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Operator's Signature

Date

10/2/03

2003 HOUSE AGRICULTURE

HB 1118

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Deanna Ballantyne
Operator's Signature

10/2/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1118

House Agriculture Committee

☐ Conference Committee

Hearing Date 1--10--03

Tape Number	Side A	Side B	Meter #
No tape available			
Committee Clerk Signature <i>Edward D. Ellyson</i>			

Minutes:

CHAIRMAN NICHOLAS : We will now open the hearing on HB 1118. Is there anyone Present to testify in favor of the Bill.

ROBERT HUMAN: The Bank of North Dakota supports HB 1118. This Bill will allow The Bank more flexibility to move the fund dollars to the program (Beginning Farmer Or Ag PACE) which is demanding the most interest buy down usage in the Biennium. (PLEASE SEE ATTACHED TESTIMONY FOR THE REMAINDER OF ROBERT HUMAN PRESENTATION).

CHAIRMAN NICHOLAS: Any questions.

REPRESENTATIVE FROELICH: Please refer page three of testimony. The figures are Low. We are not at 500 acres per farm. We are more like three to four thousand acres Per farm as to the maximum loan of \$150,000.00 on Real Estate Loan Program and \$150,000.00 loan from the Chattel Loan Program.

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10/2/03
Date

Page 2
House Agriculture Committee
Bill/Resolution Number HB 1118
Hearing Date 1--10--2003

VICE CHAIRMAN POLLERT: How often dose the Industrial Committee meet.

ROBERT HUMANN: They meet every two months.

REPRESENTATIVE BELTER: Are the loans confidential?

ROBERT HUMANN: Yes they are confidential. Please see page five, six and seven

As to the loans we make in each county. For the AG PACE LOAN PROGRAM and the
BEGINNING FARMER REAL ESTATE LOAN PROGRAM.

REPRESENTATIVE MUELLER: Case to be made if both programs were put together.

ROBERT HUMANN: We are doing that. We are giving testimony tomorrow 1-10-03.

Good point.

REPRESENTATIVE ONSTAD; Paper work. Ease paper work.

ROBERT HUMANN: Borrower goo's to lead lender. Lead lender dose pre-loan
Work. We go by lead lender.

CHAIRMAN NICHOLAS: Further testimony in favor of Bill.

JEFF KNUTSON. I am representing the North Dakota Department of Agriculture.

We are here to support HB 1118. Please see attached testimony as to Commissioner
Roger Johnson's testimony as to his support of the Bill.

ROBERT HUMANN: Also, please see print out that I will pass out as to
North Dakota Median Farm Size. We are not loaning money as fast as we
Anticipated. We expect to loan more.

CHAIRMAN NICHOLAS: Any further testimony in favor of Bill. Any opposition.

WOODY BARTH representing CRB was in favor of Bill. MARK SITZ. Lobbyist

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10/2/03
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Page 3
House Agriculture Committee
Bill/Resolution Number HB 1118
Hearing Date 1--10--2003

Number 323, NDFU was in favor of Bill. SANDY CLARK, ND FARMERS UNION

Was natural on the Bill. KEVIN BLACK, representing himself was in favor of Bill.

CHAIRMAN NICHOLAS: Any further discussion on HB 1118?

Ok we will do a roll call vote on HB 1118.

THE VOTE WAS 13 YES VOTES 0 NOTES AND NO ABSENT

REPRESENTATIVE ONSTAD WILL CARRY [DO FLOOR ASSIGNMENT]

PLEASE SEE ALL ATTACHED TESTIMONY.

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Operator's Signature

10/2/03
Date

FISCAL NOTE
Requested by Legislative Council
01/03/2003

Bill/Resolution No.: HB 1118

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.*

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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

HB 1015 addresses the appropriation for the Beginning Farmer Fund and the Agriculture Partnership in Assisting Community Expansion Fund. With the change proposed under HB 1118, BND does not anticipate any fiscal effect on the state or agency appropriation.

