MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M

ROLL NUMBER

DESCRIPTION

2172

2001 SENATE AGRICULTURE

SB 2172

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2172

Senate Agriculture Committee

☐ Conference Committee

Hearing Date January 18, 2001

Tape Number	Side A	Side B	Meter #
1		X	30.2 - END
2	X		0.0 - 0.9
Committee Clerk Signature			

Minutes:

The hearing was opened on SB 2172.

SENATOR SOLBERG, introduced SB 2172 and testified in favor it (meter # 30.2 - 34.4).

NANCY JO BATEMAN, testified in favor of this bill. See attached testimony (meter # 34.7 - 52.1).

SENATOR URLACHER, Do we have any state members on the federal board?

NANCY JO BATEMAN, We do, at the national level there are two boards that North Dakota has producers directors on.

SENATOR NICHOLS, Are there a lot of research that you would be doing or more advertising state wide?

NANCY JO BATEMAN, My understanding for the board has been more in the area of beef quality assurance support and nutrition research with the USDA. Our board knows that we have to be very cautious about spending a lot more money in North Dakota, simply because the return

on those dollars needs to be very significant for our produces in the state and we need to have a strong national program in order to have a state program.

WADE MOSER, North Dakota Stockman's Association, testified in favor of this bill (meter # 52.3 - 53.2).

The hearing was closed.

Discussion was held.

SENATOR NICHOLS made the motion to DO PASS on this bill. SENATOR URLACHER seconded the motion. Roll call vote carried 6 - 0 - 0. SENATOR ERBELE will carry the bill.

FISCAL NOTE

Requested by Legislative Council
03/05/2001

Bill/Resolution No.:

Amendment to: SB 2172

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

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	$0	$0	$0	$0	$0	$0
Expenditures	$0	$0	$0	$0	$0	$0
Appropriations	$0	$0	$0	$0	$0	$0

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

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
$0	$0	$0	$0	$0	$0	$0	$0	$0

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The amendment to SB 2172 will have no affect on total income or expenses of the commission. We will continue to collect and operate from funds collected through the beef checkoff. It only changes the discretionary authority the ND Beef Commission has over where and how the dollars are spent within the ND Beef Commission's existing budget.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*
   A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

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

   C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Nancy Jo Bateman	**Agency:**	ND Beef Commission
Phone Number:	328-5120	**Date Prepared:**	03/05/2001

FISCAL NOTE

Requested by Legislative Council

12/26/2000

Bill/Resolution No.: SB 2172

Amendment to:

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

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	$0	$0	$0	$0	$0	$0
Expenditures	$0	$0	$0	$0	$0	$0
Appropriations	$0	$0	$0	$0	$0	$0

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

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
$0	$0	$0	$0	$0	$0	$0	$0	$0

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill will not impact the amount of money collected under the beef checkoff program or the total number of dollars expended by the ND Beef Commission. As an agency with a continuing appropriation, we will continue to have a similar number of dollars available for programs. This bill simply gives authority to the ND Beef Commission directors to determine how all state checkoff dollars are spent. This is a change from the current statute which requires that 50% of state beef checkoff dollars be invested in national programs. With the proposed change, the amount invested in national programs will be determined by the ND Beef Commission directors. This bill also provides for an increase in the amount of per diem paid to directors, increasing it from $40 per day to $62.50 per day. This change will only affect the allocation of dollars within the Beef Commission's operating budget, but will not affect the overall income or expenses of the Commission.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*
   A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

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

   C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on*

the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

Name:	Nancy Jo Bateman	**Agency:**	ND Beef Commission
Phone Number:	701-328-5120	**Date Prepared:**	01/03/2001

Date: 1-16-01
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2172

Senate Agriculture Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By SEN. NICHOLS Seconded By SEN. URLACHER

Senators	Yes	No	Senators	Yes	No
Senator Wanzek - Chairman	✓		Senator Kroeplin	✓	
Senator Erbele - Vice Chairman	✓		Senator Nichols	✓	
Senator Klein	✓				
Senator Urlacher	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment ERBELE

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

REPORT OF STANDING COMMITTEE

SB 2172: Agriculture Committee (Sen. Wanzek, Chairman) recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2172 was placed on the Eleventh order on the calendar.

2001 HOUSE AGRICULTURE

SB 2172

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2172

House Agriculture Committee

❑ Conference Committee

Hearing Date 3--1--01

Tape Number	Side A	Side B	Meter #
TWO	A		709 TO 2468
Committee Clerk Signature	Edward D Ellefson		

Minutes:

1A: 709 CHAIRMAN NICHOLAS: Committee Members, we will open the hearing on SB 2172.

SEN. SOLBERG: Mr Chairman and Committee Members.

