

2009 HOUSE APPROPRIATIONS

HB 1009

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1009

House Appropriations Committee
Education and Environment Division

☐ Check here for Conference Committee

Hearing Date: January, 15, 2009

Recorder Job Number: 7067

Committee Clerk Signature

Shirley Branning

Minutes:

Chairman Skarphol: The meeting was called to order on HB 1009, Agriculture Department by calling roll and introducing **State Agriculture Commissioner, Roger Johnson.**

Roger Johnson: He began his testimony on HB 1009 by distributing attachment #1, the Budget Briefing, and accompanying supplements. The Attorney General was going to stop by and talk about space needs but he has another hearing at the same time. The witness list was distributed and each is asked to keep the testimony to two minutes or less. He stated that he would only hit the highlights, beginning with P.3 and continuing through P.6, discussing pesticides and International policy issues. Trade with Cuba is mentioned.

On P.6 the main issue is the livestock and three program areas program areas are listed on that page.

The budget appears on PP. 8-10. There is a proposal to move the office out of the capitol. Currently there are no lab facilities. Supplements #1-6 show pictures of lab work being done in offices because there are no labs and the crowded conditions in the offices.

Third: Governor's budget provides about \$92,000 of additional general fund increases. On P. 10, Board of Animal Health, there is a miscalculation as stated in bold.

P. 11 has an organizational chart which describes the department by employees in the three major program areas. On P. 12 the programs in executive services are detailed. See supplement #7, a publication that describes some of the statistics on outreach services that are funded.

Rep. Wald: How are we handling the financing with the \$35M of sales to Cuba? Are we getting paid, Do they have the financial wherewithal to pay the bill?

Johnson: Under the requirement of sales with Cuba, there is a general embargo against us doing business with them. There is an exemption provided in 2000 or 2001 by congressional action that says we can sell food or Ag products to Cuba but no financial business is allowed to occur. There is no lending; all sales are cash in advance. Cuba usually sends their currency to Europe, convert it into a Franc or Euro, and reconvert it into US dollars. Then, wire the dollar back across the ocean, put it back into the US bank and that bank puts it back into the hands of the seller. No money is exchanged directly. Continuing, Pride of Dakota, supplement #8 has other information and referring to the chart on P. 13 of attachment #1. Local foods was the largest group, described on P. 14. There is federal funding for some of these programs. On P. 15, the Livestock Feed Initiative was raised \$250,000. We're not asking you for anything there. Supplement #9 (Attachment 4) lists board members for Pride of Dakota. On P. 16, we talk about Ag Mediation, and it is described in supplement #10

(attachment #5) discusses Ag mediation. On P. 17 is organic certification cost share program

Rep. Klein: The certification, does your department get involved with that?

Johnson: No, third party certifiers, we provide cost share dollars for the Federal Government.

Continuing, on the bottom of P. 17 a chart shows the general fund which is a part of the special funds.

Chairman Skarphol: The grants line item that you reflect there. Is that federal dollars?

Johnson: The enormous part of this is going to be the specialty crop grants that I talked about, 900,000 and some from the federal government, largely transfer dollars.

Rep. Klein: These special funds, what's that made up of?

Johnson: Referring the question to Jeff Weispfenning, in Executive Services, special funds, Ag in the classroom, Ag mediation, they are a relatively small part of that. Continuing with P. 18, additional requests...

Chairman Skarphol: With regard to the data management system what is that being applied to? Is it under cost increases on P. 18?

Johnson: Flip back to P. 8, I describe it in more detail.

Chairman Skarphol: Is it for imaging your documents?

Johnson: Yes, continuing on PP. 19 - 20 and supplement #11 (attachment #6) gives more detail.

The State veterinarian is discussed on P. 21 and describes the relationship with Game and Fish.

On P.22 the meat and poultry inspection is discussed. Supplement #12 (Attachment #7) shows inspection plants. P. 23 shows graphs of state inspection and the growth of that program... P. 24 describes wild life services; it is run through USDA, supplement #13 (attachment #8) shows programs related. A bill is moving through the legislature to clarify some state laws that also came as a result of the audit. On the bottom of P. 25 is a chart summarizing the budget comparisons just for livestock services.

Chairman Skarphol: Move back to P.21, Tuberculosis and Brucellosis, wasn't a herd just recently found to have Tuberculosis and Brucellosis, What's been the net effect after that?

Jesse Vollmer, North Dakota State Board of Animal Health and Assistant State

Veterinarian: To date we have done a whole herd test on the herd and samples were sent to be tested. Those animals that responded positive were sacrificed. The first three tests that were run came back all negative. Don't know of anything yet.

Chairman Skarphol: There has been no indication of other cases?

Vollmer: We haven't tested surrounding herds yet. We're still working on initial herds.

Chairman Skarphol: There is a concern about herds of elk and deer that are captive that get out and are potential for disease. Has there been any testing done on those and if so what were the results?

Vollmer: All testings have been done for Tuberculosis and Brucellosis

Johnson: Continuing with Plant Industries on P. 27 is described the Pesticide, along with the registration program. This is the largest budget area. This is the funding source for about 10,000 products in the national and international area. The graphs on P. 28 show that the number of inspections is increasing. PP. 29 and 30 supplement # 14 provides statistics.

Chairman Skarphol: Go back to P. 30. What does that chart mean? Help me understand what the 2119 and the 761 means.

Dave Nelson, Plant Protection Specialist and responsible for the phytosanitary services:

These are the number of phytosanitary certificates that are issued each year. This is a Federal document that tells importing countries their pest quarantine requirements.

Chairman Skarphol: And you issued all 2880 of these?

Nelson: Ya, the total that you see at the bottom of P. 30 that includes all of the federal phytosanitary certificates on the first line of this table. The second line is other state

certificates. Shipping through Canada, and on their rail system and back to the United States that requires a special state certificate.

Chairman Skarphol: So the 761 represents shipments to other states?

Nelson: Yes, it involves certificates that are not federal phytosanitary certificates.

Chairman Skarphol: Shipment to a state as opposed to out of the country.

Chairman Skarphol: The shipment to a state as opposed to out of the country.

Nelson: With the exception of the certificates that are used to ship wheat and barley through Canada on their rail system and back into the United States.

Chairman Skarphol: They'd be included in the 2119.

Nelson: Those would be included in 761.

Chairman Skarphol: So the 2119 are strictly out of country, international shipments?

Nelson: Correct.

Johnson: On P. 32 the control of noxious weeds, and supplement # 15 (attachment 11) shows FTE hired to track species. County wheat boards are cooperating with this. Mid P. 34 describes three different program areas. And that concludes this portion of the testimony.

Rep. Williams: The Governor was quite supportive of your overall budget. I am concerned about PP. 8 and 19 the rent. You requested apparently 200,000, you got 120,000, which are 80,000 short. What is going to happen to the space on the sixth and 14th floors if you vacate it? You apparently negotiate this. What was the rationale in the Governor's office giving you 120,000 rather than the 200,000 that you had requested?

Johnson: He did not want to be the one to recommend the moving of an elected official out of the building. Our budget shows there will be a big increase in the budget because of this move. If we move out, many other agencies will want to fill this space. Therefore, there will be a corresponding decrease to the other agencies that move in here. By and large it should be a difference to the state.

Rep. Williams: On 10, the Dairy Coalition, at the present time there's 75,000, the Governor brought it to 150,000 and you're asking for and you're asking for an additional 200,000. Which percentage wise is a large increase.

Johnson: I have not explained that, I purposely left that to the head of the Dairy Coalition, so I'd like to defer that question to him.

Rep. Wald: On the additional space and rent, could state lab do some of that work?

Johnson: We do some work with the state lab. They are over worked and behind in capacity. They need to be done by the person with the expertise who happens to be the person in our office. There used to be a lab on the 6th floor and that was converted into offices. There are increases in budget for animal health since the lab is gone. We send a lot of lab work outside of the state for very technical analysis.

Chairman Skarphol: Agencies do not pay rent. If we were to give the Attorney General the room, there would be no rent paid.

Sandi Dies, OMB Analyst: Right, I am assuming that there would be offices that they're looking at would be from general fund sources, so, yes.

Chairman Skarphol: In the last budget cycle we approved a new lab for the Attorney General and vacated a lab that was in place. Was there any discussion about the utilization of that

facility by the Ag Department since it was at one time a lab that should not have to be retrofitted to accommodate a lab. Was there any discussion about that?

Sandi Deis: Not to my knowledge.

Johnson: We work closely with John Boyle in facilities management as we worked through these numbers. We have looked at different potential rental properties. The state does have some relationships with private entities that have space for rent. That was not brought to our attention in the discussions.

Chairman Skarphol: Maybe it's a consideration that would make that \$120,000 Governor's recommendation possible, if you would have utilization of that facility. I don't believe they'd have to pay rent for that, since it's on state property and owned by the state.

Sandi Deis: It would be maintenance. The Health Department is utilizing that space.

Chairman Skarphol: I was given the impression the Health Department didn't want any responsibility for that space. It would have been their cost because of the utilities and stuff.

Sandi Deis: I will check into that.

Johnson: We're happy to work with you in any way that makes sense. If you have general funded agencies that are renting off of the Capitol grounds, those rental dollars that they are paying would no longer have to be paid.

Rep. Wald: Have you looked at any properties available?

Johnson: My staff has looked at properties with John Boyle that he has suggested. We have not given this, it would be presumptuous to look seriously because, and to my knowledge no elected official who has been given the authority to move out of this building. It is a big issue that you need to deal with, but we've been lead to believe that should not be any problem with us finding property.

Rep. Wald: Could we solve the question by appointing the Ag. Commissioner instead of electing....

Johnson: Laughter. I presume the question is rhetorical and does not require an answer.

Chairman Skarphol: I can understand the Governor's hesitancy to let an elected official move off the Capitol grounds. When citizens come to the Capitol to see their elected officials, they don't want to have to hunt them down in some other place.

Johnson: We have wrestled with this space issue for many years. I fully understand. But if you move half of the office off, and I stay and a citizen comes here to deal with an animal health issue, but it's that area that has been moved out. Now you have the same problem.

Ann LaDuke, owner of company that produces Honey Lover's, Inc.: Testimony was given in favor of small business and Pride of Dakota to receive help with marketing. I joined in 1992 and have received literature and seminars on marketing small business. Through Pride of Dakota over 10,000 jars of product were sold over the GVC network. We've participated in gift market shows in Minneapolis and Denver and in Bismarck. The Holiday Showcase around the state has been tremendous opportunities. Patrons love our North Dakota products. There are now over 400 companies. The topping is good on ice cream and European friends say it is good on toast and on bread.

Rep. Wald: Mine says chokecherry and his says original, what's the difference?

LaDuke: In the last 6 years we started expanding and we now have 8 different flavors. Since the chokecherry was named the state fruit, this is very popular.

Rep. Klein: Where is Shields?

LaDuke: We are about 60 miles SW of here, in Grant County.

Rep. Williams: What is the population of Shields?

LaDuke: I am going to guess, about 6 but close to 8 because a couple of the single young men are engaged so there may be some growth. Laughter

Beth Bakke Stenehjem, Ag in the Classroom: Testimony was given, see attachment #2, in support of the North Dakota FFA Foundation and the mini grant. A list of applications for the mini grant is included

Rep. Onstad: I assume the big emphasis is opportunities for ag careers.

Bakke Stenehjem: Last year Carrington did an ag careers thing for high school students. A lot of times these funds are matched by somebody in the community who gave money. Funds go a long ways.

Chairman Skarphol: Did you have a number in mind when you asked us to consider additional grant funds?.

Bakke Stenehjem: No, none in mind, I don't know if we're asking for more, but there's always that option.

Gary Doll, Cattle Producer, and Dawson: Comments on Ag mediation program because he learned that this program is feasible for a farmer to turn a farm into a viable business. In the 80's it was impossible for a farmer to turn a profit but with farm mediation it helped farmers make decisions to keep their operation viable. It brings objectivity and logic to an otherwise emotional situation. Farm Mediation should stay in place even when there is vibrancy in the business. Keep funding that program.

Rep. Wald: You took over your father's farm. I've heard it is borderline child abuse.

Doll: My wife says it is also spousal abuse. Laughter

Gary Hoffman, ND, Executive Director of the North Dakota Dairy Coalition: Testimony

was given in support of HB 1009 see attachments #3 and #3a, requesting the full \$340,000 for coalition activities to be funded in full.

Rep. Williams: You've got this yard stick out there for \$300,000 more and you're losing some of your general supporters. Are you telling me that in the last biennium you got support for \$280,000 over the \$75,000?

Hoffman: We've picked up APUC grants and other groups, such as the soy bean groups, but some is going away.

Rep. Hawken: If you have it, I would love to see a copy of your budget and what has been done with that money. What does it go for?

Hoffman: I will get you a copy. A lot of our budget goes to travel and to groups that come. I believe the Ag Department has a copy that we submitted last summer.

Chairman Skarphol: We'd like to see it for this current biennia as well and a reflection of what's been the practice.

Rep. Wald: The cheese plant in Dickinson closed; you have to haul your raw milk greater distances, how does that impact people staying in the dairy business when they have to haul it more than a hundred miles to a processing plant?

Hoffman: There is a definite impact. Out of state dairy producers have looked at locating in certain parts of the state, and when they look at how far it is to the nearest cheese processing plant. Producers want to be fairly close.

Rep. Wald: SW North Dakota would be at a disadvantage

Hoffman: Yes, some are picking up the milk from Montana dairies, but definitely puts SW North Dakota at a disadvantage.

Rep. Wald: What percent goes into fluid product in the grocery store and what goes into cheese?

Hoffman: Twenty to twenty two percent goes into the fluid market and the rest of the product, about 75.5% goes into cheese or ice-cream or solid product.

Andrew Holle, Dairy Farmer, Northern Lights Dairy: Testimony in favor of the funding for the North Dakota Dairy Coalition was given, see Attachment #4.

Chairman Skarphol: You think there is opportunity for more producers?

Holle: Yes, it will bring in more services, more suppliers.

Rep. Klein: What is the number of people you have help you and where do you sell it?