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:	Robert A. Humann	Agency:	Bank of North Dakota
Phone Number:	328-5703	Date Prepared:	01/06/2003

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Date

Date: 1-9-03
Roll Call Vote #:

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House AGRICULTURE COMMITTEE

HB 1118

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken

DO PASS

Motion Made By

FROELICH

Seconded By

Kingsbury

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN NICHOLAS	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
VICE CHAIRMAN POLLERT	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
REPRESENTATIVE BELTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
REPRESENTATIVE BOEHNING	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
REPRESENTATIVE KELSCH	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
REPRESENTATIVE KINGSBURY	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
REPRESENTATIVE KREIDT	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
REPRESENTATIVE UGLEM	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
REPRESENTATIVE WRANGHAM	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
REPRESENTATIVE BOE	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
REPRESENTATIVE FROELICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
REPRESENTATIVE MUELLER	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
REPRESENTATIVE ONSTAD	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

Total (Yes)

13

No

0

Absent

0

Floor Assignment

ONSTAD

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Operator's Signature

Dorena Holbrook

Date

1/2/03

REPORT OF STANDING COMMITTEE (410)
January 9, 2003 11:52 a.m.

Module No: HR-03-0406
Carrier: Onstad
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1118: Agriculture Committee (Rep. Nicholas, Chairman) recommends DO PASS
(13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1118 was placed on the
Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-03-0406

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Deanna Hallmark
Operator's Signature

10/2/03
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2003 SENATE AGRICULTURE

HB 1118

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Doreen G. Hall
Operator's Signature

10/2/03
Date

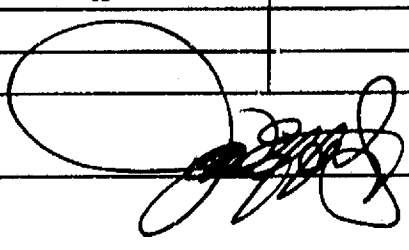
2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1118

Senate Agriculture Committee

☐ Conference Committee

Hearing Date 02/28/03

Tape Number	Side A	Side B	Meter #
1	x		5579 - end
1		x	0 - 1650
Committee Clerk Signature 			

Minutes:

Chairman Flakoll opened the hearing on HB 1118. All members were present.

Robert A. Humann, Senior Vice President of Lending from the Bank of North Dakota, testified in favor of the bill. (written testimony)

Senator Flakoll asked if Mr. Humann wanted to highlight any of the attached data?

Mr. Humann said he provided the data as background information.

Senator Klein asked if what we are doing is providing more interest funds for the buy down fund because the program is working so well? Could he explain in simpler terms?

Mr. Humann said the Bank of North Dakota has had a beginning farmer real estate program for years and it has been a very successful program. With the recent addition of chattels to the program, they weren't sure what the demand for the program would be. Also, with the attractive interest rates, there has been increased demand for the real estate program as well. They anticipated a need for additional interest buy down funds but they didn't anticipate needing it

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10/2/03
Date

Page 2
Senate Agriculture Committee
Bill/Resolution Number HB 1118
Hearing Date 02/28/03

already in August. The Ag Pace money has been in place and the Bank of North Dakota has been waiting for the irrigation districts in the Williston area to kick off because there will then be a demand for irrigation projects in that area and they will need the Ag Pace funds.

Senator Seymour asked where the revenue comes from for the Bank of North Dakota?

Mr. Humann said they make about \$30 million per year. Lending makes \$18 million, they also generate funds with the student loan program and retail operations.

Senator Seymour asked if there are any new revenue areas?

Mr. Humann said they are always looking at ways to expand their lending horizons but too many programs will cost the state money. On one side of the coin, they are an economic development bank but on the other hand, they have to generate \$60 million per biennium.

Senator Nichols asked if the bank is able to forecast the utilization of the funds so as not to short one program when transferring funds.

Mr. Humann said they will be very careful of that and reminded that the transfers can go both ways and if they are short, they can transfer some funds back.

Senator Nichols asked regarding the beginning farmer program, was the increased demand in real estate or chattels?

Mr. Humann said there will be more demand in the future for chattels because rates are low now across the industry. The maximum interest rate is 6% so when rates go up at other institutions, the demand at Bank of North Dakota will go up.

Senator Nichols asked how high the Bank of North Dakota will loan on appraised value on chattels?

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Senate Agriculture Committee
Bill/Resolution Number HB 1118
Hearing Date 02/28/03

Mr. Humann said on the real estate program, they will loan 75% of appraised value. On chattels, they want to involve a lead lender. They are participation loans. They set parameters with the lead lenders. On chattels they will go 75 - 80%. By chattels, they are referring to equipment and cattle.

Senator Seymour asked about the repayment plan for the beginning farmer program.

Mr. Humann said with the real estate program, the borrower deals directly with the Bank of North Dakota and makes an annual payment. With the chattels program, the borrower deals with the lead lender and also makes a annual payment.

Senator Urlacher asked how the interest rate is set for the chattel program?

