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John Costa Rickford
Operator's Signature

10/16/83
Date

2003 HOUSE AGRICULTURE

HB 1429

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Salvatore Riccardi
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10/16/03
Date

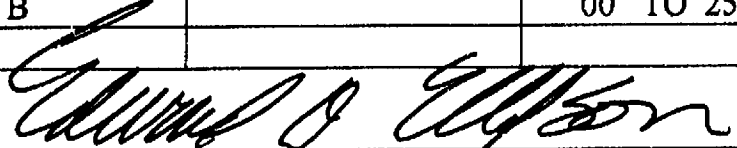
2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1429

House Agriculture Committee

☐ Conference Committee

Hearing Date 1--30--03

Tape Number	Side A	Side B	Meter #
ONE	A		38 TO END
ONE	B		00 TO 25.8
Committee Clerk Signature 			

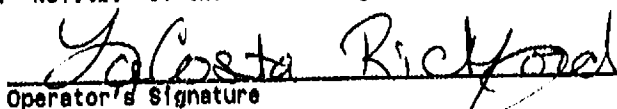
Minutes:

CHAIRMAN NICHOLAS: Committee Members, we will open the hearing on HB 1429.

REPRESENTATIVE SKARPHOL: Dist. 2, Tioga, ND

From my perspective this bill is about perception. I believe the State Seed Commission has done an excellent job of with the seed industry in North Dakota. With regard to small grains, cereal grains, oil seeds, specialty crops but in the process there has no real pertinent reason with regard to forage legumes. They just have not been concerned about it because there was not an industry that had a need for any type certification process. I say this because of an industry that we have in our community developing. At this time in North Dakota there is a need for what is being proposed. I am proposing a mechanism that I think will work. I don't see it to burdonsom. I don't anticipate that it will meet with the regularity, frequency that the State Beef Commission dose but I do see it as a different perspective on who should be involved in establishing these standards. I am not hung up in the Section 4. What I would

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like to see to replace Section 4 for the sake of the people are going to be doing business with this industry is a very good description on alfalfa or forage legumes of the weed contents.

By that I mean the level of wheat content and specifically what weeds are in there. I think it is important that the producers of this product have the opportunity to decide whether or not they want to put specific weed seeds that is in that bag on there soil. That is important in this process.

I would like to see breeders involved in this. Seed producers are important to have a voice in this, seed producers seed growers and the processors are important in this. When the certified Seed program began to proliferate there were practices in Agriculture that a lot of us at this stage of the game would laugh at. People grew what they anticipated to be certified seed. In this case there is a different need and we need weed free. The other amendment the changes that I recommend. {{please read amendment.}} North Dakota standards are lower then surrounding states. I don't think that is acceptable.

SENATOR NICHOLS: My support for HB 1429 comes with my concern that new industry that is beginning to look like it is going to happen. The value added part to be able to grow and sell alfalfa at a profit is something that should really be good for our area. My concern is I don't believe that we have had to worry to much about that. I know that with this new industry that they have the supply for their business. A clean product that has resulted because of good seed supplied. I hope you will look favorable on this Bill Thank you.

CHAIRMAN NICHLAS: Rep. Belter.

REP. BELTER : Why is there a need for a separate board?

Yolanda Richardson
Operator's Signature

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REPRESENTATIVE SKARPHOL: You are absolutely right and a developing industry can establish there standards. I think you will hear from them that they will. This whole thing is about perception. We are not perceived as a state that would emphasis on forage production and they will get into that with much greater detail then I am capable of doing. One other comment Mr. Chairman I would like to make is that I am becoming very familiar with these folks and I really do have a great appreciation of there sincereness. They told me about people who have substantial interests in research with regard to the potential alfalfa and not only to farrago but for other uses. One of these individuals happens a person with at lot of resources and influence. He is involved in world wide policy not just national.

VICE CHAIRMAN POLLERT: With the creation of this board could the State Seed Commission tighten up what they are doing so we don't create another board.

REPRESENTATIVE POLLERT: The State Seed Commission could do it. But I will also add to that by saying that there has been pressure for a number of years for the State Seed Commission to do that and it has not happened.

CHAIRMAN NICHOLAS: Any other questions of Rep. Skarphol?

FRANK MOORE: I represent the investor group that has decided to place a significant investment in this state for a number of reasons. One of the main reasons is because this state dose not maximize one of its major potential products which is alfalfa. We have access to a world market for this product. At a very favorable price. Very few people in the state have looked at the international market. That is what we are looking at. We would like to develop perception overseas that this state takes a great interest in the quality of the product we are selling. There are a number of states that have already established this perception in Asia. In

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House Agriculture Committee
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Asia perception is every thing. If is green it is good. We want to build alfalfa into a major crop. They don't look at many other factors that affect the value of a forage feed crop.