Holle: We currently have myself, my parents, two brothers and we employ 10 people. We currently sell our milk to Land O Lakes, Dean Foods.

Rep. Williams: How many milk cows do you have?

Holle: 550.

Rep. Williams: Do you have a schedule, cycle, how do you work that?

Holle: We milk three times a day, 6 am, 2pm and 5pm. It takes 5 to 6 hours to complete each cycle.

Chairman Skarphol: you have 3 hrs in-between to do other things that you have to do. The other producers, what is your sense of the stability to bring in producers from other states?

Holle: You learn to take good with the bad, cows produce better when it is cold than when it is hot. Land is cheaper here and that relates to the cost of feed that we can produce here.

Rep. Klein: Do you get any of your feed from these ethanol plants? What is your basic feed?

Holle: It includes corn silage, alfalfa hay, alfalfa haylage and corn... We focus only on dairying. We have a small amount of land that we grow some corn silage.

Rep. Klein: You haven't tried to contact the ethanol plants for byproduct.

Holle: It has gone up so high that it is not cost effective. It is more cost effective for us to feed corn. We are careful about consistency and bacteria where mold or other stuff can be introduced. They are a bit more tricky than a beef cow.

Chairman Skarphol: Dry distillage is more suitable for the beef cows .

Rep. Wald: How do you handle your waste product?

Holle: We have an 8M gallon lagoon. Every spring and every fall we hire a company that comes out of Minnesota and lays out a hose on the ground. We pump the manure through that hose to a field 5-6 miles away. They pump 800 gallons a minute.

Chairman Skarphol: Do you spread it with a traveling gun?

Holle: No, we injected into the ground. We get the most out of the nitrogen for the farmers. It is very cost effective for the farmers.

Rep. Wald: You do that once a year, is there fermentation in that lagoon?

Holle: Twice a year. It's anaerobic, it allows the bacteria to break down, for every thousand gallons we put down. We sell nitrogen for one-third the price and it pays for the whole operation.

Chairman Skarphol: You lay pipe and inject it 5 miles.

Holle: It is injected right into the ground. It is profitable, pays for itself.

Chairman Skarphol: Farmers competing for the product?

Holle: It is word of mouth, farmers like to rotate, it's better for the soil.

Nathan Boehm, Board of Animal Health: Testimony was given in support HB 1009, See attachment #5. He spoke in favor of funding for veterinarians, not for more staff today but in the future in view of the outbreak of diseases.

Clyde Reister, Reister Meats and Catering, Streeter: Testified in favor of the meat inspection program in HB 1009..

Chairman Skarphol: How long ago did you start?

Reister: About 4 years.

Rep. Klein: Can you ship out of state?

Reister: No, we can't. If this bill gets passed we can. Our regulations are the same as the federal.

Rep. Wald: Are you into processed meats or...

Reister: Processed and fresh meats.

Rep. Wald: How wide an area do you market in?

Reister: 50-60 miles.

Rep. Wald: Would your product be available at super markets?

Reister: If we can get in there, it's just hard for the small operator to meet the criteria.

Rep. Kroeber: Did you open your new outlet in Medina?

Reister: We're working on it.

Rep. Klein: Are you going to be able to use the grading process?

Reister: We're thinking about it.

Rep. Klein: How many employees do you have?

Reister: Seven employees. It is hard to find help, not everyone wants to do that kind of work.

Chairman Skarphol: How do you handle, do you buy a cow then market that product?

Reister: No, the farmer sells the cow before it gets to us.

Chairman Skarphol: In the case of where you want to stock a shelf in a grocery store, the product that has your label.

Reister: The product is inspected before and after a box is opened or ingredients are added to that product.

Ann Ongstad, Cattle and Sunflower growers, Robinson: Testimony was given in behalf of the USDA/Wildlife Service's portion of HB 1009, see attachment # 6,. The funding is necessary to get rid of the coyote population.

Rep. Wald: Is there a market for coyote hide?

John Paulson, District supervisor with the wild life service: They bring about \$20.00. The window of hunting is from November to January. Then the fur gets very rubbed and very damaged and the fur is no longer desirable.

Rep. Klein: How many people do you have working and how quick can you get out?

Paulson: There are 9 field employees, having gone from 10 to 9 and they respond as quickly as they can. Aerial hunting is a very valuable tool in a winter like this.

Rep. Klein: Do you have several planes you can use?

Paulson: We have one plane, we are looking for funding to contract with a private pilot, and use our existing staff as a crew member.

Rep. Wald: Game and Fish, set me straight on the permits regarding aerial hunting. Can a private citizen apply for a license?

Paulson: There was an aerial hunting law that was enacted in the 60's. It is still legal through a permit process through the Game and Fish. Because of the added insurance and liability it is not worth their time and effort to do it themselves.

Rep. Wald: A permit is required through game and Fish

Chairman Skarphol: It is a permit not a license. As far as the difference in winters, do they have better success with the ground equipment in better winters.

Paulson: Yes, there are better tools and more effective in an open winter, thus the aircraft is more important.

Rep. Hawken: What have you done to address the issues with the audit?

Phil Mastrangelo, State Field Director and Investigative Officer USDA Wildlife Services:

Of those 11 recommendations, I feel confident that we have met all of those recommendations.

Chairman Skarphol: Committee would like to see a breakdown of your animal control efforts.

Mastrangelo: It depends on the part of the state, we do more beaver work in the eastern part of the state and more coyote work in the western part of the state.

Chairman Skarphol: We may ask you to come back when we discuss the bill.

Julie Ellingson, ND Stockman's Association: Spoke in favor of HB 1009.

Gary Knutson, ND Ag Association, Fargo: Spoke in favor of Project Safe Send, pesticides and endangered species.

Chairman Skarphol: Have we ever been able to get a handle on the Rinse aide program and Safe Send? Has it reduced the volume at all?

Johnson: If you will look at attachment #9 page 8, the very last line on Project Safe Send, details the program.

Larry Lunder, Alliance Ag Cooperative, Bismarck: Testimony was given in support HB 1009, See attachment #7.

Rep. Wald: Who is Ag Alliance and how do you get your funding?

Lunder: We are a cooperative based out of Regent and Hettinger, locally owned. Private funds are what we generate during the year.

Shannon Brendt, Executive Director for the Northern Pulse Growers Association:

Testimony was given in support of HB 1009, see attachment #8.

Bruce Fegerhut, President ND Weed Control Association: Declined comment because of his new appointment.

Merlin Leithold, Lobbyist for the ND Weed Control Association, Elgin: From the perspective of a Weed Control Expert, he described the weed control process across the counties, see map attachment # 1, supplement # 15. We got a grant for implementing this process through the association and through the Ag Department for the computers and the analogers.

Chairman Skarphol: Kent Junkert, do you remember what the cost is associated with having one of these devices available?

Kent Junkert, Plant Industries Program Manager: He oversees the noxious weed program. A grant available for all counties is needed. The total cost for the grant for all the equipment was a little over \$200,000. To date we've collected 2.3M data points on noxious weed locations across the state see attachment #1, supplement # 15.

Chairman Skarphol: So you got a \$200,000 grant. Why did you implement the program in roughly 50 counties? So, talking about \$4,000 per county.

Junkert: There is a little bit of maintenance cost with that. We work with the Association of Counties to help with the weed control in the form of training and maintenance of the computers.

Chairman Skarphol: So, in excess of 2M spots on your map. Any attempt to expand on the program, to make it more readily available?

Junkert: We would like to see one unit per application rig in the future. So far, the training is going well.

Chairman Skarphol: Is there any attempt to create awareness among the Ag producers about this tool and the potential for it?

Junkert: Through the Weed Control Board to provide more resources and matching funds, they could expand their programs. North Dakota has taken a big step ahead of other states in managing their weeds.

Rep. Wald: Are there any particular varieties of weed that are more problematic than others?

Leithold: Counties and places within the county vary. In some areas Leafy Spurge many are a problem. It can even vary within the county, where the southern part may have different problems from the northern part. It may be four different types of weeds. There are more and more weeds coming in. We have asked for money specifically for salt cedar.

Chairman Skarphol: Fish and wildlife will not spray. Are you finding that the federal lands are harder to control?

Leithold: Yes and No. It can be small areas.

Rep. Wald: New varieties of weeds, hay hauling, what is the traffic?

Leithold: It can be trucks, gravel trucks. You may see it in areas

Hearing closed 11:32

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Hearing Date: February 4, 2009

Recorder Job Number: 8654

Committee Clerk Signature

Shirley Branning

Minutes:

Chairman Skarphol: Opened the meeting to discuss HB 1009. Rep. Klein has done some work on this; get us up to speed on this.

Rep. Klein: It involves inspection of livestock in transit. We don't have anyone who inspects these for the health certificate when they come across the border for rodeos and such. There's some tests going on on a ranch southwest of here, where they're expecting chronic wasting disease. If those tests come back positive, they may have to destroy that herd and surrounding herds have to be tested. We are trying to get ahead of the game and we met with the Ag Department to see if they could have the state veterinarian designate the meat inspectors when they have suspicions.

Chairman Skarphol: Talked with Roger Johnson, livestock coming in. He thought there was some consensus coming together with regard to livestock coming in; this is different from rodeo stock. He thought between the Highway Department and the board of health they can probably handle the Senator Olafson issue and the department can handle the rodeo issue with existing personnel.

Rep. Klein: One of the things they do is contact a veterinarian in another area on rodeo inspections. The small operations of 2-3 head of livestock coming across the border.

Rep. Onstad: It becomes a small number but it is a concern that any time the sale of livestock leaves another state, they already have health certificate in hand when it comes from a sale barn. A sale from one producer to another is more risky and technically they are supposed to have a health certificate in hand. The Ag Department thinks they can work through all of this stuff.

Rep. Wald: Rep. Klein, you might convey to the committee the issue of probable cause if someone is coming into North Dakota, no law enforcement official could stop them unless they had probable cause.

Rep. Klein: The meeting with superintendent of the highway patrol, the attorney general's office, the Ag Commissioner, Brand Inspector, Farm Bureau, Farmers' Union, etc. The only one who can stop these vehicles without having probable cause is the State Veterinarian or any authorized individual.

Chairman Skarphol: How do other states handle it?

Rep. Onstad: The brand inspector can follow that vehicle to the ranch if they are a suspect and ask for the health certificate. They do have that authority.

Rep. Klein: Not an option. They are going to come to us with a proposal and how they are trying to work this out and are looking at the meat inspectors because they are already scattered throughout the state.

Chairman Skarphol: With the Dairy Coalition and their request for additional funding. They have \$250,000 in the budget and felt they needed \$340,000. The RECs were willing to kick in \$54,000 and Gary thought he could get another \$12,000 out of his organization, that would bring 'em to \$260,000 so we've got a \$130,000 difference between what they'd like to have and what it appears like they have. We are looking to put a little money in there. The

\$120,000 figure that's on the green sheet for the move by the Ag Department is about \$30,000 short of what they would need at the potential site they are looking at.

Rep. Klein: Distributes amendment 98010.0101. This part of this is general funds to do the study, money should go into that. For several years the Ag Department has been wanting the money they get on Pride of Dakota show. We've always had them put it into the general fund. It's a great program and the funds should go into their kitty.

Rep. Martinson: Add the amendment to our list of amendments.

Rep. Onstad: Second

Do Pass: Yes 8, No 0, Absent 0.

Chairman Skarphol: Rep. Klein, would you like to move your amendment on the Wildlife Services study? Any discussion on that one?

Rep. Klein: I'll move the amendment. 0101

Rep. Hawken: Second.

Rep. Klein: Refer to South Dakota's agreement with the Feds, that they are taking over the air part of it and the state has the ground part.

Rep. Kroeber: they actually also have the blackbird control, too. So that's part of the Wildlife Services portion of it. I think the study is appropriate to put some of this to rest.

Chairman Skarphol: In your discussions, did anyone bring up the fact that rather than shooting the blackbirds in the fall, the work needs to be taken care of in the spring?
We'll take the role on the amendment.

Vote # 2: Do Pass: Yes 8, No 0, Absent 0.

Chairman Skarphol: In this budget there are New Initiatives. Sandi, can you help us with that? I would like to have you point out what kind of optional budget requests, on that green sheet.

Rep. Wald: If you look at line # 18, on P. 1 of the bill, we're doubling the crop harmonization board. Why would that have to double in one biennium from \$25,000 to \$50,000?

Sandi Deis, OMB Analyst: Put there as a recommendation from the Lt. Governor. There is some regarding the administrative work on the Board.

Rep. Onstad: It originally came out of the Governor's Office about two sessions ago. It's been filled by the Ag Department but the added duties now, because of more violations, someone will have to fill that void. Need \$50,000 to add an FTE.

Deis: That is a fair statement, for administration responsibilities that may not be used. Its funds from the ERP fund.

Chairman Skarphol: Is there a commensurate reduction in the Governor's budget?

Deis: I do not know when Crop Harmonization was in the Governor's budget.

Rep. Klein: It was the EARP fund that did the funding and it was used for travel and meetings. We've funded one or 2 ½ people to get them started on this program regarding pollution of chemicals. There were three options: 1. Do nothing, let the Feds do everything. 2. State take it over. 3. Give us a seat at the table when they are deciding what goes to every county. We chose option # 3. We gave them 2 or 2 1/2 FTEs, the program is still not functional and what has happened to the FTEs?

Deis: You wanted to be present at the table.

Rep. Klein: It was dropped on us.

Deis: I will check that out.

Rep. Klein: It was to come down immediately, as of now nothing has come down yet.

Deis: It was in a separate bill last time.

Chairman Skarphol: Check that out. Looking at BARS went from \$190,000 to \$1.2M that's over \$1M increase in specialty crop...

Deis: That came in two years ago. It is to flow directly through the Ag department.

Chairman Skarphol: What are we spending on Project Safe Send?

Rep. Kroeber: It is all out of the EARP fund.

Rep. Klein: The pesticide outreach FTE, we gave them last time and never were utilized. Questions informational component. That's kinda like a paper shuffler.