Mr. Humann referred to page 3 of the handout. There are two interest rates. Bank of North Dakota's rate is 1% below prime, fixed for five years with a maximum rate of 6%. These loans are usually split 50/50 with the Bank of North Dakota and the lead lender. The lead lender's rate cannot be higher than 3% over the Bank of North Dakota's base rate. The lead lender's interest rate is bought down by up to 5%. The two rates are blended.

Senator Urlacher asked what is a beginning farmer?

Mr. Humann referred again to page 3. They have to be a North Dakota resident whose main occupation is or will be production agriculture on a family farm. They look for some farm assets on the balance sheet. They look where they are spending their time. They look at off farm income and they are very lenient in this because they encourage off farm income. They compare off farm income to gross farm income and it doesn't take a lot for gross farm income exceed non farm income. They must also have a net worth of less than \$200,000. They may not have owned any farm land larger than 30% of the median farm size in the county where the parcel is

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Senate Agriculture Committee
Bill/Resolution Number HB 1118
Hearing Date 02/28/03

located. For the chattel program, they cannot have received FSA payments for more than 15 years. They work off the 1997 census to determine average farm size per county. Mr. Humann distributed a handout of the median farm size per county.

Senator Seymour asked about the application procedure for the beginning farmer program, can you do it online?

Mr. Humann said the application can be obtained on the Internet but cannot yet be submitted online due to confidentiality issues. They are working towards that procedure.

Jeff Knudson testified on behalf of the North Dakota Agriculture Commissioner Roger Johnson in favor of the bill. (written testimony) (meter #1376)

Woody Barth, a farmer and rancher from Flasher and chairman of the North Dakota Credit Review Board, testified in favor of the bill. He works very closely with the agriculture portfolio at the Bank of North Dakota.

Senator Erbele asked regarding the requirement of not receiving FSA payments for more than 15 years if there is also a minimum number of years as a requirement?

Mr. Barth said there is no minimum requirement for the Bank of North Dakota beginning farmer program but you do need at least 3 years of FSA payments for the FSA beginning farmer program.

Chairman Flakoll closed the hearing on HB 1118.

It was moved by Senator Erbele, seconded by Senator Urlacher and passed on a roll call vote that the Senate Agriculture Committee take a Do Pass action on HB 1118. Voting yes were Senator Flakoll, Senator Erbele, Senator Klein, Senator Urlacher, Senator Nichols and Senator Seymour.

There were no negative votes cast. Senator Erbele will carry the bill to the floor.

Dorena Hall
Operator's Signature

10/2/03
Date

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Senate Agriculture Committee

Bill/Resolution Number HB 1118

Hearing Date 02/28/03

Chairman Flakoll adjourned the meeting of the Senate Agriculture Committee.

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Dennis Flakoll
Operator's Signature

10/2/03
Date

Date: 2/28/03
Roll Call Vote #: _____

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1118

Senate	Agriculture	Committee
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☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Sen Erbeke Seconded By Sen Urbacher

[illegible]

Total (Yes) ~~5~~ 6 No 0

Absent ~~_____~~

Floor Assignment Ser. Erbell

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

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Operator's Signature

18/2/03
Date

REPORT OF STANDING COMMITTEE (410)
February 28, 2003 12:59 p.m.

Module No: SR-36-3670
Carrier: Erbele
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1118: Agriculture Committee (Sen. Flakoll, Chairman) recommends DO PASS
(6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1118 was placed on the
Fourteenth order on the calendar.

(2) DESK, (3) COMM

Page No. 1

SR-36-3670

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10/2/03
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2003 TESTIMONY

HB 1118

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Deanna Hall
Operator's Signature

10/2/03
Date

Same testimony given to Senate Agr

TESTIMONY TO THE
HOUSE AGRICULTURE COMMITTEE
JANUARY 9, 2003 HOUSE BILL 1118
ROBERT A. HUMANN - BANK OF NORTH DAKOTA

The Bank of North Dakota supports House Bill 1118. This bill will allow the Bank more flexibility to move the fund dollars to the program (Beginning Farmer or Ag PACE) which is demanding the most interest buy down usage in the Biennium. Existing legislation described under Section 13 of Senate Bill 2015 states: Notwithstanding any other provision of law, the industrial commission may transfer any unobligated funds between the beginning farmers loan fund and the agriculture partnership in assisting community expansion fund during the period beginning January 1, 2003 and ending June 30, 2003.