We have been having a lot of meetings in North Dakota. A lot of farmers would like to get into this crop.

CHAIRMAN NICHOLAS: Any other questions. We have the experts here.

MIKE ? I am the president of Harvest Seeds. I would like to touch upon a few things that we have done so far as marketing. Our plant capacity in Tioga is about two hundred thousand tons. What we do is double compress bails. Maximizing the shipping weight in sea going containers. As of right now I have one customer who is short 190 thousand tons short alone. Another who is fifty thousand tons. It is all based on perception. [PLEASE SEE AMENDMENT THAT IS ATTACHED TO BILL]]]]

CHAIRMAN NICHOLAS: One question I have It was pointed out that the Senate Bill has already passed. Could the Senate Bill correct your problem. Clarify that for me. What is the Senate Bill?

MIKE? The Bill that has passed the Senate. There is the sunset on the 25 seeds per pound. This is restricted to noxious weeds in a sample That is what we have right now because of the legislation passed during the last session. We reduced it from ninety down to twenty. The sunset will be going off at the end of the biennium. We would be back to ninety seeds. This committee that met and tried to resolve some differences did not accomplish that. It is my thinking that and others that maybe 25 is where things should be then. Neither side was content as to how things could have turned out. This bill changes from 90 to 25 seeds per pound of the restricted noxious seeds.

Sal Costa Richardson
Operator's Signature

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CHAIRMAN NICHOLAS: Dose that solve the problem?

MIKE.....? Will the Senate Bill do what this bill will do. No not totally.

CHAIRMAN NICHOLAS: My next question? Is the ND Seed Department support the Senate Bill?

MIKE.....? Yes.

REP. BELTER: I look at fiscal note Is there something that we can do because yours creates a board we need to do something with the state seed commission to save \$157,000.00 dollars. That's what I am trying to address.

REPRESENTATIVE SKARPHOL: We have all heard the phrase. Fiscal Notes.

This proposal is not to replace the State Seed Commission. Or the current board. It is to work in tandem with them and establish us as a more reputable place to do business. That is the issue in this Bill. We don't that has been addressed adequately in the past.

CHAIRMAN NICHOLAS: TESTIMONY.

ODEEN FOSTER TIOGA ND. I'd like to see bill passed. I would like to see that this industry could succeed and it can with the experts at NDSU and the State Seed Department. They will be very helpful in overseeing this. WE NEED TO BRING THESE STANDARDS RAISED TO 25. I feel that the Senate Bill would do the job.

CHAIRMAN NICHOLAS: Opposition to the Bill.

TONY JOHANNESSEN. I am here today representing the ND STATE SEED COMMISSION.

{{{{{PLEASE SEE PRINTED TESTIMONY}}}}} Line six of page two of bill was read.

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CHAIRMAN NICHOLAS: Is there questions of the Committee. Sir I just have one for you.

In light of the fact that one of your commissioners resigned and you are saying this could have been resolved. Why was this not resolved internally before it gets here in the form of a bill?

TONY JOHANNESSEN: I did not know until a couple of days ago that he resigned. I think he made reference to a motion he made for this 25 seeds per pound and it died for lack of a motion. A lot of it was we had working group trying to figure this out. No one came up with a solution. No one came up with a number. It died for lack of second probable because lack of impute from this working group.

CHAIRMAN NICHOLAS: Do you envision the Senate Bill as resolving the problem.

REPRESENTATIVE BELTER. Are the standards going to be so high that those of us in the livestock industry that seed almost becomes unaffordable. Alfalfa seed now is extremely expensive.

TONY JOHANNSON: Yes that is one of our concerns. The State Seed Department now has several quality assurance programs that they work with. I think one of them is Pioneer Seeds. For Soy Bean production where by they go out and they have higher standards then the State of ND does for field inspections. It is all dot on Pioneers specifications. What they determine. The can get the same thing done through one of these quality assurance programs and I think the State Seed Department would work with them. As to there particular segment of the industry.

STEVE STREGE. We oppose. The Bill. My board says why do we need this. Why do we have to establish another agency.

JERRY KNUTSON: With the ND Agriculture Commissioner. We oppose the bill.