Deis: This is related to the number of exports that are taking place, the increase in exports. It comes from the ERP Fund, also.

Rep. Klein: Where are the two people we gave them last time?

Deis: I don't remember two people being provided for that for the current biennium. Two to three meat inspectors last time.

Chairman Skarphol: They got 6 ½ FTEs last time.

Deis: There is a new vet and three or four meat inspectors.

Rep. Klein: Two had already been approved by the emergency fund, one was made a half time grader.

Chairman Skarphol: As far as the relocation, but if that's what the Commissioner wants we'll probably do the \$30,000. Dairy coalition, what is the sense of the committee? Should we go to the \$340,000 or should we find a smaller number that would work for them?

Rep. Onstad: I know we could find a smaller number. If you compare a cost benefit, if it increases the 400 cows that is to start in April and that is the work of the Dairy coalition.

Every cow produces about \$4,000 times 400, now you're talking \$1.6M. I am hoping if we could put an additional \$100,000 in there. If one the 2 entities occur, we'll get some benefit.

Chairman Skarphol: Can you talk to the commissioner?

Rep. Onstad: I sure will.

Rep. Hawken: What happens to the move?

Chairman Skarphol: They have a place picked out and if we give them the additional dollars. They would go from having about 7500 square feet of space to having 14,400 square feet. John Boyle, from facilities management agrees that they are extremely cramped, can use additional room.

Optional budget requests, we were distracted.

Deis: The number 1 priority is the \$86,000 for the equity increasers. Mostly for the inspector positions, they're very low paying and hard to keep. The next was for the \$120,000 for the move. The next gets back to the plant inspector position for exports. Reviewing optional on green sheet their first request was the Ag mediation program, around \$20,000.

IT and travel increases for \$92,000 in General Fund. Their plant protection program where they asked for 2 FTE, we provided 1. Space rental is next. Next is their inspector equity package, finally, two meat inspection staff. We provided them with one.

Rep. Klein: Meat inspector, they're still expecting growth and change to allow out of state shipment.

Deis: We granted one, if needs increase they can come to the emergency fund, they have ability to add.

Chairman Skarphol: There's \$127,000 increase in travel from \$1.2M to \$1.365M, that's increased cost of fleet services. Amounts to 10% increase.

Rep. Klein: We took money away from travel last time.

Deis: \$40,000.

Chairman Skarphol: How is the EARP fund?

Deis: They have enough to cover salary increases. It is pretty close.

Chairman Skarphol: Rep. Klein and Rep. Onstad sit down with the commissioner and see if there is anything that could be saved to get it reduced a little. Adjourn for the day.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1009

House Appropriations Committee
Education and Environment Division

☐ Check here for Conference Committee

Hearing Date: February 10, 2009

Recorder Job Number: 9130

Committee Clerk Signature

Shirley Branning

Minutes:

Chairman Skarphol: Called the meeting to order on HB 1009, **Department of Agriculture by calling Commissioner Roger Johnson** to the lectern. We asked you for some information, while we locate our copies, you go ahead and start.

Johnson: We provided some information. We came down here exactly 24 hours after you last met, thinking that you were meeting then. We left the copies with the clerk. We were specifically asked about the EARP Fund balance. He referred attachment # 1 that provides a running tally and legislation that is being considered that may or may not have an impact on this bill. SB 2440 is on its way to a certain death. It has a do not pass. It is a chemigation bill that was introduced.

Rep. Klein: What was the bill about?

Johnson: It was a bill to require us to do some work with chemigation locations to try and make sure that when the irrigators put these tanks out there that they have containment around them.

Chairman Skarphol: Addressing Sandi Deis, OMB Analyst, Have there been any other changes or requests from the EARP fund?

Deis: No.

Johnson: The next one I've got is called TB Inspection Proposal, see attachment # 2. It is not entirely the right name for this. This issue developed, Sen. Olafson and others are very interested in getting some additional resources to the Board of Animal Health to deal with the TB problem over in Minnesota and also down in the South West. Initially we talked about a new FTE and resources to fund it, so we were asked to pare that down. We were told there would be no FTE and that we should do it with the minimum number of resources possible. One was getting truck regulatory and the Highway Patrol. They are willing to work with us and there is a no net cost. The other part is dealing with things like rodeos and other venues. We proposed a \$30,000 program, \$15,000 would be used to help fund some of our folks to go out and make sure their papers are in order. And an equivalent amount that would make it possible to work with the stockmen and brand inspectors to do something, as well. The Board of Animal Health is suggesting that this is insufficient.

Rep. Wald: I am assuming the stockmen association would be brand inspectors?

Johnson: That would be our intent.

Rep. Wald: What kind of authority do they have; do they have the power to arrest?

Johnson: When we had the meeting with them, a lot of discussion was the ability to stop vehicles and looking to authority from the Board of Animal Health because it is more encompassing than the authority because some sort of probable cause must be given. They were disinterested in getting in the middle of this issue. We think it would be possible to approach them and request assistance with rodeos and those sorts of things.

Chairman Skarphol: Mr. Johnson, we have a lot of work to do today. In the interest of abbreviating things, I think we have a fair enough understanding of this issue.

Johnson: There were requests on the Pride of Dakota Program, see attachments # 3 and 4. Attendance numbers and amount of sales at about \$.5M were explained. The last request we had was to provide a summary of the activities we have conducted as a part of the 1 ½ FTE that were provided to the Department last session, dealing with the endangered species program and ground water protection program.

Chairman Skarphol: What is the continuing work load with regard to this last pesticide ...?

Johnson: We budgeted with a level budget going forward, see attachment # 5. We could use a lot more resources but we're not here asking for 'em right now. We pulled surface water samples from 3 locations in 3 different water sheds, did analyses to check for pesticides and those kinds of things

Chairman Skarphol: Is this a federally required activity?

Johnson: No, but it is federally necessary in order for us to have the kind of input to EPA about the use of certain pesticides that we wanna be able to use. Last session it came from a bill, not a Department proposal.

The last issue is, there have been different numbers relative to our need for money to move out of the Capitol building. Conversations with John Boyle indicate that he was mixed up on his numbers. The numbers that are in our budget proposal are the correct ones. The Governor gave us \$120,000 in his proposal of general funds. We asked for another \$100,000 in our request and that is the correct number. If we were to move out, it would take \$220,000 in general funds. What we had in our original request is correct.

Chairman Skarphol: Sandi, maybe you can tell me, what do they currently pay for rent in the building?

Deis: \$32,000 a year, \$64,000 biennium.

Chairman Skarphol: 45% of that is federal funds or special funds?

Jeff Weispenning, Deputy Commissioner: We currently pay a quarterly charge of \$8,000, so \$64,000 is what we pay and that's the Special Fund and federal funded portion of our budget which is 45% of the rent bill. Our total rent bill, were we to pay for all, and would be \$70,000. 45% is billable because it is special and federal paid. 55% is general funded and we don't pay that.

Chairman Skarphol: You're saying that what you need is \$200,000 for an offsite facility.

Weispenning: It would be whatever the guidelines are. I have \$13.00 a sq. ft. and I've seen \$14.00 sq. ft. John Boyle uses 2 different numbers; he uses 300 sq. ft. per employee if you are the sole occupant or 220 sq. ft. per employee if it's a shared operation. I used the highest one just to be sure we had enough.

Chairman Skarphol: The difference is that if you're using a shared area, you have a commons area that you can each pay half of.

Rep. Klein: So you're looking at a total number of \$220,000?

Weispenning: That was the general fund portion. Our total request was \$400,000 which included the special and federal funds. Our budget doesn't contain our special or federal authority. The \$13 or \$14, multiplied by 2 for the biennium.

Chairman Skarphol: I think Mr. Boyle was suggesting that the area you would need is about \$14,400 sq. ft. You feel you need the other \$70,000 to make it work.

Weispenning: If we were to move out on day 1. We would probably think about delaying the move, given the amount of money, to make it work.

Rep. Klein: The number I've got that the total they need is \$220,000 and you're saying \$200,000. Which is correct?

Weispfenning: The calculation we did and what we asked was \$220,000 of general fund with a total of about \$400,000 total funds, with special and federal added in. With 300 sq. ft. per person, 48 employees and we used \$14.00 sq.ft. for the calculation.

Deis: \$64,000 would be in their existing budget, looking at the total cost.

Chairman Skarphol: There is some authority in the current budget in addition to the \$120,000.

Weispfenning: We don't have any general fund authority or appropriation to rent space at this time.

Chairman Skarphol: Addressing Brady Larson, Legislative Council Representative. We took some action on some things on this budget. Do you have the list of things that we approved?

Larson: The item I have, is for a Legislative Council Study of Wildlife Services. That was the only amendment I have as being approved by the committee.

Rep. Kroeber: We had dollars for Pride of Dakota that also passed on 2/4/09.

Chairman Skarphol: To allow them to retain their dollars.

Commissioner Johnson, I got a note here to the effect Ag Mediation at \$19,000. Can you refresh my memory what I've noted?

Johnson: That's the funding source shift. Historically there's a special fund, the Home Quarter Fund that has been used to fund the State portion of Ag mediation service. There are Federal funds that are also used and that special fund is held at the Bank of North Dakota (BND) and is basically gone. That would be a general fund ...the Governor put that in the budget.

Chairman Skarphol: We still have the Wildlife service issue.

Rep. Onstad: I have amendments that I would like to propose that deals with Dairy Coalition. If you look at P. 2, it adds money out of additional general fund dollars, \$100,000, bringing the total to \$250,000 funding for the Dairy Coalition.

Chairman Skarphol: There is a type of agreement amongst some other entities for another roughly \$66,000.

Rep. Onstad: That is right, between the Rural Electrics and coalition members, etc. to work out the additional.

Chairman Skarphol: They seemed pretty sincere about the fact that their funding sources were drying up. If we think the work they do is important, I guess we'll have to do something in that regard. I would like to think we could find some room in this budget to make that happen.

Rep. Onstad: The Ag Commission feels their budget is pretty tight where it's at and if it's gonna be any additional dollars that's gonna come out of the Ag commission. They have made a lot of inroads going to other states and because of urban sprawl in the East. Dairy people just want a dairy they see favorable to afford. We are a little short on processing. As a multiplier, its number one, it's generations. We've been impacted in the Parshall area because the dairy coalition is looking at other areas. If it's cost benefit, I know it does generate dollars back to the state and it's making inroads... We could monitor it.

Chairman Skarphol: What is the money used for? Is it primarily travel and marketing of the dairy concept?

Rep. Onstad: They set up shows in Wisconsin. They set up booths in those states to promote facts, the dairy Expo in California. When those entities come to North Dakota there's gonna be a few dollars for travel. You received a cost benefits and budget summary of what the Dairy Coalition is spending money on.

Rep. Wald: Is there a check-off on milk, as commodities?

Chairman Skarphol: There's different... 3 check-offs on parity.

Rep. Wald: Where does that money go?

Johnson: There's three different check-offs. There's one that is voluntary that doesn't bring in very much money. There's the milk stabilization board check-off that happens there. There is a check-off on the finished product and on the raw product. One raises about twice as much money as the other one. One is for fluid and the other is for everything.

Wayne Carlson, Acting Dairy Director: They are something like \$.5M for one, the milk promotion board basically has a \$.10 per hundred check-off and that brings about \$800,000 a biennium and that is used for promotion. It is contracted to the Midwest dairy Association out of Minneapolis. They contact Midwest Dairy to do the advertising. The other one is the milk stabilization board, that brings about \$400,000 and is for staffing the boards, people who work on stabilizing the price of milk in the state. It puts a maximum and a minimum on prices and they set that through the state law office. The wholesalers can only charge a certain amount of money.

Chairman Skarphol: Is the milk stabilization board one of the reasons we don't have processors?

Carlson: I would say so.

Chairman Skarphol: What are the wishes of the committee?

Rep. Onstad: Do Pass on Amendment # 98010.0102.

Rep. Martinson: Second.

Rep. Klein: We're adding \$100,000 to the general fund to the dairy coalition.

Chairman Skarphol: We'll take a roll call vote on the amendment.

Do Pass: Yes 8, No 0, Absent 0.

Rep. Klein: We already have passed language in the amendment on the Wildlife Service's study. Did we pass an amendment to allow the Ag Department to retain the Pride of Dakota dollars?

Larson: Reads new amendment relating to compliance on livestock entering the state.

Rep. Klein: Move that amendment.

Rep. Wald: Second.

Chairman Skarphol: Within existing resources.

Rep. Kroeber: What responsibility is that going to give to the department, what information are they going to provide us with.

Rep. Klein: They already have the responsibility, it's implementing a program. Part of it is getting the advertising out that it exists.

Chairman Skarphol: Take the roll on that amendment.

Do Pass: Yes 8, No 0, Absent 0.

Chairman Skarphol: We have three new FTEs in here. I feel strongly about the phytosanitary one.

Rep. Klein: There is no question that it was their number one priority that we continue that operation. The other one is being managed out of EARP funds. The question I have is, at this time they need the additional meat inspector. The program has been growing. We gave them 5 meat inspectors last go-around. Partly because of what is happening in the federal system with the change that will allow state inspected meat to go out, it's probably going to require some additional work for these people. It is not in place yet. It may not be needed yet and when it is they could go to the emergency commission.

Rep. Onstad: If you look at last time and the additional asked for the meat inspector, they end up going to the emergency commission to deal with that and it was said at that time, why it wasn't asked early on in the original budget. They will probably end up going to the emergency commission because the expansion of the processors is increasing. When you have requirements of the inspector to be there for slaughtering, etc. This is an entity that is needed and I would hope we can fulfill the FTEs.

Rep. Klein: Some is projected on growth but one has shut down. It's hard to say at this time what will happen with the federal rules.

Rep. Onstad: If you look at the language of the farm bill, its allowing for our own school systems to use local food. We are better being in shape, handling that entity along with the expansion. Only a portion of an inspector's job was affected by the one shut down. I believe that was a federal inspector, not a state inspector.

Chairman Skarphol: Calls commissioner Johnson to the lectern. If you were to have more room in this building, would you desire to stay here as opposed to move?