With the expansion of the Beginning Farmer Program during the last legislative session to include chattel purchases and with the attractive interest rates, the demand for Beginning Farmer loans increased and the allocated interest buy down funds were used by August of 2002. As of December 31, 2002, the Beginning Farmer interest buy down funds were short by -\$249,354. All Beginning Farmer loans were funded by taking the interest buy down funds out of the cash balance of the Beginning Farmer Revolving Fund. The deficit along with an estimation of \$500,000 of interest buy down usage for the next six months will be transferred from the Ag PACE fund upon approval from the Industrial Commission.

With the uncertainty involving the loan demand for these two programs, more latitude to transfer dollars between these funds is necessary. Your approval is recommended.

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10/2/03
Date

**BANK OF NORTH DAKOTA
AG PACE
FARM DIVERSIFICATION - IRRIGATION - VALUE ADDED PROJECTS**

The AG PACE Loan Program is a participation loan program designed to provide low interest financing to help farmers diversify their income sources. Eligible purposes include diversifying into another type of business, improving or expanding feedlot facilities, irrigation development, and purchasing equity shares in a new or expanding value added agricultural processing facility.

- APPLICANT:** Any North Dakota resident whose principal occupation is the production of an agricultural commodity or livestock on a family farm.
- BND FUNDING LIMIT:** Not less than 50% nor greater than 80% of the total loan amount.
- LEAD LENDER:** Any financial institution currently qualified to participate in a loan with the Bank of North Dakota is qualified to participate in this program.
- USE OF PROCEEDS:** Purchase of business-related equipment, purchase equipment and expenses related to irrigation projects, purchase of equity shares for value added projects, and purchase and expenses related to feedlot improvements.
- BUY DOWN:** The total buy down amount per borrower from the Ag Pace Fund may not exceed a lifetime cap of \$20,000. State Water Commission funds may be used to supplement Ag Pace funds for the purchase of irrigation equipment on new irrigated acreage. Total buydown per borrower between the funds cannot exceed \$40,000.
- BORROWERS RATE:** May be reduced to 5% below yield rate - no less than 1%.
- TERM:** Stock and equipment purchase 5-7 years; real estate improvements up to 25 years.
- COLLATERAL:** Adequate collateral will be required. Acceptable collateral may consist of machinery, farm land or similar items with a determinable market value.
- CREDIT CRITERIA:** Must meet bank's standard credit criteria including demonstrated repayment of all debt.

For more information about the AG PACE loan program, contact:

Bank of North Dakota
700 East Main Ave
PO Box 5509
Bismarck ND 58502-5509
1-800-472-2168 ext. 5624
1-800-843-3916 TDD
www.banknd.com

REV. 01/2000 AG PACE

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**BANK OF NORTH DAKOTA
BEGINNING FARMER LOAN PROGRAMS**

APPLICANT: Any North Dakota resident whose principal occupation is or will be the production of an agricultural commodity on a family farm.

Intends to use the farm real estate, equipment or livestock to be purchased for agricultural purposes.

Has a net worth, including that of any dependents and spouse, of less than \$200,000.

REAL ESTATE PROGRAM ONLY: May not have owned any farmland greater than 30% of the median farm size in the county the parcel is located.

CHATTEL PROGRAM ONLY: The person may not have previously farmed for more than 15 years. This eligibility requirement will be determined by totaling the number of years the applicant has received federal farm program payments.

Each qualified applicant is eligible for a \$150,000 loan from the Real Estate Loan Program and \$150,000 loan from the Chattel Loan Program.

REAL ESTATE LOAN PROGRAM

LENDER: Direct loan with Bank of North Dakota.

BND FUNDING LIMIT: Not to exceed 75% of the appraised value with a \$150,000 lifetime cap per borrower.

USE OF PROCEEDS: Purchase real estate intended for agricultural purposes.

BORROWERS RATE: The interest rate will be fixed at 1% below the Bank's current base rate for the first 5 years of the loan with a maximum interest rate of 6% per year and then variable at 1% below the Bank's then current base rate for the next 5 years, adjusted annually. For the remaining period of the loan, the interest rate will be equal to the Bank's base rate, and may float.

TERM: The maximum term of the loan is 25 years.

COLLATERAL: First real estate mortgage position.

CREDIT CRITERIA: Must meet bank's standard credit criteria including demonstrated repayment of all debt.

CHATTEL LOAN PROGRAM

LENDER: Any financial institution currently qualified to participate in a loan with Bank of North Dakota is qualified to participate in this program.

FUNDING LIMIT: \$150,000 total loan, lifetime cap per borrower. BND participation not less than 50% nor greater than 80% of the total loan amount.

