen. Jerry Klein | Y | | | | |
| Sen. Oley Larsen | Y | | | | |
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Total Yes 6 No 0

Absent 0

Floor Assignment Senator Warner

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

REPORT OF STANDING COMMITTEE

HB 1026: Agriculture Committee (Sen. Miller, Chairman) recommends DO PASS
(6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1026 was placed on the
Fourteenth order on the calendar.

2015 TESTIMONY

HB 1026

#1
1/15/15

Testimony for House Bill No. 1026 - Ginseng

L. Anita Thomas

Senior Counsel

ND Legislative Council

American ginseng is a perennial plant generally found in the forested areas of the eastern United States. Ginseng is highly prized in east Asia because of its medicinal properties. It is believed to lower blood pressure and cholesterol, reduce stress, and enhance strength. It is also purported to be an aphrodisiac and a stimulant.

Ginseng requires full shade, approximately 40 inches of precipitation annually, and a highly organic soil with a low pH balance. Seeds take approximately 18 months to germinate and plants must grow for three to five years before they can be harvested.

Ginseng is a \$2.1 billion industry. The annual value of ginseng grown in the United States is estimated to be approximately \$27 million.

Because of overharvesting in the 1970s, ginseng is now protected under the Convention on International Trade in Endangered Species of Wild Fauna and Flora. This multilateral treaty is enforced in the United States by the Fish and Wildlife Service, which allows each state to regulate the harvest and trade of ginseng.

North Dakota has had a regulatory program in place since 1991. The program requires the registration of growers and dealers, provides for shipping certificates and various reporting forms, and authorizes inspections and enforcement actions.

When we went into the chapter, as part of the Ag Title Rewrite, we had a difficult time figuring out who was on first. Between the growers and the dealers and the shippers, and the various certificates and records, even in its cleaned up version, it was still perplexing.

And then we discovered something. In the 23 years since the regulatory program was enacted, North Dakota has never reported a harvest.

In fact, during that period, there have been only two registered growers and no registered dealer.

The interim committee questioned whether it is necessary to maintain an unused regulatory program and initially concluded that, due to an apparent lack of interest in growing ginseng, the existing language should be removed from the Century Code.

After a little more discussion, the committee determined that, in the event an individual should ever wish to grow and market ginseng, the Agriculture Commissioner should be authorized to provide for the registration of persons buying and selling ginseng, the creation and maintenance of records, inspection requirements, and the issuance of any certificate or other documents required in accordance with state or federal law.

This would be done by rule.

This approach accommodates the various authorizations that a state must provide for, according to the Convention on International Trade in Endangered Species of Wild Fauna and Flora, in order to regulate ginseng.

With that, Mr. Chairman, on behalf of the interim committee, I am pleased to present House Bill No. 1026 to you for your consideration.

#2

COMMISSIONER
DOUG GOEHRING



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www.nd.gov/ndda

**NORTH DAKOTA
DEPARTMENT OF AGRICULTURE**

STATE CAPITOL
600 E BOULEVARD AVE DEPT 602
BISMARCK ND 58505-0020

**Testimony of Lane Kozel
Plant Protection Specialist
House Bill 1026
House Agriculture Committee
Peace Garden Room
January 15, 2015**

Chairman Johnson and members of the House Agriculture Committee, I am Lane Kozel, Plant Protection Specialist for the North Dakota Department of Agriculture (NDDA) here representing Agriculture Commissioner Doug Goehring. I am here today in support of HB 1026, which will repeal NDCC §4-39, relating to ginseng, and replace it with NDCC §4.1-17 to authorize the agriculture commissioner to continue a ginseng program.

Due to over-harvesting in the 1970s, ginseng is protected under the Convention on International Trade of Endangered Species (CITES). The United States Fish and Wildlife Service (USFWS) enforces CITES, but authorizes individual states to administer ginseng programs. NDDA regulates harvest and trade of ginseng, and is required to submit an annual report to USFWS. Wild ginseng is not indigenous to the state, so NDDA regulates cultivated ginseng.

Currently, under NDCC 4-39 growers and dealers are required to be registered with the department. NDDA provides registered dealers and growers with appropriate shipment certificates as required by USFWS. NDDA currently has three registered growers, with a total

production area of approximately one acre. In 2014, we recorded the first known harvest of ginseng in North Dakota, a total of 2.5 pounds.