Johnson: Of course, there is no question about that.

Chairman Skarphol: Well, Mr. Commissioner, I'm going to ask my committee to take the \$120,000 out because there is something being worked on that would create additional room on campus. The question is whether or not to build Department of Transportation a new building off site which would give us substantially more room for agencies directly connected to the capital. If that happens, there is no need for that \$120,000 in your budget.

Johnson: There is a fairly significant space shortage. If there is sufficient place here, of course...

Chairman Skarphol: Things happen on the other side of the hall and we all go to conference committee, ultimately we make the decision. Based on that discussion, I'd like to take the \$120,000 out. If that doesn't happen, I understand your desire to move. I have some problem with an elected official moving off site. If we can find you the room and your wanting to stay if you have sufficient room, then I'd prefer to handle it in that fashion.

Rep. Kroeber: Is there any kind of time line on that?

Chairman Skarphol: Facilities Management has been working on it, they're putting together numbers and looking at a facility that would be potentially 90% federally funded to replace their needs. That would open a lot of space for more agencies.

Johnson: We'll be happy to work with you and the other side as well. There are at least 2, based on the conversation, hopefully 3 new FTEs that will come out of this session. And we have some stacked in places where they're not supposed to be according to fire codes. We do need to deal with this quickly.

Rep. Klein: Move to remove the \$120,000 for additional office space or to move off site..

Wald: Second.

Rep. Kroeber: With the option that they're gonna find space available.

Chairman Skarphol: there'll be an understanding that something well get worked out.

Rep. Onstad: If they move the 48 FTEs into the current 7500 sq. ft., that comes to 156 sq ft per employee. If they're needing as high as 300, it is critical, so everyone keep that in mind. Somebody's got to move upstairs.

Chairman Skarphol: We have people working in human services that have a 6' X 6' cubicle. That's 36 sq ft. Any further discussion? If not, we'll take the role:

Do Pass: Yes 7, No 1, Absent 0.

Rep. Klein: I would move to remove the meat inspector position, we can always put it back in as time goes on and we see how it develops.

Rep. Wald: Second

Chairman Skarphol: That would be # 8 on the green sheet.

Rep. Onstad: There is a 50/50 cost share with the federals. We are going against the grain if we decide to not fund that. I will resist that motion.

Chairman Skarphol: We won't remove the authority, it would be the \$78,821, that you were referring to.

Rep. Klein: this will come back from the other side, when it does, I'd be happy to put it back in.

Chairman Skarphol: We'll vote on the motion.

Do Pass: Yes 5, No 3, Absent 0.

Chairman Skarphol: Would you...on the entire budget on HB 1009 as amended?

Rep. Klein: I would make that motion.

Rep. Wald: Second.

Do Pass: Yes 7, No 1, Absent 0. Carrier: Rep. Wald.

Meeting adjourned.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1009

House Appropriations Committee
Education and Environment Division

☐ Check here for Conference Committee

Hearing Date: February 13, 2009

Recorder Job Number: 9430

Committee Clerk Signature

Shirley Branning

Chairman Skarphol: Called the meeting to order to review amendments for the budget bills that were heard by committee by calling on **Sheila Sandness, Legislative Council Staff** to explain each of the amendments. The first was HB 1009.

Sandness: Reviewing with the Committee, the Statement of Purpose and the amendment for **HB 1009, 98010.0104, Agriculture Department.**

Chairman Skarphol: It gives them the authority to retain that money? That's what we intended. Does this language do that?

Sandness: I believe it is built into their base budget. Addressing **Sheila Peterson, OMB Fiscal Director.** If it is not included as one time, does it become part of the base funding each biennium?

Peterson: Yes, it does.

Rep. Martinson: On the Pride of Dakota deal, don't you need to put in language that it is a revolving fund? We are really not giving them \$55,000, we're supposed to say that they can keep the.....

Peterson: I believe they already have a special fund and you're just adding to the appropriation authority of what is going to pass through the received and expended out of that

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fund. You do that on budget, it's not a continuing appropriation. It is a fund directly appropriated.

Chairman Skarphol: It was not intended to be appropriated; they were going to retain the earnings.

Rep. Martinson: It is supposed to be whatever it is. The idea was that whatever their income is, they get to continue to use that.

Sandness: Are you looking for the continuing appropriation language?

Rep. Martinson: Don't want to hold this up, but the intent was that when they get their dues they can use them. I didn't realize there'd be a dollar amount in there and \$55,000 is fine if that's what it is. Maybe we can do this in conference committee so we don't have to do this every time. We can create a revolving fund.

Sandness: I'll check with Brady, because he would have prepared this amendment and with Allen to see if you're continuing appropriation language would be appropriate.

Meeting adjourned.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill No. HB 1009

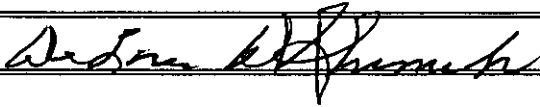
House Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: February 17, 2009

Recorder Job Number: 9623

Committee Clerk Signature



Minutes:

Chairman Svedjan opened the hearing on HB 1009.

Amendments .0104 (Attachment A) and .0105 (Attachment B) were distributed.

Rep. Klein: Discussed amendment .0104.

Motion made By Rep. Klein to move the amendment; Seconded By Rep. Skarphol.

Discussion:

Rep. Meyer: What reasoning did you come up with to remove the FTE for the meat inspector?

Rep. Klein: It was projected on growth. The federal law the required state meat to go out of the state, which we couldn't do before are not in place yet.

Rep Meyer: I would hope we could resist doing this. This will only increase the need for our state meat inspection program. This is a program that has worked and enabled all these small mom and pop meat shops to keep open.

Rep. Klein: I don't disagree, but right now the rules from the feds are not in place yet as to how this system is going to operate and what the requirements are for shipping out of state.

Rep. Nelson: didn't we include a ½ FTE last session?

Rep. Klein: Correct

Rep. Nelson: Has that been implemented?

Rep. Klein: We had to pay someone to do the grading. We took one of the meat inspectors and made him the inspector. We got paid \$80/hr that the federal inspector was charging. It was a win win situation. Right now with that plant closed, there isn't much demand for that half time inspector.

Chm. Svedjan: Sections 6 and 7.

Rep. Klein: We are spending a large amount of money we are turning over to the federal government that is not returning much. We are asking for a study to see how it is working in South Dakota. We are spending a large amount of money that we are turning over to the federal system and we are not getting good response. So section 6 asked for a study comparing with South Dakota and seeing how they did it. Seems like feds were doing the area part and the state was doing the ground part. In South Dakota it is part of the Fish and Wildlife System.

Section 7 – There is a problem with diseased livestock entering the state. This would set up a program, which is within their resources, it would mostly be advertising to let people know that a veterinarian can ask for a health permit on the livestock when a rodeo comes to town. We found out this particular inspector has a tremendous amount of authority. We had the highway department, the sheriff's office and the attorney general and they couldn't believe that the health inspector; the vet can stop any vehicle without probable cause and ask them for their health permit.

Rep. Meyer: To ask a state inspector to do a health permit for a Brahma bull, this is a stretch. We cannot go anywhere without a health permit. This is redundancy.

Rep. Klein: No it is not. It doesn't take a veterinarian to look at a health permit. The state vet can appoint someone to look at it.

Rep. Meyer: You are taking away the vet requirement that they do a health permit?

Rep. Klein: Section 7, "the ag commissioner shall, within his appropriation, initial and implement a program to provide for health permit inspections on livestock entering the state starting in 2009. As part of the program the commissioner shall provide public information on the results of the livestock health permit inspections.

Rep. Meyer: We have this in place currently. You have to I'm not looking at the ones who are following the rules. I'm looking at the ones who are breaking the rules.

Rep. Wald: It's the livestock coming in from other states. It is some of the out of state rodeo stock homing in from Mexico and other states. It's been a problem. We're not concerned about the local guy we are looking at the ones that are breaking the rules.

Rep. Skarphol: This was not imposed on the Ag Commissioners office. After discussions with them this was decided the way to go. This gives the AG Commissioner something to impose.

Rep. Meyer: Other states do exactly what we do. Before you can move these cattle, they have to have a health permit. This will not address those who are breaking the law. I'm not sure why you are asking the AG Commissioner to start another program.

Rep. Skarphol: All of the entities previously mentioned have weighed in on this. It was included that the Board of Animal Health is the only entity that can stop a vehicle without a cause. So they will work with the highway patrol to enforce the laws. Who has been checking them? Those who do not follow the law are who we are trying to find and we don't want to set up another bursary. We want to use local law enforcement.

Rep. Meyer: They do that currently. If I'm picked up, the first thing the highway patrol does is ask for my papers. If I don't have my papers, the consequences are not good.

Rep. Skarphol: the highway patrol cannot pull you over just for hauling livestock down the road. They have to have probable cause. The Board of Animal Health does.

Rep. Meyer: This will allow the highway patrol to stop every truck and trailer that goes down the road.

Rep. Skarphol: No. They will work in consort with the Board of Animal Health. If you are with the Board of Animal Health you do not have a marked vehicle.

Rep. Klein: We sat around the table with everybody and this was the conclusion.

Voice vote to adopt .0105. Carried.

Rep. Skarphol: discussed amendment .0105 at the request of the majority leader. .0105 is different it appropriated money to the AG Department. There are people who raise elk and when they get out and need to be destroyed, Animal Health has that responsibility. The money's need to fund it have come from Game & Fish funds and the majority doesn't feel that is an appropriate funding mechanism for this since it is not generating any kind of revenue from Game & Fish, but is a liability to Game & Fish. Things general funds should fund this. Does appropriate \$200,000 to the Ag. Department and would replace the Game & Fish funds currently being utilized in the Ag. Department budget.

Chm. Svedjan: p. 2, line 10, \$200,000 adjustment.

Motion Made By Rep. Klein to move the amendment; Seconded By Rep. Skarphol.

Discussion:

Rep. Delzer: I do not agree with the majority leader and will not support the amendment. I think it is viable for the Game & Fish.

Rep. Hawken: It appears it takes \$200,000 out, not putting it in.

Rep. Skarphol: It replaces Game and Fish dollars with general fund dollars for the purposes of funding the responsibilities with regard to the elk.

Rep. Kaldor: Why do you oppose this amendment?

Rep. Delzer: it's philosophical. I think it is viable for the Game & Fish Fund to pay for going out and eradicating animals that get out and I think it is; Rep. Carlson doesn't.

Rep. Skarphol: These animals are not wild, they are domesticated. Game and Fish are not getting any revenues.

Rep. Kempenich: Is this language specific enough?

Rep. Skarphol: This is only to domesticated elk, not wild ones in our parks.

Rep. Kaldor: I'm not sure if a domesticated elk knows it is domesticated. Is somebody who is licensed to hunt an elk, and you have an elk outside the pen, can we shoot them?

Rep. Nelson: I don't think we are talking domesticated elk in most cases. The fencing requirements are stringent. Wild bulls try to get into the fenced area. That's where the problem exists. I think we are talking about wild game encroaching on the private farms and that is why they need to get rid of them.

Chm. Svedjan: We are talking about a funding shift.

Rep. Kroeber: This is not just the elk. That shouldn't be the responsibility of game and fish.

Voice vote carried on the amendment.

Rep. Skarphol: There is another issue with mediation of crop insurance. When there are crop insurance disputes under federal law the crop insurance company can ask for and require mediation or arbitration. In the smaller claims, the costs can be exorbitant. I could pass out the amendment.

Rep. Kempenich: What expertise do they have on crop insurance?

Rep. Skarphol: I cannot speak to their expertise but could speak to their expertise on crop insurance, but rather to the mechanism that is currently in place is at the will of the crop insurance company. Typical action on a small claim is that they go through the process talking

about mediation and when it goes to arbitration at the last minute and the costs are very high.

This would discourage.

Rep. Kempenich: this is usually a lot deeper than the mediation. This could become very complicated. It does require experts to come in. I don't think Ag mediation has any knowledge. If a farmer does have a claim you are going to open up an avenue that is going to proliferates this more than it is going to help and I am going to resist this amendment.

Rep. Skarphol: This is permissive language only. The insurance company has the right to choose a mediator. This would give ag mediation the ability to be the mediator if the insurance company so desired; that is all it does.

Motion Made By Rep. Skorphol to move the amendment .0103. Seconded by Rep. Nelson

Discussion:

Rep. Bellew: I think this is really a policy issue. I am going to resist this amendment.

Chm. Svedjan: It's germane to the extent that it has to deal with ag issues.

Rep. Nelson: There are disputes in my area, few cases go to arbitration and this may come to closure on some of these cases. I don't have a problem doing this.

Rep. Wald: People who do crop hail adjusting, it is very specialized. To take someone who has been negotiating with banks, I don't think they have the expertise to mitigate a dispute.

Voice vote defeated.

Do Pass As Amended Made By Rep. Klein; Seconded By Rep. Skarphol.

Vote: 20 Yes 3 No 2 Absent Carrier: Rep. Klein

Hearing closed.

FISCAL NOTE
Requested by Legislative Council
04/13/2009

Amendment to: Engrossed
HB 1009

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.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	(\$55,000)	\$55,000	(\$55,000)	\$55,000
Expenditures	\$0	\$0	\$0	\$55,000	\$0	\$55,000
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

The bill was amended to allow the department to spend the Pride of Dakota membership 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.*

Section 10 amends the code allow the department to spend the Pride of Dakota membership fees rather than deposit these funds in the general fund.

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.*

About \$55,000 of Pride of Dakota memberships fees have been deposited in the general fund per biennium, thus the general fund impact.

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.*

Expenditures on the Pride of Dakota program would be increased by \$55,000.

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 is also included in the executive budget or relates to a continuing appropriation.*

The House amended HB1009 to increase the operating line by \$55,000 to allow the department to spend the Pride of Dakota membership fees. However, the appropriate statutory change was not made.