USE OF PROCEEDS: Purchase equipment or livestock.

BND'S RATE: The interest rate will be fixed at 1% below the Bank's current base rate for the first 5 years of the loan with a maximum interest rate of 6% per year and then variable at 1% below the Bank's then current base rate for the next 2 years, adjusted on the anniversary date.

LEAD LENDER RATE: The interest rate may not exceed 3% over the Bank's base rate, and may be variable or fixed. Interest buy down funds, to the extent that they are available, will be used to reduce the lead lender's rate by up to 5% subject to a minimum rate of 1% to the borrower.

TERM: Chattel participations may not exceed 7 years.

COLLATERAL: First security interest on the chattel, not to exceed 80% of the agricultural collateral.

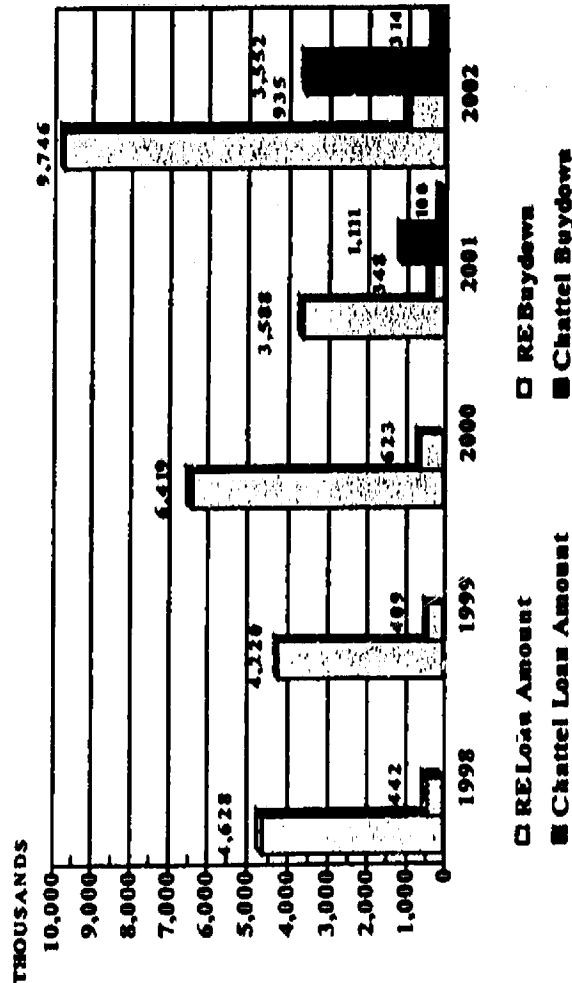
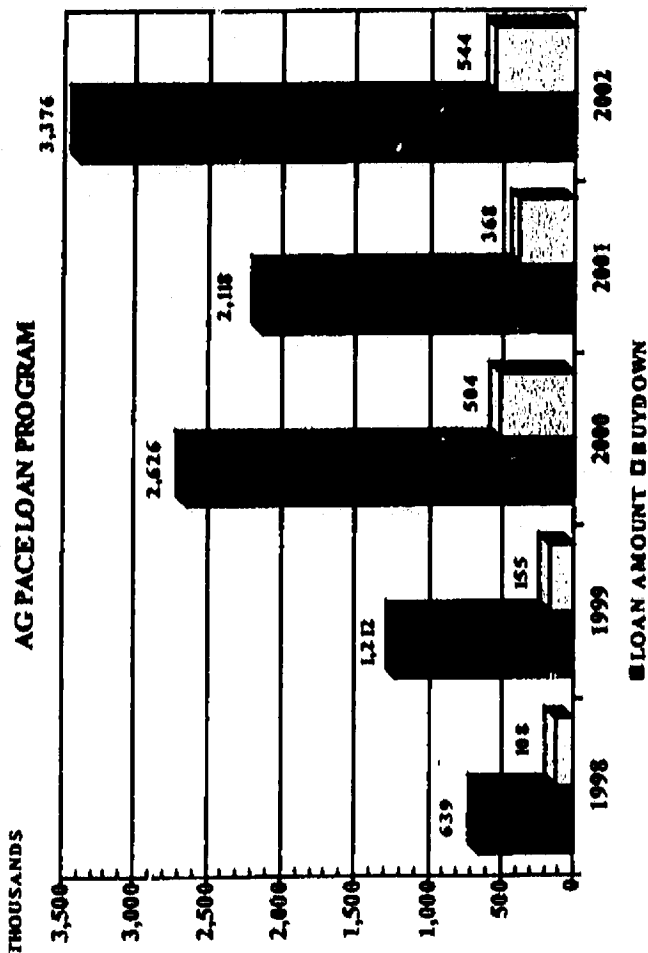
CREDIT CRITERIA: Must meet bank's standard credit criteria including demonstrated repayment of all debt.