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CHAIRMAN NICHOLAS: WE WILL CLOSE ON HB 1429

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1429

House Agriculture Committee

☐ Conference Committee

Hearing Date 2--6--03

Tape Number	Side A	Side B	Meter #
TWO		B	12 TO 14.4
Committee Clerk Signature <i>Edward O. Ellyson</i>			

Minutes:

CHAIRMAN NICHOLAS: Rep. Skarphol informed me that his bill relating to the seed department he has been working with those folks and he said we can kill his bill.

REPRESENTATIVE KELSCH: I MOVE FOR A DO NOT PASS, AND

REPRESENTATIVE FROELICH HAS SECONDED THE MOTION.

THE ROLL WAS TAKEN ON HB 1429. THERE WERE 12 YES 0 NO AND

1 ABSENT. REPRESENTATIVE UGLEM CARRIED THE BILL.

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Operator's Signature

10/16/03
Date

FISCAL NOTE
Requested by Legislative Council
01/22/2003

Bill/Resolution No.: HB 1429

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			\$157,096			
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.*

The bill establishes a Forage Legume and Grass Board to establish standards, contract for testing and labeling, and monitor the forage legume and grass industry for the state.

Based on the text of the legislation, the fiscal note includes assumptions that estimate the cost of enforcing a restricted noxious weed schedule, along with the previously described duties of the Board.

No appropriations or budget authority are expressly provided for in the bill. Fiscal note assumes a general fund appropriation, and expenditures for board activity and enforcement are separated in part 3.a. of the fiscal note.

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.*

No revenue is generated during the 03-05 biennium. An assessment is intended to fund activity of the Board beyond 03-05.

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.*

\$28,696 is estimated as the total expenditure related to compensation, expense reimbursement, travel and support costs for Board activity (Sections 1-3 of HB 1429). \$128,400 is the estimated expenditure related to sampling, testing and enforcement provisions (Section 4).

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.*

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10/16/03
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The fiscal note assumes a general fund appropriation to carry out the duties of the Board.

Name:	Ken Bertsch	Agency:	ND State Seed
Phone Number:	701-231-5415	Date Prepared:	01/28/2003

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Salvatore Riccio

10/16/03
Date

HB 1429
26 03

Date:
Roll Call Vote #:

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

House AGRICULTURE COMMITTEE

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken

DO NOT PASS

Motion Made By

KELSCH

Seconded By

FROELICH

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN NICHOLAS	✓				
VICE CHAIRMAN POLLERT	✓				
REPRESENTATIVE BELTER					
REPRESENTATIVE BOEHNING	✓				
REPRESENTATIVE KELSCH	✓				
REPRESENTATIVE KINGSBURY	✓				
REPRESENTATIVE KREIDT	✓				
REPRESENTATIVE UGLEM	✓				
REPRESENTATIVE WRANGHAM	✓				
REPRESENTATIVE BOE	✓				
REPRESENTATIVE FROELICH	✓				
REPRESENTATIVE MUELLER	✓				
REPRESENTATIVE ONSTAD	✓				

Total (Yes)

12

No

0

Absent

1

Floor Assignment

Rep Uglem

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10/16/03
Date

REPORT OF STANDING COMMITTEE (410)
February 6, 2003 3:02 p.m.

Module No: HR-23-1903
Carrier: Uglem
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1429: Agriculture Committee (Rep. Nicholas, Chairman) recommends **DO NOT PASS**
(12 YEAS, 00 NAYS, 1 ABSENT AND NOT VOTING). HB 1429 was placed on the
Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-23-1903

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Operator's Signature

10/10/03
Date

2003 TESTIMONY

HB 1429

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Operator's Signature

10/16/03
Date



North Dakota State
NDSSD
Seed Department

1313 18th St N - P O Box 5257
Fargo ND 58105-5257
Phone: (701) 231-5400
Fax: (701) 231-5401
Web: ndseed.com

**Testimony
House Bill 1429**

**House Agriculture Committee
January 30, 2003**

**Tony Johannesen
ND State Seed Commission**

Good morning Mr. Chairman and members of the House Agriculture Committee. For the record, my name is Tony Johannesen and I am here today representing the ND State Seed Commission. I serve as the appointee from the ND Grain Dealers Assn. to the Commission, and have an active interest in this subject area as Manager of Dakota Prairie Ag, a commercial grain warehouse and ag products retailer in Edgeley.

The Seed Commission has reviewed HB 1429, and has voted unanimously to oppose the legislation. With your consent, I would like to outline the reasons behind our position.

1. We believe it is duplicative and inefficient to create another level of oversight and regulation for a single area of the seed industry, when the Seed Commission and Seed Department already provide both.
2. The cost of operating another board or commission, and regulatory program, is a negative given the current fiscal outlook for the state. The future assessments outlined in the bill are also burdensome for producers.
3. The duties of the board, and enforcement provisions in the bill contradict current law and may be impractical for the industry to meet.
4. Virtually all of the functions outlined in the bill are already being accomplished through Seed Department programs, and under the guidance of the Seed Commission.