Name:	Jeff Weispfenning	Agency:	Agriculture
Phone Number:	328-4758	Date Prepared:	04/13/2009

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1009

Page 1, line 3, remove "and" and after "transfers" insert "; and to provide for a legislative council study"

Page 2, after line 24, insert:

"SECTION 6. LEGISLATIVE COUNCIL STUDY - WILDLIFE SERVICES.

During the 2009-10 interim, the legislative council shall consider studying the cooperative agreement between the agriculture commissioner and the United States department of agriculture wildlife services program. The study, if conducted, must include a review of current program funding sources and a review of wildlife damage control programs in other states, including South Dakota. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-second legislative assembly."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment adds a section to provide for a study of the cooperative agreement between the Agriculture Commissioner and the United States Department of Agriculture Wildlife Services program.

Date:

Roll Call Vote #: /

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES

House



Legislative Council Amendment Number

Action Taken

☒ Do Pass☐ Do Not Pass☒ Amended

Motion Made By

Seconded By

[illegible]

Total

Yes

8

No

2

Absent

0

Bill Carrier

Rep. Klein

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

accept the amendment 98010.0101

Date: Feb. 4, 2009
Roll Call Vote #: 2

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House House Appropriations Education and Environment Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ☒ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By Klein Seconded By Hawken

Representatives	Yes	No	Representatives	Yes	No
Bob Skarphol – Chairman	✓		Joe Kroeber	✓	
Francis Wald – Vice Chairman	✓		Kenton Onstad	✓	
Kathy Hawken	✓		Clark Williams	✓	
Matthew M. Klein	✓				
Bob Martinson	✓				

Total Yes 8 No 0

Absent 0

Bill Carrier Rep. Klein

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

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1009

Page 1, line 15, replace "1,020,600" with "1,120,600" and replace "2,869,825" with "2,969,825"

Page 1, line 19, replace "3,714,786" with "3,814,786" and replace "20,801,936" with
"20,901,936"

Page 1, line 21, replace "1,235,482" with "1,335,482" and replace "6,934,306" with "7,034,306"

Renumber accordingly

A copy of the statement of purpose of amendment is attached.

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1009 - Department of Agriculture - House Action**

	Executive Budget	House Changes	House Version
Salaries and wages	\$8,586,426		\$8,586,426
Operating expenses	5,844,960		5,844,960
Capital assets	5,000		5,000
Grants	2,869,825	100,000	2,969,825
Board of Animal Health	2,378,325		2,378,325
Wildlife Services	1,067,400		1,067,400
Crop Harmonization Board	50,000		50,000
Total all funds	\$20,801,936	\$100,000	\$20,901,936
Less estimated income	13,867,630	0	13,867,630
General fund	\$6,934,306	\$100,000	\$7,034,306
FTE	70.50	0.00	70.50

Department No. 602 - Department of Agriculture - Detail of House Changes

	Increases Funding for the Dairy Coalition ¹	Total House Changes
Salaries and wages		
Operating expenses		
Capital assets		
Grants	100,000	100,000
Board of Animal Health		
Wildlife Services		
Crop Harmonization Board		
Total all funds	\$100,000	\$100,000
Less estimated income	0	0
General fund	\$100,000	\$100,000
FTE	0.00	0.00

¹ This amendment increases funding from the general fund by \$100,000 to provide total grant funding to the Dairy Coalition of \$250,000.

Roll Call Vote #:

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1009

House House Appropriations Education and Environment Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 98010.0102

Action Taken ☒ Do Pass ☐ Do Not Pass ☒ Amended

Motion Made By _____ **Seconded By** _____

[illegible]

Total Yes 8 No 0

Absent 0

Bill Carrier

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

Add \$100,000 for Dairy Coalition

Roll Call Vote #: 7

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1009

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken ☒ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By Klein Seconded By Wald

[illegible]

Total Yes 8 No 0

Absent 0

Bill Carrier

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

Draft amendment on livestock entering state.

Date: Feb. 10, 2009
Roll Call Vote #: 3

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1009

House House Appropriations Education and Environment Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken ☒ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By _____ Seconded By _____

[illegible]

Total Yes 7 No 1

Absent _____

Bill Carrier

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

Take 120,000 out for
more out of capital

Roll Call Vote #: ☒

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1009

House House Appropriations Education and Environment Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken ☒ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By _____ Seconded By _____

[illegible]

Total Yes 5 No 3

Absent 

Bill Carrier

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

Remove meat Inspector

Roll Call Vote #: 6

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1009

Committee

☐ Check here for Conference Committee

Amendments being drafted

☒ Amended

Seconded By

[illegible]

2

Rep. Klein

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

pass budget as amended

February 11, 2009

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1009

Page 1, line 2, after the semicolon insert "to provide for a livestock health permit inspection program;"

Page 1, line 3, remove "and" and after "transfers" insert "; and to provide for a legislative council study"

Page 1, line 12, replace "1,601,586" with "1,522,765" and replace "8,586,426" with "8,507,605"

Page 1, line 13, replace "1,130,577" with "1,065,577" and replace "5,844,960" with "5,779,960"

Page 1, line 15, replace "1,020,600" with "1,120,600" and replace "2,869,825" with "2,969,825"

Page 1, line 19, replace "3,714,786" with "3,670,965" and replace "20,801,936" with "20,758,115"

Page 1, line 20, replace "2,479,304" with "2,534,304" and replace "13,867,630" with "13,922,630"

Page 1, line 21, replace "1,235,482" with "1,136,661" and replace "6,934,306" with "6,835,485"

Page 1, line 22, replace "3.00" with "2.00" and replace "70.50" with "69.50"

Page 2, after line 24, insert:

"SECTION 6. LEGISLATIVE COUNCIL STUDY - WILDLIFE SERVICES.

During the 2009-10 interim, the legislative council shall consider studying the cooperative agreement between the agriculture commissioner and the United States department of agriculture wildlife services program. The study, if conducted, must include a review of current program funding sources and a review of wildlife damage control programs in other states, including South Dakota. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-second legislative assembly.

SECTION 7. LIVESTOCK HEALTH PERMIT INSPECTION PROGRAM.

The agriculture commissioner shall, within the commissioner's 2009-11 biennium appropriation approved by the sixty-first legislative assembly, initiate and implement a program to provide for health permit inspections on livestock entering the state for the biennium beginning July 1, 2009, and ending June 30, 2011. As part of the program, the commissioner shall provide public information on the results of the livestock health permit inspections."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98010.0104 FN 2

A copy of the statement of purpose of amendment is attached.

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1009 - Department of Agriculture - House Action**

	Executive Budget	House Changes	House Version
Salaries and wages	\$8,586,426	(\$78,821)	\$8,507,605
Operating expenses	5,844,960	(65,000)	5,779,960
Capital assets	5,000		5,000
Grants	2,869,825	100,000	2,969,825
Board of Animal Health	2,378,325		2,378,325
Wildlife Services	1,067,400		1,067,400
Crop Harmonization Board	50,000		50,000
Total all funds	\$20,801,936	(\$43,821)	\$20,758,115
Less estimated income	13,867,630	55,000	13,922,630
General fund	\$6,934,306	(\$98,821)	\$6,835,485
FTE	70.50	(1.00)	69.50

Department No. 602 - Department of Agriculture - Detail of House Changes

	Removes New FTE ¹	Adds Funding for Dairy Coalition ²	Removes Funding for Office Space Lease ³	Adds Funding for Pride of Dakota ⁴	Total House Changes
Salaries and wages	(\$78,821)				(\$78,821)
Operating expenses			(120,000)	55,000	(65,000)
Capital assets					
Grants		100,000			100,000
Board of Animal Health					
Wildlife Services					
Crop Harmonization Board					
Total all funds	(\$78,821)	\$100,000	(\$120,000)	\$55,000	(\$43,821)
Less estimated income	0	0	0	55,000	55,000
General fund	(\$78,821)	\$100,000	(\$120,000)	\$0	(\$98,821)
FTE	(1.00)	0.00	0.00	0.00	(1.00)

¹ Funding of \$78,821 from the general fund for a new FTE meat inspector position added in the executive budget is removed.

² Funding of \$100,000 from the general fund is added to provide total grant funding to the Dairy Coalition of \$250,000.

³ Funding of \$120,000 from the general fund added in the executive budget for obtaining office space off the Capitol grounds is removed.

⁴ Funding for the Pride of Dakota program is increased by \$55,000 of other funds received from Pride of Dakota activities.

This amendment also:

- Adds a section providing for a study of the cooperative agreement between the Agriculture Commissioner and the United States Department of Agriculture Wildlife Services.

- Adds a section requiring the Department of Agriculture to implement a health permit inspection program for livestock entering the state.

Date: 2/17/09
Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1009

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 98010.0104

Action Taken move amendment

Motion Made By Klan Seconded By Skarphol

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Voice Vote - carries

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1009

Page 1, line 2, after the semicolon insert "to provide for a livestock health permit inspection program;"

Page 1, line 3, remove "and" and after "transfers" insert "; and to provide for a legislative council study"

Page 1, line 12, replace "1,601,586" with "1,522,765" and replace "8,586,426" with "8,507,605"

Page 1, line 13, replace "1,130,577" with "1,065,577" and replace "5,844,960" with "5,779,960"

Page 1, line 15, replace "1,020,600" with "1,120,600" and replace "2,869,825" with "2,969,825"

Page 1, line 19, replace "3,714,786" with "3,670,965" and replace "20,801,936" with "20,758,115"

Page 1, line 20, replace "2,479,304" with "2,334,304" and replace "13,867,630" with "13,722,630"

Page 1, line 21, replace "1,235,482" with "1,336,661" and replace "6,934,306" with "7,035,485"

Page 1, line 22, replace "3.00" with "2.00" and replace "70.50" with "69.50"

Page 2, line 10, replace "968,800" with "768,800"

Page 2, after line 24, insert:

"SECTION 6. LEGISLATIVE COUNCIL STUDY - WILDLIFE SERVICES.

During the 2009-10 interim, the legislative council shall consider studying the cooperative agreement between the agriculture commissioner and the United States department of agriculture wildlife services program. The study, if conducted, must include a review of current program funding sources and a review of wildlife damage control programs in other states, including South Dakota. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-second legislative assembly.

SECTION 7. LIVESTOCK HEALTH PERMIT INSPECTION PROGRAM. The agriculture commissioner shall, within the commissioner's 2009-11 biennium appropriation approved by the sixty-first legislative assembly, initiate and implement a program to provide for health permit inspections on livestock entering the state for the biennium beginning July 1, 2009, and ending June 30, 2011. As part of the program, the commissioner shall provide public information on the results of the livestock health permit inspections."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98010.0105 FN 3

A copy of the statement of purpose of amendment is attached.

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1009 - Department of Agriculture - House Action**

	Executive Budget	House Changes	House Version
Salaries and wages	\$8,586,426	(\$78,821)	\$8,507,605
Operating expenses	5,844,960	(65,000)	5,779,960
Capital assets	5,000		5,000
Grants	2,869,825	100,000	2,969,825
Board of Animal Health	2,378,325		2,378,325
Wildlife Services	1,067,400		1,067,400
Crop Harmonization Board	50,000		50,000
Total all funds	\$20,801,936	(\$43,821)	\$20,758,115
Less estimated income	13,867,630	(145,000)	13,722,630
General fund	\$6,934,306	\$101,179	\$7,035,485
FTE	70.50	(1.00)	69.50

Department No. 602 - Department of Agriculture - Detail of House Changes

	Removes New FTE¹	Adds Funding for Dairy Coalition²	Removes Funding for Office Space Lease³	Adds Funding for Pride of Dakota⁴	Changes Funding Source for Board of Animal Health⁵	Total House Changes
Salaries and wages	(\$78,821)					(\$78,821)
Operating expenses			(120,000)	55,000		(65,000)
Capital assets						
Grants		100,000				100,000
Board of Animal Health						
Wildlife Services						
Crop Harmonization Board						
Total all funds	(\$78,821)	\$100,000	(\$120,000)	\$55,000	\$0	(\$43,821)
Less estimated income	0	0	0	55,000	(200,000)	(145,000)
General fund	(\$78,821)	\$100,000	(\$120,000)	\$0	\$200,000	\$101,179
FTE	(1.00)	0.00	0.00	0.00	0.00	(1.00)

¹ Funding of \$78,821 from the general fund for a new FTE meat inspector position added in the executive budget is removed.

² Funding of \$100,000 from the general fund is added to provide total grant funding to the Dairy Coalition of \$250,000.

³ Funding of \$120,000 from the general fund added in the executive budget for obtaining office space off the Capitol grounds is removed.

⁴ Funding for the Pride of Dakota program is increased by \$55,000 of other funds received from Pride of Dakota activities.

⁵ State Board of Animal Health funding provided from the game and fish fund is reduced by \$200,000 and funding from the general fund is increased by \$200,000.

is amendment also:

Date: 2/17/09
Roll Call Vote #: 2

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1009

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 98010.0105

Action Taken adopt amendment .0105

Motion Made By Skarphol Seconded By Klein

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Vote Vth - carries

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1009

Page 1, line 2, replace "section" with "sections" and after "4-01-21" insert "and 6-09.10-03"

Page 1, line 3, after "commissioner" insert "and the powers of the agricultural mediation service"

Page 2, after line 30, insert:

"SECTION 7. AMENDMENT. Section 6-09.10-03 of the North Dakota Century Code is amended and reenacted as follows:

6-09.10-03. North Dakota agricultural mediation service - Powers - Compensation and expenses - Fees. The board shall meet at the call of the chair, as is necessary to fulfill its duties under this chapter. The agriculture commissioner shall administer the agricultural mediation service. The commissioner shall establish an agricultural mediation service to disseminate information to farmers concerning farm credit problems and to provide assistance to seek to resolve farm credit problems. The commissioner shall appoint an administrator of the agricultural mediation service. The commissioner shall hire staff, negotiators, and mediators who may mediate disputes involving farmers or other persons eligible for mediation with an agency of the United States department of agriculture and disputes relating to matters of crop insurance. The board may charge the farmer and others a reasonable fee for any assistance, provided the fees are used to continue the service. Fees charged to mediation participants are limited to twenty-five dollars per hour, each, for the time spent in mediation sessions. The board shall adopt policies governing the negotiators, staff, and mediators hired under this section. Board members are entitled to receive seventy-five dollars for each day of official service, as directed by the board. The board members are entitled to expenses as provided in sections 44-08-04 and 54-06-09. The expenses provided under this section may be paid from any funds available in the home-quarter purchase fund."