In consultation with USFWS, repealing NDCC 4-39 will have no effect on the ability of NDDA to continue to administer the ginseng program. NDDA will still meet the requirements of Title 50 of the Code of Federal Regulations, Part 23, §23.68 to assist North Dakota ginseng grower and dealers.

Chairman Johnson and committee members, thank you for your time, I urge a do pass on HB 1026. I would be happy to answer any questions you may have.

Testimony for House Bill No. 1026 - Ginseng

L. Anita Thomas

Senior Counsel

ND Legislative Council

American ginseng is a perennial plant generally found in the forested areas of the eastern United States. Ginseng is highly prized in east Asia because of its medicinal properties. It is believed to lower blood pressure and cholesterol, reduce stress, and enhance strength. It is also purported to be an aphrodisiac and a stimulant.

Ginseng requires full shade, approximately 40 inches of precipitation annually, and a highly organic soil with a low pH balance. Seeds take approximately 18 months to germinate and plants must grow for three to five years before they can be harvested.

Ginseng is a \$2.1 billion industry. The annual value of ginseng grown in the United States is estimated to be approximately \$27 million.

Because of overharvesting in the 1970s, ginseng is now protected under the Convention on International Trade in Endangered Species of Wild Fauna and Flora. This multilateral treaty is enforced in the United States by the Fish and Wildlife Service, which allows each state to regulate the harvest and trade of ginseng.

North Dakota has had a regulatory program in place since 1991. The program requires the registration of growers and dealers, provides for shipping certificates and various reporting forms, and authorizes inspections and enforcement actions.

When the interim committee went into this chapter, as part of the Ag Title Rewrite, the committee had a difficult time figuring out who was on first. Between the growers and the dealers and the shippers, and the various certificates and records, even in its cleaned up version, it was still perplexing.

The interim committee had been told that in the first 23 years since the regulatory program was enacted, North Dakota had never reported a harvest. In fact, during that period, there have been only two registered growers and no registered dealer.

The interim committee questioned whether it is necessary to maintain an unused regulatory program and initially concluded that, due to an apparent lack of interest in growing ginseng, the existing language should be removed from the Century Code.

After a little more discussion, the committee determined that, in the event an individual should ever wish to grow and market ginseng, the Agriculture Commissioner should be authorized to provide for the registration of persons buying and selling ginseng, the creation and maintenance of records, inspection requirements, and the issuance of any certificate or other documents required in accordance with state or federal law.

This would be done by rule.

This approach accommodates the various authorizations that a state must provide for, according to the Convention on International Trade in Endangered Species of Wild Fauna and Flora, in order to regulate ginseng.

When the interim committee had considered this chapter, there had not been any harvests for several decades. Apparently in 2014, there was actually a harvest of 2.5 pounds.

With that, Mr. Chairman, on behalf of the interim committee, I am pleased to present House Bill No. 1026 to you for your consideration.

COMMISSIONER
DOUG GOEHRING



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**NORTH DAKOTA
DEPARTMENT OF AGRICULTURE**

STATE CAPITOL
600 E BOULEVARD AVE DEPT 602
BISMARCK ND 58505-0020

**Testimony of Lane Kozel
Plant Protection Specialist
House Bill 1026
Senate Agriculture Committee
Roosevelt Room
March 5, 2015**

Chairman Miller and members of the Senate Agriculture Committee, I am Lane Kozel, Plant Protection Specialist for the North Dakota Department of Agriculture (NDDA) here representing Agriculture Commissioner Doug Goehring. I am here today in support of HB 1026, which will repeal NDCC §4-39, relating to ginseng, and replace it with NDCC §4.1-17 to authorize the agriculture commissioner to continue a ginseng program.

Due to over-harvesting in the 1970s, ginseng is protected under the Convention on International Trade of Endangered Species (CITES). The United States Fish and Wildlife Service (USFWS) enforces CITES, but authorizes individual states to administer ginseng programs. NDDA regulates harvest and trade of ginseng, and is required to submit an annual report to USFWS. Wild ginseng is not indigenous to the state, so NDDA regulates cultivated ginseng.

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Chairman Miller and committee members, thank you for your time, I urge a do pass on HB 1026. I would be happy to answer any questions you may have.