I would like to outline some key points in regard to two sections of the legislation.

Section 3 (basically) designates a number of duties to the Forage Legume and Grass Board, but provides no authority or appropriation to carry out the functions of the board. Additionally, there is no distinction between where the duties of this new entity begin and the present obligations for the Seed Commission under Chapter 4-09 end. The Seed Commission questions whether the section will actually improve the industry in

Richard Rich
Operator's Signature

10/6/03
Date

question, or will cause confusion over conflicting authority in state law. The infrastructure already exists, in Century Code and Seed Department programming, to perform the functions of this section.

In looking at each paragraph of the section:

1. Basic standards for seed testing is consistent across state lines through the Association of Official Seed Analysts (AOSA). Seed labeling is a function of state law. States have the latitude to maintain a higher standard, which is often done in North Dakota programs. In terms of HB 1429, how will these standards be established; by rulemaking or board policy? What will be the mechanism for public input and to what degree would the statewide agricultural public be given the opportunity to comment?
2. Will the public or private laboratory in question provide services under acceptable industry-wide standards, and in a cost-effective manner? Who will administer the oversight of these standards?
3. How will the board determine what fee structure an outside public or private laboratory will be paid for testing and labeling services? Will a laboratory be willing to provide services for the fee set by the board?

Perhaps the greatest concern to the Seed Commission; will seed dealers and processors have to be in compliance with two separate entities [the Forage Legume and Grass Board, and State Seed Department] in order to produce, process or sell seed? If so, whose rule is the law?

Section 4 of the bill may be even more problematic. This section re-writes the allowable limits of restricted weed laws, and places the enforcement provisions with an entity not equipped to enforce the provisions.

Pursuant to legislation passed in 2001, the Seed Commission formed a working group to research establishment of a "schedule" for allowable limits of restricted noxious weeds. The schedule concept was actually embraced by the Seed Department, and is still seen as a positive move to account for the differences in various crop types. However, Section 4 of this bill only creates a schedule and determines what constitutes a violation. Additionally, the language blankets the entire state with a set of criteria that may work well for one segment of the industry, but could prove problematic for much of the rest of agriculture.

Particularly troubling is the statement "or delivers under contract" in line 6, page 2. This statement implies that the State will regulate contract standards. Traditionally, state law sets a minimum standard for the presence of weed seeds (or any other quality factor), and stricter standard is accomplished under contract specifications. A stricter standard can be certified in the field or laboratory through **customized quality assurance programs**, programs currently provided by the Seed Department. By implementing a customized Quality Assurance (QA) program, a customer or company establishes **any** standard they wish, and Seed Department personnel inspect or test based on the

predetermined standard. The minimum standard is generally consistent throughout the country, allowing for interstate commerce in the seed industry.

Mr. Chairman and committee members, the Seed Commission is fully in support of improving quality and enhancing growth in all segments of the seed industry. These issues are consistently addressed working with, and in taking input from producers and their councils or associations throughout the industry. The Seed Commission is cognizant of, and intentionally addresses, the needs of all types of seed and commercial agriculture production. This input is welcome and solicited from all areas of the industry, including forage legume and grass production.

HB 1429 may work well for a narrow segment of the agriculture industry interested in a particular set of quality standards. However, the result of this "one size fits all" approach may have far-reaching effects on the rest of the industry. Seed Department standards for seed production, certification, labeling and marketing are set through a consistent process of industry input and Commission approval. It is critical to the effectiveness of this process that any problems or issues be communicated to the agency or the Commission, from a broad array of constituents. The North Dakota model of Commission oversight, representing all commodities including forage legumes and grasses, with seed certification and regulation being housed in one department is unique in the country. The model actually works well in bringing consensus and balance to creation of programs and standards. If the objective of HB 1429 is to solve a problem, it appears that much of the industry may not be included in the discussion of what problems exist.

In summary, the Seed Commission believes that any objective entertained in this legislation can be accomplished with existing Commission and Department programs. We need the continuity and consistency that one Commission and agency brings to the industry, and will continue to solicit any input and direction from the entire industry relative to seed quality standards, regulatory activity and enhancement of agriculture in North Dakota.

Thank you for your time and attention Mr. Chairman and committee members. Other members of the Commission are in attendance, along with the Seed Commissioner. We would be happy to answer any questions you may have.

Richard Costa
Operator's Signature

10/16/03
Date