Renumber accordingly

Date: 2/17/09
Roll Call Vote #: 3

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1009

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 98010.0103

Fail Action Taken Adopt amendment .0103

Motion Made By Skarphol Seconded By Nelson

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Vote - fails

VR
2/17/09
1083

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1009

Page 1, line 2, after the semicolon insert "to provide for a livestock health permit inspection program;"

Page 1, line 3, remove "and" and after "transfers" insert "; and to provide for a legislative council study"

Page 1, line 12, replace "1,601,586" with "1,145,262" and replace "8,586,426" with "8,130,102"

Page 1, line 13, replace "1,130,577" with "1,065,577" and replace "5,844,960" with "5,779,960"

Page 1, line 15, replace "1,020,600" with "1,120,600" and replace "2,869,825" with "2,969,825"

Page 1, line 19, replace "3,714,786" with "3,293,462" and replace "20,801,936" with "20,380,612"

Page 1, line 20, replace "2,479,304" with "2,141,162" and replace "13,867,630" with "13,529,488"

Page 1, line 21, replace "1,235,482" with "1,152,300" and replace "6,934,306" with "6,851,124"

Page 1, line 22, replace "3.00" with "2.00" and replace "70.50" with "69.50"

Page 2, line 10, replace "968,800" with "768,800"

Page 2, after line 24, insert:

"SECTION 6. LEGISLATIVE COUNCIL STUDY - WILDLIFE SERVICES.

During the 2009-10 interim, the legislative council shall consider studying the cooperative agreement between the agriculture commissioner and the United States department of agriculture wildlife services program. The study, if conducted, must include a review of current program funding sources and a review of wildlife damage control programs in other states, including South Dakota. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-second legislative assembly.

SECTION 7. LIVESTOCK HEALTH PERMIT INSPECTION PROGRAM. The agriculture commissioner shall, within the commissioner's 2009-11 biennium appropriation approved by the sixty-first legislative assembly, initiate and implement a program to provide for health permit inspections on livestock entering the state for the biennium beginning July 1, 2009, and ending June 30, 2011. As part of the program, the commissioner shall provide public information on the results of the livestock health permit inspections."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98010.0106 FN 4

A copy of the statement of purpose of amendment is attached.

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1009 - Department of Agriculture - House Action**

	Executive Budget	House Changes	House Version
Salaries and wages	\$8,586,426	(\$456,324)	\$8,130,102
Operating expenses	5,844,960	(65,000)	5,779,960
Capital assets	5,000		5,000
Grants	2,869,825	100,000	2,969,825
Board of Animal Health	2,378,325		2,378,325
Wildlife Services	1,067,400		1,067,400
Crop Harmonization Board	50,000		50,000
Total all funds	\$20,801,936	(\$421,324)	\$20,380,612
Less estimated income	13,867,630	(338,142)	13,529,488
General fund	\$6,934,306	(\$83,182)	\$6,851,124
FTE	70.50	(1.00)	69.50

Department No. 602 - Department of Agriculture - Detail of House Changes

	Removes New FTE Position¹	Adds Funding for Dairy Coalition²	Removes Funding for Office Space Lease³	Adds Funding for Pride of Dakota⁴	Changes Funding Source for Board of Animal Health⁵	Reduces Funding for Anticipated Salary Savings⁶
Salaries and wages	(\$78,821)					(\$196,602)
Operating expenses			(120,000)	55,000		
Capital assets						
Grants		100,000				
Board of Animal Health						
Wildlife Services						
Crop Harmonization Board						
Total all funds	(\$78,821)	\$100,000	(\$120,000)	\$55,000	\$0	(\$196,602)
Less estimated income	0	0	0	55,000	(200,000)	(99,074)
General fund	(\$78,821)	\$100,000	(\$120,000)	\$0	\$200,000	(\$97,528)
FTE	(1.00)	0.00	0.00	0.00	0.00	0.00

	Removes Salary Equity Funding⁷	Total House Changes
Salaries and wages	(\$180,901)	(\$456,324)
Operating expenses		(65,000)
Capital assets		
Grants		100,000
Board of Animal Health		
Wildlife Services		
Crop Harmonization Board		
Total all funds	(\$180,901)	(\$421,324)
Less estimated income	(94,068)	(338,142)
General fund	(\$86,833)	(\$83,182)
FTE	0.00	(1.00)

Funding of \$78,821 from the general fund for a new FTE meat inspector position added in the executive budget is removed.

² Funding of \$100,000 from the general fund is added to provide total grant funding to the Dairy Coalition of \$250,000.

³ Funding of \$120,000 from the general fund added in the executive budget for obtaining office space off the Capitol grounds is removed.

⁴ Funding for the Pride of Dakota program is increased by \$55,000 of other funds received from Pride of Dakota activities.

⁵ State Board of Animal Health funding provided from the game and fish fund is reduced by \$200,000 and funding from the general fund is increased by \$200,000.

⁶ This amendment reduces salaries and wages funding to recognize anticipated savings from vacant positions and employee turnover.

⁷ This amendment removes funding added in the executive budget for state employee salary equity adjustments.

This amendment also:

- Adds a section providing for a study of the cooperative agreement between the Agriculture Commissioner and the United States Department of Agriculture Wildlife Services.
- Adds a section requiring the Department of Agriculture to implement a health permit inspection program for livestock entering the state.

Date: 2/17/09
Roll Call Vote #: 4

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1009

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number TBD

Action Taken Do Pass as Amended

Motion Made By Klein Seconded By Skarphol

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
Rep. Skarphol	✓		Rep. Kroeber	✓	
Rep. Wald	✓		Rep. Onstad	✓	
Rep. Hawken	✓		Rep. Williams	✓	
Rep. Klein	✓				
Rep. Martinson	✓				
Rep. Delzer		✓	Rep. Glassheim		
Rep. Thoreson	✓		Rep. Kaldor	✓	
Rep. Berg	✓		Rep. Meyer		✓
Rep. Dosch	✓				
Rep. Pollert	✓		Rep. Ekstrom	✓	
Rep. Bellew		✓	Rep. Kerzman	✓	
Rep. Kreidt	✓		Rep. Metcalf	✓	
Rep. Nelson	✓				
Rep. Wieland	✓				

Total (Yes) 20 No 3

Absent 2

Floor Assignment Klein

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

REPORT OF STANDING COMMITTEE

HB 1009: Appropriations Committee (Rep. Svedjan, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (20 YEAS, 3 NAYS, 2 ABSENT AND NOT VOTING). HB 1009 was placed on the Sixth order on the calendar.

Page 1, line 2, after the semicolon insert "to provide for a livestock health permit inspection program;"

Page 1, line 3, remove "and" and after "transfers" insert "; and to provide for a legislative council study"

Page 1, line 12, replace "1,601,586" with "1,145,262" and replace "8,586,426" with "8,130,102"

Page 1, line 13, replace "1,130,577" with "1,065,577" and replace "5,844,960" with "5,779,960"

Page 1, line 15, replace "1,020,600" with "1,120,600" and replace "2,869,825" with "2,969,825"

Page 1, line 19, replace "3,714,786" with "3,293,462" and replace "20,801,936" with "20,380,612"

Page 1, line 20, replace "2,479,304" with "2,141,162" and replace "13,867,630" with "13,529,488"

Page 1, line 21, replace "1,235,482" with "1,152,300" and replace "6,934,306" with "6,851,124"

Page 1, line 22, replace "3.00" with "2.00" and replace "70.50" with "69.50"

Page 2, line 10, replace "968,800" with "768,800"

Page 2, after line 24, insert:

"SECTION 6. LEGISLATIVE COUNCIL STUDY - WILDLIFE SERVICES.

During the 2009-10 interim, the legislative council shall consider studying the cooperative agreement between the agriculture commissioner and the United States department of agriculture wildlife services program. The study, if conducted, must include a review of current program funding sources and a review of wildlife damage control programs in other states, including South Dakota. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-second legislative assembly.

SECTION 7. LIVESTOCK HEALTH PERMIT INSPECTION PROGRAM.

The agriculture commissioner shall, within the commissioner's 2009-11 biennium appropriation approved by the sixty-first legislative assembly, initiate and implement a program to provide for health permit inspections on livestock entering the state for the biennium beginning July 1, 2009, and ending June 30, 2011. As part of the program, the commissioner shall provide public information on the results of the livestock health permit inspections."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98010.0106 FN 4

A copy of the statement of purpose of amendment is on file in the Legislative Council Office.

2009 SENATE APPROPRIATIONS

HB 1009

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1009

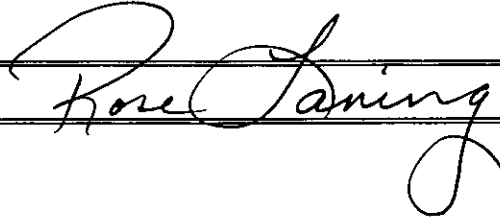
Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: February 25, 2009

Recorder Job Number: 9743

Committee Clerk Signature



Minutes:

V. Chair Bowman opened the hearing on HB 1009 concerning the appropriation of the Agriculture Commission.

Senator Christmann: Phil Mastrangelo from Wildlife Services called me and he and his deputy were involved with federal training and could not be here today so I recommended that he contact the chairman if he had questions.

Roger Johnson, Agriculture Commissioner

Attached # 1 – HB 1009 Department of Agriculture information book

Senator Robinson asked about office rental and wanted to know what their current square footage is and what type of square footage needed?

Roger Johnson: John Boyle has the numbers and we'll get that to you. All this was put together with Office of Facility Management's help.

Senator Seymour: Why do you think the house made adjustments to the pay plans and other things in your budget?

Roger Johnson: I'm not sure. They didn't have conversations with us. The 2% cuts across the board are rather dramatic because it comes right off the 5 plus 5. Another part of the problem in the pay plan cut is the equity package. A number of our field inspectors are underpaid compared to other states.

Senator Mathern Did you notice the state meat inspection staff person? Was there a discussion that they not like that program?

Roger Johnson: I don't remember them not liking the program. They were directed to come in with a budget lower than what the governor proposed.

Pride of Dakota

Terry and Linda Dammel, Rolling Hills Premium Ranch Beef, Medina

Testified in favor of HB 1009. (Attached brochure # 2)

Ag in the Classroom

Beth Bakke Stenehjem, FFA Foundation

Testified in favor of HB 1009. (Attached brochure # 3)

V. Chair Bowman: How much coordination do you do with this program and NDSU's 4-H programs, so there's not competition between programs?

Roger Johnson: The Council works closely with those at NDSU. They help design programs and we work closely so we are not duplicating programs.

Ag Mediation

Gary Doll, cattle producer, Dawson

(Written attached testimony # 4 in favor of HB 1009)

Board of Animal Health

Dr. Lyle Kenner, veterinarian, Linton

Testified in favor of HB 1009. (Attached # 5)

V. Chair Bowman: You mentioned movement of cattle, how do we correct that problem? Is it to test every animal that leaves the salesbarn? How do you follow all these animals and know they are clean?

Dr. Lyle Kenner. The rules are in place. With working at the salesbarns in Linton and Minot, my responsibility is to look at those cattle and then know the regulations of the state of destination, and then write the health certificate accordingly. In some cases that may require testing.

Meat Inspection

Tom Jerome, Owner, Goodfellas Pizza, West Fargo

Testified in favor of HB 1009. (No written testimony)

V. Chair Bowman: You're asking for an extra meat inspector?

Tom Jerome: Yes that extra FTE would be an inspector, and I have to be able to count on an inspector in order for me to move forward. I have investments in programs coming thru NDSU and I have to be able to count on an inspector to be there.

Senator Christmann: Are you inspected now and you want to make sure you are able to keep up with the proper frequency?

Tom Jerome: I'm uninspected right now.

ND Stockmen's Association

Julie Ellingson, Executive Director, Bismarck

Testified in favor of HB 1009. (Written attached testimony # 6)

Senator Christmann If we had some kind of an epidemic where a few thousand cattle had to be destroyed, is there anything in place to indemnify the ranchers or is it just their tough luck? What do you do in those situations?

Dr. Susan Keller, Department of Agriculture Board of Animal Health - With tuberculosis, there is federal indemnity with limitations, such as market value. They would have to be appraised and the appraisal approved. However, the federal government will say, "As money is available". Sometimes gov. says "As money dictates".

Senator Krauter: During your tenure at the department, haven't we had a situation where we indemnified some loss of livestock?

Dr. Susan Keller: Yes, we have. In 1999, we did have a case of tuberculosis in Morton County. Those animals were federally indemnified.

Senator Krauter: The state came in and helped out, didn't they?

Dr. Susan Keller: Definitely, sometimes the appropriations aren't enough so we have to use emergency funds.

Organic Programs

Brad Brummond, NDSU Extension

Testified in favor of HB 1009. (Attached # 7 – Organic Agriculture in North Dakota)

Senator Krauter: We've seen initiatives for sustainable agriculture? Are you as an organic organization involved in that discussion, because what we're seeing here is a state initiated sustainable program through the Dept. of Commerce. Are you involved with that?

Brad Brummond: No, I was not involved with that.

V. Chair Bowman Do you have check off dollars for your organization so you can support, promote and grow your industry like the rest of the commodity groups?

Brad Brummond: We do have some check offs, but those are related to certain expenses. Our producers in most of the commodities, do pay check off fees to the cooperative groups, but we are such a small minority within these commodity groups and very little is done. We make up a minority in those groups and they choose to fund what the majority wants.

V. Chair Bowman: You're involved in organic farming, do the organic farmers themselves have an organization that has their own check off that promotes and enhances what you are all trying to do?

Brad Brummond: No, not to my knowledge.

Senator Mathern: I have a daughter who won't eat anything unless it's organic. Do you have a list of organic retailers that sell organic food?