I am glad to be before you. SB 2172 was introduced on behalf of ND BEEF COMMISSION. It is a straight forward Bill. It allows them to do what the other states are now doing. Not send the money to the National Organization but to keep it here. I think it is an opportunity for the Beef Commission tokeep their dollars here and as far a research in different areas and the research institutions that we have, I think would be the advent of hopefully get back in plans to value added products. There are a lot of things we could do as far as research. The other part is that the members could be paid $75 per head for loss instead of $50. That Mr Chairman is about it. We have experts that will tell you all about the Bill. We support the Bill.

CHAIRMAN NICHOLAS: Any questions Committee Members.

REPRESENTATIVE BERG: Mr. Chairman, The beef was included in that other Bill. This Bill has $62.50 and I think we should amend that the $62.50 out of this bill if the other one passes. The other Bill allows it to go up to $75.00.

CHAIRMAN NICHOLAS: Sen Solberg, what we will do is look at Rep. Bergs Bill and we will amend the bill if you don't mind accordingly so that it will mesh with that. If you don't have a problem with it. Rep. Bergs is trying to get all the commodity groups basically get the same amount. We will work it out.

CHAIRMAN NICHOLAS: Any other testimony.

NANCY JO BATEMAN: Please see printed testimony We would have no problem in you amend ending this Bill.

CHAIRMAN NICHOLAS: What I am going to do is appoint a subcommittee with Rep. Renner as Chairman and Rep's Kingsbury and Onstad. They will work that out.

Rep. Lloyd: This is old language that is in this Bill. It is under Section 2 and under subsection 3. It seems to me that it would be somewhat difficult to identify with the substantial portion. Some years, years of low income, ten percent might be good and other years it would not be. Are you confortable with that.

Nancy Jo: I don't have any good idea hows to how to change that. The thing that the commission is concerned about is that some that has ten head of cattle and it is just a side line and they have a few acres. There main income is a city job etc. We feel that this probably converse eliminating producers in that capacity. I know what you are saying and it is not an easy issue to work through.

Rep. Berg: Your job is in advertising. They don't have to be just producers.

NANCY JO: This dose go somewhat to your question. A couple of years ago a person who has was a director at large position came up and a person who was being considered had no cattle and had no involvement in the cattle business other then that they were raised many years ago on a farm. That really through up some red flags because from the BEEF COMMISSION stand point we felt that a special fund organization and working with check-off dollars that were generated from producers, It should be only people that have paid money into that that are making those decisions. That is where that came from.

The representatives at large have to meet this criteria

Rep. Mueller: The crux of this bill has to do with the reallocation of funds. It looks like a major change in policy. I would be interested if you could speak to it as to why in the commissions view make determination where the money is going, opposed to the old system the automatic of some of the funds going to National Association. Can you talk about that a little bit.

NANCY JO: There was extensive debate over making this change. What the Beef Commission has been faced with is not different then a lot of businesses. In that our income basically fixed. The beef check-off generated income has not varied by much over a hundred thousand dollars. We have gone from $1,000.000.00 to $1,400.00-.00 in the ten years that I have been there. Our income is dictated strictly by the number of cattle that are being sold. Unless ND cattle heard grew substantially over the next few years we have pretty much a fixed amount of dollars. We look $600.000.00 as income that a state check off and of that about $300.000.00 would go into Nation Programs by virtue of state law.

Administrative costs have gone up considerably. Human nutrition research . We would like to get into research. Our board is committed to the national level.

Rekpresentative Mueller: Accountability is a factor.

CHAIRMAN NICHOLAS: Any other questions. Any other testimony in favor.

WADE MOSER: NORTH DAKOTA STOCKMANS. WE DO SUPPORT THIS BILL. WE HAVE NO PROBLEM WITH AN AMENDMENT. NORTH DAKOTA IS THE ONLY STATE THAT HAS THIS RESTRICTION ON THE BOOK. WE HAVE CONFIDENCE IN THE NINE MEMBER BOARD.

IT IS MANDATED BY LAW THAT FIFTY CENTS ON THE DOLLAR GOES TO BEEF BOARD AND THE OTHER FIFTY PERCENT IS WHAT NANCY'S GROUP ADMINISTERS. THIS IS MANDATED BY LAW.

CHAIRMAN NICHOLAS: ANY MORE SUPPORT FOR THIS BILL. ANY OPPOSITION TO THIS BILL. O.K. THE COMMITTEE WILL TAKE A BREAK FOR ABOUT TEN MINUTES. WE WILL CLOSE THE HEARING ON SB 2172.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2172

House Agriculture Committee

☐ Conference Committee

Hearing Date 3--01--01

Tape Number	Side A	Side B	Meter #
FOUR	A		4560 TO 4700
Committee Clerk Signature	Edward D Ellefson		

Minutes:

CHAIRMAN NICHOLAS: We will open on SB 2172.