For more information about the BEGINNING FARMER loan programs, contact:

Bank of North Dakota
700 East Main Ave
PO Box 5509
Bismarck North Dakota 58502-5509
1-800-472-2166 ext. 5624
1-800-843-3918 TDD
www.banknd.com

FARM PROGRAM HIGHLIGHTS

Year End 1998-2002



2001-2003 Biennial Baydown Fund

Total Available Funds	\$2,187,694
Baydown funds - Funded/Committed Loans	\$ 631,785
Remaining Baydown Funds	\$1,475,909

A total of 137 Ag PACE loans were originated in 2000 in comparison to 76 Ag PACE loans in 2001. The number of loans was higher in 2000 because of the increased demand for financing the purchase of equity shares issued by a new or expanding value added ag processing operation. A total of 56 Ag PACE loans were originated in 2002.

2001-2003 Biennial Baydown Fund

Total Available Funds	\$ 1,316,122**
Baydown - Funded/Real Estate Committed Loans	\$ 1,121,656
Baydown - Funded/Chattel Committed Loans	\$ 443,929
Remaining Baydown Funds	\$ (249,354)**

*Total Baydown Funds are Shared Between Real Estate & Chattel Loans
** Funds will be transferred from Ag PACE on 1/1/03

A total of 70 Beginning Farmer Real Estate loans were originated in 2000 in comparison to 40 Beginning Farmer Real Estate loans in 2001. The demand for Beginning Farmer Real Estate loans has increased with 101 loans originated in 2002 primarily due to the lower interest rates (currently 3.25% fixed for 5 years).

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Deanna Hall
Operator's Signature