Brad Brummond: We developed a website and on that we have producers, processors, and are currently working on a list of retailers that carry organic products.

Pesticides/Endangered Species/ Safe Seed

Larry Lunder, Alliance Ag Cooperative, Bismarck

Testified in favor of HB 1009. (Written attached testimony # 8)

Gary Knutson, ND Ag Association, Fargo

Testified in favor of HB 1009. (No written testimony)

Plant Protection

Shannon Berndt, ND Pulse Growers, Bismarck

Testified in favor of HB 1009. (Written attached testimony # 9)

Marvin Flaten, VP, JM Grain, Inc., Garrison

(Written attached testimony # 10 in favor of HB 1009)

Robert Sinner, President, SB&B Foods, Inc.

(Written attached testimony # 11 in favor of HB 1009)

Roger Weinlaeder, owner, Weinlaeder Seed Company

(Written attached testimony # 12 in favor of HB 1009)

Joel Hermes, Inventory Coordinator, Pioneer Hi-Bred International, Inc.

(Written attached testimony # 13 in favor of HB 1009)

Steve Strege, Executive Vice President, ND Grain Growers

Testified in favor of HB 1009. (No written testimony)

Dan DeRouchey, President, ND Grain Dealers Association

(Written attached testimony # 13)

Weed Control

Merlin Leithold, ND Weed Control Association, Elgin

Testified in favor of HB 1009. (Written attached testimony # 14)

Dairy Coalition

Andrew Holle, dairy producer, Mandan

Testified in favor of HB 1009. (Written attached testimony # 15)

Wildlife Services

Senator Robinson: We have quite a population of predators across the state with coyotes, are we making any progress in the area of predatory control?

Roger Johnson: Obviously this is a very difficult winter, and animal depredation is most severe in the spring with calving and lambing. We're working on it.

V. Chair Bowman closed the hearing on HB 1009.

Additional testimony –

Burton Pfliger, Vice Chairman, ND Ag Coalition

Testified in favor of HB 1009. Written attached testimony # 16.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1009

Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: 04-09-09

Recorder Job Number: 11798

Committee Clerk Signature



Minutes:

Chairman Holmberg called the committee to order in reference to HB 1009 in regards to the Agriculture Department budget. (2.58)

Senator Krauter presented amendment #98010.0203 and explained them to the committee.

We put the office space lease funding that the House took out back in. We restored the money that the governor had in. In Section 9 Project Safe Send, 2009 flood pesticide cleanup add money for additional sites. A chemical agent called me with problems concerning the damage to his product because of the flood. Because of the flood and damage to chemical and product there is an increased need here. The Ag Department came back with a plan and we looked at it to supplement the existing locations and add sites in Hazen, Linton and Red River Valley area. On page 2, Marketing bureau: This is the Pride of ND program and this lets the Ag Department keep the money in their operating fund. This is stream line accounting. Section 12 just adds an emergency clause for project safe send.

Senator Warner (7:32) Does that require further appropriation for Pride of Dakota?

Senator Krauter They have the continuing appropriation to do their program. It has always been a negative net operating program and they need to go and ask for more money to pay the bills.

He continued explaining the amendments to the committee. (8:19) He addressed the Meat Inspection program and adding one more meat inspector in the second year of the biennium. Number 5 adds an additional FTE for the State Board of Animal Health. This addresses concerns about the TB from livestock brought into the state. #6 is additional office space. #7 is the \$40,000 for Project Safe Send. #8 funding for a bill we passed for costs associated with the weed seed free certification program. #9 restores the funding sources for the State Board of Animal Health that was changed by the House.

V. Chair Bowman I am satisfied with what we did. I think there are really positive things in our changes. The Project Safe Send is very important issue. If these products get into our water system, that is a major concern. (12:39) The TB issue when you send animals to slaughter, they are all checked, and we found a couple of suspects in the state. If two suspects are positive we pay to have the whole herd destroyed. The State Board of Health is then responsible to test all neighboring herds within so many miles of the infected herd. If it happened to be an epidemic, imagine what the cost would be. So we have a safeguard when having another FTE working with permits to protect the ND livestock industry. We talked about the wild life issue and TB and we have to work with Game and Fish and Federal Wildlife.

V. Chair Bowman moved the amendments. Seconded by Senator Krauter.

Senator Christmann I have two unrelated questions: First of all regarding these livestock inspections, no matter how worthy an idea is you need to be careful what you will do with it if you find it. I am not aware of any fund we have to indemnify livestock owners if we condemn or dispose of their livestock. If we start putting more inspectors out there, what are we going to do if we find something? What happens?

Senator Krauter In 1997 we had the anthrax, in Morton County, we killed them, buried them, and if I am not mistaken we had an appropriation where there was some kind of value per

head, the state stepped in and paid. Someone asked that question during the hearing. There isn't any indemnity defined now, it is a case by case basis.

Senator Christmann My other question relates back to SB 2342 dealing with John's. The House passed this but took \$30,000 out that was to go to the Board of Animal Health. Not a big amount of money. Is there a sense from our committee of a commitment so we can get that money back to them, or in a further amendment here? I think we should fight for that \$30,000.

Chairman Holmberg Bill #2342, did we reduce it here in the Senate?

Senator Krauter My thought there is we need to do that in this budget.

Chairman Holmberg You are in a stronger position to do it here. And getting their permission is problematic.

V. Chair Bowman The TB issue is a federal issue. If you find two animals test positive they condemn the whole herd. If one they have to retest the whole herd. It is all done by the Federal Government.

Senator Christmann: I had forgotten about the anthrax. It does set precedence and I am fine with that.

Senator Mathern: In terms of the chemicals, I am wondering when this will take place? Tons of chemicals are being dumped right now.

Chairman Holmberg: With the emergency clause this will go into effect immediately.

V. Chair Bowman Project Safe Send in the Ag Department wrote a program. They are ready to go.

Senator Warner: Had a question on wild life.

Senator Krauter: There is no blackbird or beaver control but all the others are there. It is a combination of federal money and then the state kicks in. The state portion is \$1,123,000 and

originally the department had asked for more, it is only \$147,000 increase in the governor's budget. So there is no reduction in the governor's budget and an increase in current biennium. They contracted with private pilots and those costs have gone up (dealing with coyotes). My level of comfort with the wildlife service is good. (23.10)

Currently Safe Send has their advisory group so they get good impute on their locations but to add additonal locations they have to contract with the organization that picks up plus contact DOT to pick out the site. There will be additional costs with more locations and additional product to pick up. That other issue, the best thing to do is amend the amendment to add \$30,000 bill for Johne's disease.

Senator Bowman moved the Johne's amendment. Seconded by Senator Krauter.

Chairman Holmberg: We are amending the amendment.

Voice vote on Johne's amendment. Passed

Voice vote on whole amendment. Passed

SENATOR KRAUTER MOVED A DO PASS AS AMENDED. SECONDED BY VICE-CHAIRMAN BOWMAN. A ROLL CALL VOTE WAS TAKEN RESULTING IN 14 YEAS, 0 NAYS, 0 ABSENT. VICE-CHAIRMAN BOWMAN WILL CARRY THE BILL.

The hearing was closed on HB 1009.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1009

Page 1, line 3, replace "section" with "sections 4-01-19 and" and after "to" insert "marketing program revenue and"

Page 1, line 4, remove "and" and after "study" insert "; and to declare an emergency"

Page 1, line 13, replace "1,145,262" with "1,649,478" and replace "8,130,102" with "8,634,318"

Page 1, line 14, replace "1,065,577" with "1,302,999" and replace "5,779,960" with "6,017,382"

Page 1, line 17, replace "78,623" with "253,623" and replace "2,378,325" with "2,553,325"

Page 1, line 20, replace "3,293,462" with "4,210,100" and replace "20,380,612" with "21,297,250"

Page 1, line 21, replace "2,141,162" with "2,620,208" and replace "13,529,488" with "14,008,534"

Page 1, line 22, replace "1,152,300" with "1,589,892" and replace "6,851,124" with "7,288,716"

Page 1, line 23, replace "2.00" with "5.00" and replace "69.50" with "72.50"

Page 2, line 3, replace "\$3,529,556" with "\$3,578,548"

Page 2, line 12, replace "\$768,800" with "\$968,800"

Page 3, line 5, replace "agriculture commissioner" with "state board of animal health" and replace ", within the commissioner's 2009-11 biennium appropriation" with "increase the number of"

Page 3, remove line 6

Page 3, line 8, replace "commissioner" with "board"

Page 3, after line 9, insert:

"SECTION 8. OFFICE SPACE LEASE FUNDING. The operating expenses line item of section 1 of this Act includes the sum of \$120,000 from the general fund which the agriculture commissioner may use to lease additional office space for department purposes.

SECTION 9. PROJECT SAFE SEND - 2009 FLOOD PESTICIDE CLEANUP. The operating expenses line item of section 1 of this Act includes the sum of \$40,000 from the general fund which the agriculture commissioner shall use for the collection of damaged pesticides resulting from 2009 flooding under the project safe send program for the period beginning with the effective date of this Act and ending June 30, 2011.

SECTION 10. AMENDMENT. Section 4-01-19 of the North Dakota Century Code is amended and reenacted as follows:

4-01-19. Marketing bureau. The agriculture commissioner shall establish and maintain a marketing bureau for the purpose of gathering and disseminating statistical information on agricultural marketing problems of the state and engaging in marketing services of agricultural products. Any moneys received or generated by the pride of Dakota program must be deposited in the general agriculture department operating fund in the state treasury."

Page 3, after line 15, insert:

"SECTION 12. EMERGENCY. The sum of \$40,000 for project safe send included in the operating expenses line item of section 1 of this Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98010.0203 FN 2

A copy of the statement of purpose of amendment is attached.

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1009 - Department of Agriculture - Senate Action**

	Executive Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$8,586,426	\$8,130,102	\$504,216	\$8,634,318
Operating expenses	5,844,960	5,779,960	237,422	6,017,382
Capital assets	5,000	5,000		5,000
Grants	2,869,825	2,969,825		2,969,825
Board of Animal Health	2,378,325	2,378,325	175,000	2,553,325
Wildlife Services	1,067,400	1,067,400		1,067,400
Crop Harmonization Board	50,000	50,000		50,000
Total all funds	\$20,801,936	\$20,380,612	\$916,638	\$21,297,250
Less estimated income	13,867,630	13,529,488	479,046	14,008,534
General fund	\$6,934,306	\$6,851,124	\$437,592	\$7,288,716
FTE	70.50	69.50	3.00	72.50

Department No. 602 - Department of Agriculture - Detail of Senate Changes

	Restores Funding for Anticipated Salary Savings¹	Restores Salary Equity Funding²	Restores New FTE Position³	Adds Meat Inspector Position⁴	Adds Field Inspector Position⁵	Restores Funding for Office Space Lease⁶
Salaries and wages	\$196,602	\$180,901	\$78,821	\$47,892		
Operating expenses				28,500		120,000
Capital assets						
Grants						
Board of Animal Health					175,000	
Wildlife Services						
Crop Harmonization Board						
Total all funds	\$196,602	\$180,901	\$78,821	\$76,392	\$175,000	\$120,000
Less estimated income	99,074	94,068	0	36,982	0	0
General fund	\$97,528	\$86,833	\$78,821	\$39,410	\$175,000	\$120,000
FTE	0.00	0.00	1.00	1.00	1.00	0.00

	Adds Funding for Project Safe Send⁷	Adds Funding for Weed Free Certification⁸	Restores Funding Source for Board of Animal Health⁹	Total Senate Changes
Salaries and wages				\$504,216
Operating expenses	40,000	48,922		237,422
Capital assets				
Grants				
Board of Animal Health				175,000
Wildlife Services				
Crop Harmonization Board				
Total all funds	\$40,000	\$48,922	\$0	\$916,638
Less estimated income	0	48,922	200,000	479,046
General fund	\$40,000	\$0	(\$200,000)	\$437,592
FTE	0.00	0.00	0.00	3.00

¹ This amendment restores funding for salaries and wages removed by the House to recognize anticipated savings from vacant positions and employee turnover.

² This amendment restores salary equity funding removed by the House.

³ Funding removed by the House from the general fund for a new FTE meat inspector position is restored.

⁴ This amendment provides funding from the general fund (\$39,410) and from federal funds (\$36,982) for a new FTE meat inspector position (\$47,892) and related operating expenses (\$28,500) beginning July 1, 2010.

⁵ This amendment provides a general fund appropriation of \$175,000 for a new FTE field inspector position (\$116,400) and related operating expenses (\$58,600) for the State Board of Animal Health.

⁶ Funding from the general fund removed by the House for the leasing of additional office space is restored. A section is also added to provide the Agriculture Commissioner with the discretion to use the funding to lease additional office space for department purposes.

⁷ This amendment adds \$40,000 of funding from the general fund for Project Safe Send to assist in flood-related pesticide cleanup activities.

⁸ Operating expenses are increased by \$48,922 from the environment and rangeland protection fund for costs associated with the weed seed free certification program under 2009 House Bill No. 1270.

⁹ This amendment restores the funding sources for the State Board of Animal Health that were changed by the House. Funding from the game and fish fund is increased by \$200,000 and funding from the general fund is reduced by \$200,000.

This amendment also:

- Amends North Dakota Century Code Section 4-01-19 to provide that funding received from Pride of Dakota activities be deposited in the Agriculture Department operating fund rather than the general fund.
- Adds an emergency section for funds designated to be used for Project Safe Send flood activities.

