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Deanna Walker
Operator's Signature

10/22/03

Date

2003 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2387

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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2387

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 02-03-03

Tape Number	Side A	Side B	Meter #
1	xxx		3,000
Committee Clerk Signature <i>Lisa VanBerkom</i>			

Minutes: Chairman Mutch opened the hearing on SB 2387. All Senators were present.

SB 2387 relates to North Dakota development fund equity in value-added agriculture businesses; and to amend and reenact section 54-34.3-12 of the NDCC, relating to the value-added agriculture promotion and equity program.

Testimony in support of SB 2387.

Senator Ryan Taylor introduced the bill. He gave written testimony regarding the bill. See attached. Also see proposed amendments on reverse side of testimony.

Senator Klein: Do you want to just walk us through what you would envision?

Senator Taylor: Businesses would apply for a value-added equity, they would put in 30% of this equity. A financial advisory team would oversee them. (meter no. 3730)

Bill Patrie, NDAREC, he supports the bill and wanted to go on record for that. He states that it would not change anything for them.

There was no opposing testimony. Hearing closed. No action at this time.

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10/22/03

Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2387

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 02-11-03

Tape Number	Side A	Side B	Meter #
2		XXXX	0
Committee Clerk Signature <i>Lisa Van Berkum</i>			

Minutes: Chairman Mutch opened the committee discussion on SB 2387. All Senators were present. SB 2387 relates to the value-added agriculture promotion and equity program.

There was brief discussion among committee members.

Senator Heltkamp moved to amend. Senator Krebsbach seconded.

Roll Call Vote: 7 yes. 0 no. 0 absent.

Senator Krebsbach moved a DO NOT PASS AS AMENDED. Senator Espegard seconded.

Roll Call Vote: 5 yes. 2 no. 0 absent.

Carrier: Senator Espegard.

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FISCAL NOTE
Requested by Legislative Council
01/28/2003

Bill/Resolution No.: SB 2387

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.*

Because of the fees permitted within the proposed program, the fiscal impact is expected to be negligible (less than \$5,000 per biennium).

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:	Dean Reese	Agency:	ND Dept. of Commerce
Phone Number:	328-5334	Date Prepared:	01/31/2003

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Dean Reese
Operator's Signature

10/22/03
Date

30236.0201
Title. 0300

Adopted by the Industry, Business and Labor
Committee

February 12, 2003

PROPOSED AMENDMENTS TO SENATE BILL NO. 2387

Page 2, line 4, remove "No"

Page 2, remove line 5

Renumber accordingly

943
2-12-03

Page No. 1

30236.0201

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10/22/03

Date

Date: 2-11-03
Roll Call Vote #: 1

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2387

Senate _____ Committee _____

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Move to Amend

Motion Made By Heitkamp Seconded By Krebsbach

Senators	Yes	No	Senators	Yes	No
Sen. Jerry Klein, Vice Chairman	X				
Sen. Karen Krebsbach	X				
Sen. Dave Nething	X				
Sen. Joel Heitkamp	X				
Sen. Mike Every	X				
Sen. Duane Espgaard	X				
Sen. Duane Mutch, Chairman	X				

Total (Yes) 7 No 0

Absent 0

Floor Assignment _____

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

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Dennis Wallis
Operator's Signature

10/22/03
Date

Date: 2-11-03
Roll Call Vote #: 2

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2387

Senate _____ Committee _____

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken

Do not Pass AS Amend

Motion Made By

Krebsbach

Seconded By

Espegard

Senators	Yes	No	Senators	Yes	No
Sen. Jerry Klein, Vice Chairman	X				
Sen. Karen Krebsbach	X				
Sen. Dave Nething	X				
Sen. Joel Heitkamp		X			
Sen. Mike Every		X			
Sen. Duane Espegard	X				
Sen. Duane Mutch, Chairman	X				

Total (Yes)

5

No

2

Absent

0

Floor Assignment

Espegard

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

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Deanna Wallis
Operator's Signature

10/22/03

Date

REPORT OF STANDING COMMITTEE (410)
February 12, 2003 4:54 p.m.