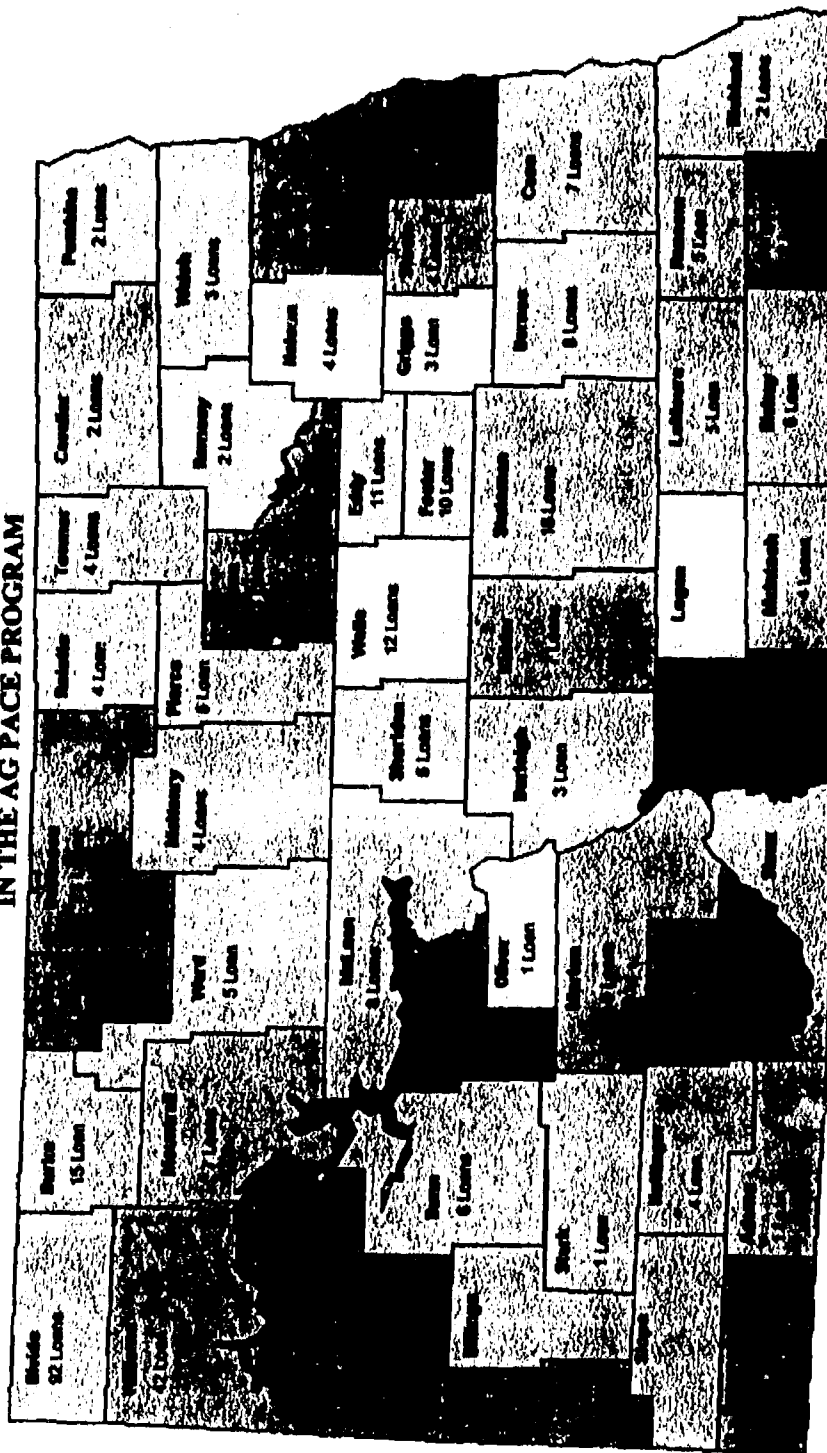
10/2/03
Date

AG PACE LOAN PROGRAM

	2001-2003 Biennium Buydown Fund	
	Total Available Funds	\$2,107,694
	Buydown funds - Funded/Committed Loans	\$ 631,785
	Remaining Buydown Funds	\$1,475,909

	FUNDED LOANS	COMMITTED LOANS	TOTAL LOANS
NUMBER	425	4	429
AMOUNT	\$ 16,643,908	\$ 441,000	\$ 17,084,908
BUYDOWN	\$ 3,437,761	\$ 50,888	\$ 3,488,649

COUNTIES WHICH HAVE PARTICIPATED IN THE AG PACE PROGRAM



This graph depicts loan activity in the AG PACE Loan Program from its inception on July 1, 1991 to January 1, 2003

NOTE: Each AG PACE loan represents the creation of a new farm business or the expansion of an on-farm business (non-traditional agriculture).

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Operator's Signature *Deanna Hall*

Date 10/2/03

BEGINNING FARMER REAL ESTATE **LOAN PROGRAM**

	<u>FUNDED LOANS</u>	<u>COMMITTED LOANS</u>	<u>TOTAL LOANS</u>
NUMBER	831	16	847
AMOUNT	\$ 63,820,158	\$ 1,567,425	\$ 65,387,583
BUYDOWN	\$ 5,854,828	\$ 150,176	\$ 6,005,004

2001-2003 Biennium Buydown Fund	
Total Available Funds	
Buydown - Funded/Real Estate Committed Loans	\$1,316,122*
Buydown - Funded/Chattel Committed Loans	\$1,121,656
	\$ 443,820
Remaining Buydown Funds	\$ (249,354)**
*Total Buydown Funds are Shared Between Real Estate & Chattel Loans	
**Funds will be transferred from AFACE on 10/1/03	

Total Buydown Funds are Shared Between Real Estate & Chartered Loans
***Funds will be transferred from AG PACE on 1/01/13**

FARM OPERATIONS WHICH HAVE UTILIZED THE BEGINNING FARMER PROGRAM



This graph depicts loan activity in the New Beginning Farmer Loan Program from its inception on July 1, 1991 to January 1, 2003
Includes loans made out of the Revolving Fund

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BEGINNING FARMER CHATTEL LOAN PROGRAM

	FUNDED LOANS	COMMITTED LOANS	TOTAL LOANS
NUMBER	66	5	71
AMOUNT	\$ 4,663,322	\$ 367,600	\$ 5,030,922
BUYDOWN	\$ 413,767	\$ 30,053	\$ 443,820

2001-2003 Biennium Buydown Fund	
Total Available Funds	\$1,316,122**
Buydown - Funded/Real Estate Committed Loans	\$1,121,656
Buydown - Funded/Chattel Committed Loans	\$ 443,820
Remaining Buydown Funds	\$ (249,354)**
**Total Buydown Funds are Shared Between Real Estate & Chattel Loans	
**Funds will be transferred from AG PACCE on 10/1/03	