I want to move that we delete from lines 21 through 25 and it will be covered in Rep. Bergs Bill REPRESENTATIVE KINGSBURY MOVE AS TO THE AMENDMENT AND REP. BERG SECONDED. CHAIR WILL ENTERTAIN A MOTION ON SB 2172 AS AMENDED. REPRESENTATIVE KOPPANG MADE THE DO PASS MOTION AND IT WAS SECONDED BY REPRESENTATIVE PIETSCH. ANY FURTHER DISCUSSION COMMITTEE MEMBERS. ALL RIGHT THE CLERK WILL TAKE THE ROLL THERE WERE""""15 YES"""'NO NO'S AND NO ABSENT. REPRESENTATIVE FROELICH WILL CARRY THE BILL. CHAIRMAN NICHOLAS CLOSED ON SB2172

VK
3/1/01

18089.0101
Title.0200

Adopted by the Agriculture Committee
March 1, 2001

HOUSE AMENDMENTS TO SB 2172 HOUSE AGR. 3-1-01

Page 1, line 1, replace the first comma with "and" and remove ", and 4-34-07"

Page 1, line 2, replace "the purposes," with "beef promotion and the" and remove "commission members, and"

Page 1, line 3, remove "compensation of commission"

HOUSE AMENDMENTS TO SB 2172 HOUSE AGR. 3-1-01

Page 2, remove lines 19 through 25

Renumber accordingly

3-1-01

Date:
Roll Call Vote #:

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2112

House AGRICULTURE Committee

☐ Subcommittee on

or

☐ Conference Committee

Legislative Council Amendment Number 4 No. Copies Amended 1st & 2nd

Action Taken Do Pass

Motion Made By Koppang Seconded By Pietsch

Representatives	Yes	No	Representatives	Yes	No
Eugene Nicholas, Chairman	✓		Rod Froelich	✓	
Dennis E. Johnson - Vice Chairman	✓		Doug Lemieux	✓	
Rick Berg	✓		Philip Mueller	✓	
Michael Brandenburg	✓		Kenton Onstad	✓	
Joyce Kingsbury	✓		Sally M. Slandvig	✓	
Myron Koppang	✓		Dennis J. Renner	✓	
Edward H. Lloyd	✓		Dwight Wrangham	✓	
Bill Pietsch	✓				

Total (Yes) 15 No 0

Absent 0

Floor Assignment Rep Froelich

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

REPORT OF STANDING COMMITTEE (410)
March 2, 2001 8:2d a.m.

Module No: HR-36-4654
Carrier: Froelich
Insert LC: 18089.0101 Title: .0200

REPORT OF STANDING COMMITTEE

SB 2172: Agriculture Committee (Rep. Nicholas, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2172 was placed on the Sixth order on the calendar.

Page 1, line 1, replace the first comma with "and" and remove ", and 4-34-07"

Page 1, line 2, replace "the purposes," with "beef promotion and the" and remove "commission members, and"

Page 1, line 3, remove "compensation of commission"

Page 2, remove lines 19 through 25

Renumber accordingly

2001 TESTIMONY

SB 2172

BEEF North Dakota Beef Commission

4023 STATE STREET • BISMARCK, ND 58501 • PHONE 701-328-5120

SENATE AGRICULTURE COMMITTEE
THURSDAY, JANUARY 18, 2001
SB 2172 HEARING

TESTIMONY PRESENTED BY NANCY JO BATEMAN
EXECUTIVE DIRECTOR, ND BEEF COMMISSION

Chairman Wanzik, Vic-Chairman Erbele, members of the committee, on behalf of the ND Beef Commission, I'd like to take a couple of minutes and walk you through Senate Bill 2172. The changes requested in this bill have been in the discussion phase within the beef business for at least two years so they were not arrived at without much discussion, debate and consideration.

Let me start with section 4-34-01. Since the Beef Commission's inception in 1973, the overriding purpose outlined by producers has been to direct state funds to the national program. The rationale behind this is the mere fact that there are a lot more consumers to reach and influence in metropolitan areas around our country than there are in our state, where I would venture to say, our state consumers eat a much greater amount of beef than the national average. By pooling dollars in national programs, beef producers have seen tremendous results and have successfully put the beef message where the consumers are. Our state law, since '73, has mandated that 50% of our state checkoff be put into these national programs. Today, this 50%, or $.25, is in addition to another $.50 that also goes to national programs by virtue of the federal Beef Promotion & Research Act, effectively causing $.75 of every $1 per head collected in ND ending up in national programs.