Module No: SR-27-2506
Carrier: Espagard
Insert LC: 30236.0201 Title: .0300

REPORT OF STANDING COMMITTEE

SB 2387: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO NOT PASS (5 YEARS, 2 DAYS, 0 ABSENT AND NOT VOTING). SB 2387 was placed on the Sixth order on the calendar.

Page 2, line 4, remove "No"

Page 2, remove line 5

Renumber accordingly

(2) DESK, (3) COMM

Page No. 1

SR-27-2506

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Deanna Ballin
Operator's Signature

10/22/03

Date

2003 TESTIMONY

SB 2387

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Deanne Walling
Operator's Signature

10/22/03

Date

Support

Testimony on Senate Bill 2387

**Regarding equity investment in value added agriculture by the Development Fund
Sen. Ryan Taylor, District 7**

Good morning, Mr. Chairman and members of the Senate Industry, Business and Labor Committee. My name is Ryan Taylor, senator representing the 7th District. I'm here to discuss Senate Bill 2387, a bill to help grow the value added sector of our state's agricultural economy and put another tool of success in the hands of our beginning farmers and ranchers.

The genesis of SB 2387 was with former Senator Ken Kroeplin, and was proposed to me by Senator Elroy Lindaas. I embraced the bill because of my experiences in production agriculture and the challenges of financing and getting into the value added sector. As communications director and an investor in Northern Plains Premium Beef, I saw ranchers step up with \$10 million in equity commitments only to remain short of the needed equity and deny themselves the opportunities in the consumer market for beef.

The development fund is a necessary tool in "gap financing" for primary sector industry in North Dakota. This bill puts the equity investment responsibilities of the primary sector of value added agriculture under the direction of the value added agriculture promotion and equity board. This think tank of players in the value added ag business was recently appointed by Governor Hoeven to include:

Lt. Gov. Jack Dalrymple, representing the ED&F director
Roger Johnson, ag commissioner
Jerry Doan, state board of agricultural research and education
Duane Hauck, NDSU Extension Service
Eric Hardmeyer, Bank of North Dakota
Mike Warner, Hillsboro farmer
Clayton Fegley, Berthold farmer
Barry Medd, representing the Farm Credit System

The N.D. Development fund is already providing loans and taking equity investments in companies that hold the potential of growing our state's economy, including some in the ag sector. Last year's investments were in 40 businesses with \$7.2 million. But manufacturing silk trees and florals as is done by the successful Botanical Silk Accents company is different from harvesting steers and cutting up choice ribeyes for the backyard barbeque grill. Likewise the investment knowledge for each of those businesses is very different. I think 2387 would be a step in the right direction to have agricultural people passing judgments and providing direction on agricultural projects. Value added ag does more than provide jobs in a single community, it provides demand for raw products statewide, and it can provide increased returns to farmers and ranchers who've invested in their future.

That leads to another important component of the bill on lines 20 to 24 on page 1. The average age of a full time farmer in North Dakota is 55 years old. We know that agriculture is in a tough state of transition. As a 32-year-old rancher, I am definitely in the minority. How can we ease the transition from one generation to the next and make sure that our next generation has the tools they need to be successful? Allowing them to invest in a value-added "winner" at a discounted rate is one tool we can put in their twenty first century toolbox.

Success in agriculture today is about much more than calving out the cows and putting the crop in the ground. It requires all those production skills plus a whole host of additional skills in business management, marketing, and networking. Today's producers need to be invested beyond the farm gate and 2387 can help beginning farmers do just that.

I ask for your support and a Do Pass recommendation on this bill. Let's put our value added agricultural investments in finer focus, and let's put our beginning farmers and ranchers in the best position possible to succeed and grow our state's economy.

Thank you for your time.

POSSIBLE AMENDMENTS:

Page 2 line 4, strike "No"

Page 2 line 5, strike entire line

Page 3, section 4, repetitive?

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