FARM OPERATIONS WHICH HAVE UTILIZED THE BEGINNING FARMER PROGRAM



This graph depicts loan activity in the Beginning Farmer Chattel Loan Program from its inception on July 1, 2001 to January 1, 2003
Loans are made out of the Revolving Fund

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Operator's Signature

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NORTH DAKOTA MEDIAN FARM SIZE (1997 Census of Agriculture)

CO #	COUNTY	FARMS 39,594	MEDIAN ACRES - 844	CO #	COUNTY	FARM 39,594	MEDIAN ACRES - 844
1	ADAMS	367	1,217	28	MCLEAN	969	800
2	BARNES	772	700	29	MERCER	473	550
3	BENSON	604	907	30	MORTON	907	775
4	BILLINGS	237	1,033	31	MOUNTRAIL	755	900
5	BOTTINEAU	808	776	32	NELSON	471	760
6	BOWMAN	358	1,149	33	OLIVER	327	800
7	BURKE	479	900	34	PEMBINA	615	640
8	BURLEIGH	867	521	35	PIERCE	491	800
9	CASS	919	850	36	RAMSEY	525	960
10	CAVALIER	682	971	37	RANSOM	485	552
11	DICKEY	517	660	38	RENVILLE	390	1,052
12	DIVIDE	535	1,140	39	RICHLAND	874	622
13	DUNN	618	1,160	40	ROLETTE	511	600
14	EDDY	288	917	41	SARGENT	449	800
15	EMMONS	744	793	42	SHERIDAN	380	1,063
16	FOSTER	282	1,025	43	SIOUX	193	1,280
17	GOLDEN VALLEY	244	1,209	44	SLOPE	263	1,440
18	GRAND FORKS	768	658	45	STARK	802	640
19	GRANT	596	1,120	46	STEELE	290	1,085
20	GRIGGS	357	700	47	STUTSMAN	979	800
21	HETTINGER	436	1,107	48	TOWNER	428	1,083
22	KIDDER	513	1,073	49	TRAILL	471	855
23	LAMOURE	616	864	50	WALSH	755	650
24	LOGAN	401	960	51	WARD	1,172	700
25	MCHENRY	905	760	52	WELLS	593	960
26	MCINTOSH	585	740	53	WILLIAMS	850	938
27	MCKENZIE	668	1,110				

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10/2/03

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Agriculture Commissioner
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Bismarck, ND 58505-0020

Testimony of Roger Johnson
Agriculture Commissioner
House Bill 1118
House Agriculture Committee
Peace Garden Room
January 9, 2003

*Same
testimony
given to
Senate
ag*

Chairman Nicholas and members of the House Agriculture Committee, I am Agriculture Commissioner Roger Johnson. I am here today in support of HB 1118, which will provide the Bank of North Dakota with authority to transfer unobligated interest buy down funds between the Beginning Farmer and Agriculture Partnership in Assisting Community Expansion (AG PACE) loan programs. Transfer ability between the programs already exists however; the current law only allows transfers during the last six months of the biennium.

In addition to farm real estate, the last Legislature expanded the Beginning Farmer Loan Program to include purchases of equipment and livestock. At the time of inception, the loan activity anticipated by this expansion was unknown. However, the beginning farmer chattel program is already showing great popularity and success since implementation. Activity in the real estate portion of this program has also increased during the last two years. The Agricultural Mediation Service reports an increase in their assistance to beginning farmers of nearly 100 percent during the last fiscal with the year end total being the highest since 1995. This encouraging trend in

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Donna G. Ball
Operator's Signature

10/2/03
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beginning farmer activity certainly illustrates the importance and success of investments in beginning farmer initiatives.

AG PACE is also an important agricultural loan program that I strongly support. The program provides a financing opportunity to encourage farm diversification, on-farm business development and expansion, irrigation development, nontraditional crop and livestock production, and value-added venture investments.

Loan demand in both of these programs is likely to vary due to a wide variety of factors. Federal farm policy changes, commodity and livestock market prices, production conditions, and new value-added initiatives may all contribute to cyclical activity levels in the two programs.

Passage of this bill will allow Bank of North Dakota to manage the limited interest buy down funds according to varying loan demands for these programs during the biennium. This management flexibility will help avoid a potential "stockpiling" of unfunded loans because of a funding shortage in one program when excess funds are available in the other program.

Chairman Nicholas and committee members, I urge a do pass on HB 1118. I would be happy to answer any questions you may have.

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Donna Baller
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