The change being requested in 4-34-01, eliminates the mandatory provision of 50% in our act and would instead, allow the nine members of the ND Beef Commission to determine where state beef checkoff dollars are invested, be it national programs or state or a balance of the two. We don't want you to interpret this as a move by the Commission to abandon national programs because the board still feels strongly that national programs are extremely important. However, it gives a greater degree of control, flexibility and we believe, accountability by giving the decision-making authority to the producer directors that represent our state's producers. The way the beef industry and agriculture in general seems to be evolving, this change would give the commission the flexibility it needs to adjust budgets to reflect the needs of today's beef industry.

Section 4-34-03 deals with the qualifications of those nominated and appointed to the Beef Commission. Although it is not currently a problem, the Commission felt it necessary to clean up some of the wording in this section. It has long been the feeling of the Commission and other beef producer groups that those that are making decisions about how checkoff dollars are invested, need to be checkoff paying, active, and experienced beef producers, not just professional board members or retired producers with no current active interests. As a result of concerns over this, the wording changes in this section have been made to insure the most experienced, active board possible.

The last change addressed in this bill in section 4-34-07 changes the compensation for Beef Commission members. In 1981, a $40 per day compensation was instituted. The Commission did not think it unrealistic to increase this to $62.50 per day after 20 years. This is

currently the amount used by the vast majority of commodity groups as well as other state boards and commissions. Now as we make this change, we are also aware of a bill of Representative Rick Berg's that was discussed last week at the joint committee meeting. This, as I understand it, would give the authority to each commission to set their own compensation amount up to $75. If this bill goes forward, the ND Beef Commission would not have any problem with this change. At this point I am not exactly sure how you will need to proceed on this but our main goal is to increase the daily compensation to $62.50 for our board members.

With that, I would entertain any questions of the committee.

At this time I would also like to introduce our ND Beef Commission Chairman, Mark Huseth of McLeod.

BEEF North Dakota Beef Commission

4023 STATE STREET • BISMARCK, ND 58501 • PHONE 701-328-5120

HOUSE AGRICULTURE COMMITTEE
THURSDAY, MARCH 1, 2001
SB 2172 HEARING

TESTIMONY PRESENTED BY NANCY JO BATEMAN
EXECUTIVE DIRECTOR, ND BEEF COMMISSION

Chairman Nicholas, Vice-Chairman Johnson, members of the committee, on behalf of the ND Beef Commission, I'd like to take a couple of minutes and walk you through Senate Bill 2172. The changes requested in this bill have been in the discussion phase within the beef business for at least two years so they were not arrived at without much discussion, debate and consideration.

Let me start with section 4-34-01. Since the Beef Commission's inception in 1973, the overriding purpose outlined by producers has been to direct state funds to the national program. The rationale behind this is the mere fact that there are a lot more consumers to reach and influence in metropolitan areas around our country than there are in our state, where I would venture to say, our state consumers eat a much greater amount of beef than the national average. By pooling dollars in national programs, beef producers have seen tremendous results and have successfully put the beef message where the consumers are. Our state law, since '73, has mandated that 50% of our state checkoff be put into these national programs. Today, this 50%, or $.25, is in addition to another $.50 that also goes to national programs by virtue of the federal Beef Promotion & Research Act, effectively causing $.75 of every $1 per head collected in ND ending up in national programs.

The change being requested in 4-34-01, eliminates the mandatory provision of 50% in our act and would instead, allow the nine members of the ND Beef Commission to determine where state beef checkoff dollars are invested, be it national programs or state or a balance of the two. We don't want you to interpret this as a move by the Commission to abandon national programs because the board still feels strongly that national programs are extremely important. However, it gives a greater degree of control, flexibility and we believe, accountability by giving the decision-making authority to the producer directors that represent our state's producers. The way the beef industry and agriculture in general seems to be evolving, this change would

give the commission the flexibility it needs to adjust budgets to reflect the needs of today's beef industry.

Section 4-34-03 deals with the qualifications of those nominated and appointed to the Beef Commission. Although it is not currently a problem, the Commission felt it necessary to clean up some of the wording in this section. It has long been the feeling of the Commission and other beef producer groups that those that are making decisions about how checkoff dollars are invested, need to be checkoff paying, active, and experienced beef producers, not just professional board members or retired producers with no current active interests. As a result of concerns over this, the wording changes in this section have been made to insure the most experienced, active board possible.

The last change addressed in this bill in section 4-34-07 changes the compensation for Beef Commission members. In 1981, a $40 per day compensation was instituted. The Commission did not think it unrealistic to increase this to $62.50 per day after 20 years. This is currently the amount used by the vast majority of commodity groups as well as other state boards and commissions. Now as we make this change, we are also aware of HB 1250 introduced by Representative Berg. I am not totally sure at this point what the proper procedure is but the ND Beef Commission would have no problem with incorporating the language from that bill in place of what is in SB 2172 for this section. Our main goal is simply to make an increase for our board members in their daily compensation so your input and expertise on this would be appreciated.

With that, I would entertain any questions of the committee.