Date: 4/9/09
Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1009

Senate Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number Amend. 0203 John's

Action Taken ☐ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By Bowman Seconded By Krauter

Representatives	Yes	No	Representatives	Yes	No
Senator Wardner			Senator Robinson		
Senator Fischer			Senator Lindaas		
V. Chair Bowman			Senator Warner		
Senator Krebsbach			Senator Krauter		
Senator Christmann			Senator Seymour		
Chairman Holmberg			Senator Mathern		
Senator Kilzer					
V. Chair Grindberg					

Total Yes voice yes No

Absent

Floor Assignment

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

Date: 4/09/09
Roll Call Vote #: 2

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1009

Senate Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number Amend with

Action Taken ☐ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By Bowman Seconded By Krauter

Representatives	Yes	No	Representatives	Yes	No
Senator Wardner			Senator Robinson		
Senator Fischer			Senator Lindaas		
V. Chair Bowman			Senator Warner		
Senator Krebsbach			Senator Krauter		
Senator Christmann			Senator Seymour		
Chairman Holmberg			Senator Mathern		
Senator Kilzer					
V. Chair Grindberg					

Total Yes Voice yes No

Absent

Floor Assignment

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

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1009

Page 1, line 3, replace "section" with "sections 4-01-19 and" and after "to" insert "marketing program revenue and"

Page 1, line 4, remove "and" and after "study" insert "; and to declare an emergency"

Page 1, line 13, replace "1,145,262" with "1,649,478" and replace "8,130,102" with "8,634,318"

Page 1, line 14, replace "1,065,577" with "1,302,999" and replace "5,779,960" with "6,017,382"

Page 1, line 17, replace "78,623" with "283,623" and replace "2,378,325" with "2,583,325"

Page 1, line 20, replace "3,293,462" with "4,240,100" and replace "20,380,612" with "21,327,250"

Page 1, line 21, replace "2,141,162" with "2,620,208" and replace "13,529,488" with "14,008,534"

Page 1, line 22, replace "1,152,300" with "1,619,892" and replace "6,851,124" with "7,318,716"

Page 1, line 23, replace "2.00" with "5.00" and replace "69.50" with "72.50"

Page 2, line 3, replace "\$3,529,556" with "\$3,578,548"

Page 2, line 12, replace "\$768,800" with "\$968,800"

Page 3, line 5, replace "agriculture commissioner" with "state board of animal health" and replace ", within the commissioner's 2009-11 biennium appropriation" with "increase the number of"

Page 3, remove line 6

Page 3, line 8, replace "commissioner" with "board"

Page 3, after line 9, insert:

"SECTION 8. OFFICE SPACE LEASE FUNDING. The operating expenses line item of section 1 of this Act includes the sum of \$120,000 from the general fund which the agriculture commissioner may use to lease additional office space for department purposes.

SECTION 9. PROJECT SAFE SEND - 2009 FLOOD PESTICIDE CLEANUP. The operating expenses line item of section 1 of this Act includes the sum of \$40,000 from the general fund which the agriculture commissioner shall use for the collection of damaged pesticides resulting from 2009 flooding under the project safe send program for the period beginning with the effective date of this Act and ending June 30, 2011.

SECTION 10. AMENDMENT. Section 4-01-19 of the North Dakota Century Code is amended and reenacted as follows:

4-01-19. Marketing bureau. The agriculture commissioner shall establish and maintain a marketing bureau for the purpose of gathering and disseminating statistical information on agricultural marketing problems of the state and engaging in marketing services of agricultural products. Any moneys received or generated by the pride of Dakota program must be deposited in the general agriculture department operating fund in the state treasury."

Page 3, after line 15, insert:

"SECTION 12. EMERGENCY. The sum of \$40,000 for project safe send included in the operating expenses line item of section 1 of this Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98010.0204 FN 3

A copy of the statement of purpose of amendment is attached.

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1009 - Department of Agriculture - Senate Action**

	Executive Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$8,586,426	\$8,130,102	\$504,216	\$8,634,318
Operating expenses	5,844,960	5,779,960	237,422	6,017,382
Capital assets	5,000	5,000		5,000
Grants	2,869,825	2,969,825		2,969,825
Board of Animal Health	2,378,325	2,378,325	205,000	2,583,325
Wildlife Services	1,067,400	1,067,400		1,067,400
Crop Harmonization Board	50,000	50,000		50,000
Total all funds	\$20,801,936	\$20,380,612	\$946,638	\$21,327,250
Less estimated income	13,867,630	13,529,488	479,046	14,008,534
General fund	\$6,934,306	\$6,851,124	\$467,592	\$7,318,716
FTE	70.50	69.50	3.00	72.50

Department No. 602 - Department of Agriculture - Detail of Senate Changes

	Restores Funding for Anticipated Salary Savings ¹	Restores Salary Equity Funding ²	Restores New FTE Position ³	Adds Meat Inspector Position ⁴	Adds Field Inspector Position ⁵	Restores Funding for Office Space Lease ⁶
Salaries and wages	\$196,602	\$180,901	\$78,821	\$47,892		120,000
Operating expenses				28,500		
Capital assets						
Grants						
Board of Animal Health					175,000	
Wildlife Services						
Crop Harmonization Board						
Total all funds	\$196,602	\$180,901	\$78,821	\$76,392	\$175,000	\$120,000
Less estimated income	99,074	94,068	0	36,982	0	0
General fund	\$97,528	\$86,833	\$78,821	\$39,410	\$175,000	\$120,000
FTE	0.00	0.00	1.00	1.00	1.00	0.00

	Adds Funding for Project Safe Send ⁷	Adds Funding for Weed Free Certification ⁸	Restores Funding Source for Board of Animal Health ⁹	Adds Funding for Johnes Disease Control ¹⁰	Total Senate Changes
Salaries and wages		48,922			\$504,216
Operating expenses	40,000				237,422
Capital assets					
Grants					
Board of Animal Health				30,000	205,000
Wildlife Services					
Crop Harmonization Board					
Total all funds	\$40,000	\$48,922	\$0	\$30,000	\$946,638
Less estimated income	0	48,922	200,000	0	479,046
General fund	\$40,000	\$0	(\$200,000)	\$30,000	\$467,592
FTE	0.00	0.00	0.00	0.00	3.00

¹ This amendment restores funding for salaries and wages removed by the House to recognize anticipated savings from vacant positions and employee turnover.

This amendment restores salary equity funding removed by the House.

³ Funding removed by the House from the general fund for a new FTE meat inspector position is restored.

⁴ This amendment provides funding from the general fund (\$39,410) and from federal funds (\$36,982) for a new FTE meat inspector position (\$47,892) and related operating expenses (\$28,500) beginning July 1, 2010.

⁵ This amendment provides a general fund appropriation of \$175,000 for a new FTE field inspector position (\$116,400) and related operating expenses (\$58,600) for the State Board of Animal Health.

⁶ Funding from the general fund removed by the House for the leasing of additional office space is restored. A section is also added to provide the Agriculture Commissioner with the discretion to use the funding to lease additional office space for department purposes.

⁷ This amendment adds \$40,000 of funding from the general fund for Project Safe Send to assist in flood-related pesticide cleanup activities.

⁸ Operating expenses are increased by \$48,922 from the environment and rangeland protection fund for costs associated with the weed seed free certification program under 2009 House Bill No. 1270.

⁹ This amendment restores the funding sources for the State Board of Animal Health that were changed by the House. Funding from the game and fish fund is increased by \$200,000 and funding from the general fund is reduced by \$200,000.

¹⁰ This amendment provides a general fund appropriation of \$30,000 to the State Board of Animal Health to defray expenses associated with the control of Johnes disease (*Mycobacterium avium* ss. *paratuberculosis*).

This amendment also:

- Amends North Dakota Century Code Section 4-01-19 to provide that funding received from Pride of Dakota activities be deposited in the Agriculture Department operating fund rather than the general fund.
- Adds an emergency section for funds designated to be used for Project Safe Send flood activities.

Date: 4/9/09
Roll Call Vote #: 3

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1009

Senate _____ Committee _____

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ☒ Do Pass ☐ Do Not Pass ☒ Amended

Motion Made By Krauter Seconded By Bowman

Representatives	Yes	No	Representatives	Yes	No
Senator Wardner	✓		Senator Robinson	✓	
Senator Fischer	✓		Senator Lindaas	✓	
V. Chair Bowman	✓		Senator Warner	✓	
Senator Krebsbach	✓		Senator Krauter	✓	
Senator Christmann	✓		Senator Seymour	✓	
Chairman Holmberg	✓		Senator Mathern	✓	
Senator Kilzer	✓				
V. Chair Grindberg	✓				

Total Yes 14 No 0

Absent 0

Floor Assignment Bowman

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

REPORT OF STANDING COMMITTEE

HB 1009, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1009 was placed on the Sixth order on the calendar.

Page 1, line 3, replace "section" with "sections 4-01-19 and" and after "to" insert "marketing program revenue and"

Page 1, line 4, remove "and" and after "study" insert "; and to declare an emergency"

Page 1, line 13, replace "1,145,262" with "1,649,478" and replace "8,130,102" with "8,634,318"

Page 1, line 14, replace "1,065,577" with "1,302,999" and replace "5,779,960" with "6,017,382"

Page 1, line 17, replace "78,623" with "283,623" and replace "2,378,325" with "2,583,325"

Page 1, line 20, replace "3,293,462" with "4,240,100" and replace "20,380,612" with "21,327,250"

Page 1, line 21, replace "2,141,162" with "2,620,208" and replace "13,529,488" with "14,008,534"

Page 1, line 22, replace "1,152,300" with "1,619,892" and replace "6,851,124" with "7,318,716"

Page 1, line 23, replace "2.00" with "5.00" and replace "69.50" with "72.50"

Page 2, line 3, replace "\$3,529,556" with "\$3,578,548"

Page 2, line 12, replace "\$768,800" with "\$968,800"

Page 3, line 5, replace "agriculture commissioner" with "state board of animal health" and replace ", within the commissioner's 2009-11 biennium appropriation" with "increase the number of"

Page 3, remove line 6

Page 3, line 8, replace "commissioner" with "board"

Page 3, after line 9, insert:

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Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98010.0204 FN 3

A copy of the statement of purpose of amendment is on file in the Legislative Council Office.

2009 HOUSE APPROPRIATIONS

CONFERENCE COMMITTEE

HB 1009

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1009

House Appropriations Committee
Education and Environment Division

☒ Check here for Conference Committee

Hearing Date: April 17, 2009

Recorder Job Number: 11927

Committee Clerk Signature

Shirley Branning

Minutes:

Rep. Klein, Chairman of the Conference Committee, called the Conference Committee to order and asked for a call of the Roll. Sen. Holmberg was present as a substitute for Sen. Bowman. Other members included Senator Fischer, Senator Krauter, Rep. Klein, Rep. Martinson, and Rep. Onstad.

Some things have happened since the House forwarded the bill to you. One is from Senator Olafson was involved in getting additional help on cattle, and so forth, crossing the border and bringing disease in. The other one is now with the new ruling on environmental pesticide. Is that what the Senate addressed?

Senator Krauter: Began by explaining the **Amendment 98010.0204**, see Attachment 1. Adding back in the office lease funding of \$120,000 for a better work place, Section # 8. Section 9, we added \$40,000 for project Safe Send, relating to pesticides. Continues to explain the need for the program. Increasing from 12 to 16 sites because of the flooding that has occurred this spring. Concerns are for urban areas where a lot more chemicals will have to be disposed of.

Rep. Klein: This is in addition to the normal Safe Send program they have due to flooding?

Senator Krauter: This is an addition of 4 sites at the cost of \$40,000. The advisory group and they came up with 12 sites across North Dakota

Rep. Klein: So their normal Safe Send program would still be continuing.

Senator Krauter: This would be in addition. Currently what their plan is for 2009 is for 12 sites. Two proposals were requested and we went along with the second one. He read names of the advisory group. Adding \$40,000 for a collection of about \$.87 per pound.

Section 10, membership fees for Pride of Dakota, it would stay right in the Ag Department's account.

Rep. Klein: We approved that at our committee meeting.

Rep. Martinson: We didn't have the appropriate language.

Senator Krauter: Continuing and moving to Statement of Purpose: The Meat Inspector has been added back in, one FTE. There is growth in the number of facilities that need to be inspected. In 2008 Farm Bill a section was added that clarified that interstate inspected meat can take place.

Rep. Klein: Had all those rules been implemented when we heard the bill? They are finally at the point of getting to that.

Senator Krauter: There didn't have to be any rules. This is the actual legislation that clarified it so inspected meat could cross state lines.

Rep. Klein: Additional training was required for the meat inspectors in order to qualify for that.

Senator Krauter: I don't think so, because our inspectors meet or surpass the requirements for federal guidelines.

, **Rep. Onstad:** The Federal and State meat inspectors all go through the same if not more training, so state inspectors would be recognized. The new farm bill corrected that.

Senator Krauter: That program is just one of those economic engines that needs to be sustained. The effective date is critical so that person can come on board by July 1 of the following year. Those processors across the state are going to start to gear up and be ready by July 1.

Adding a field inspector for the Board of Animal Health to monitor control, enforce, enact of all the movement of livestock in the state. Board of animal health is already working with the highway patrol, etc to determine what type of tickets needs to be in place. Northern North Dakota has movement with issues of TB and we felt this needs to be in there.

Rep. Klein: Saw the importance of that too. We tried to come up with a system of how to approach it.

Senator Krauter: Items on P. 26: #s 7 and 8 have to do with moving to another site, funding for Weed Seed Free Certification which is HB 1270, so that the funding is their money that comes from the EARP fund.

Rep. Klein: Returning to discuss HB 1270, this would put the funds in place.

Senator Krauter: Funding comes out of EARP fund. Continuing with # 9 restores the funding for the Board of Animal Health. We reversed that and put it back to the way the Governor had it. It reduces the general fund by \$200,000; some funding comes out of Game and Fish. This is related to nontraditional livestock.

Number 10 relates to costs associated with Johnes disease, the House took out operating expense. Senate returned \$30,000 for the office expenses.

Rep. Klein: This is in addition to what was in the bill.

Senator Krauter: No, the original bill was \$275,000 and the House reduced it by \$30,000, taking out the operating expense and taking it down to \$245,000. The Senate put back in \$30,000 to restore the full amount.

Rep. Onstad: Safe send is coming out of general fund; it usually comes out of registration fees.

Rep. Klein: It came out of EARP fund.

Senator Krauter: That is not a problem with the Senate.

Rep. Martinson: Some thoughts to propose for your discussion, Doug (new Ag Commissioner) should keep people he has there and he also needs someone, temporary full time during the transition period, 18 months. It will make people up there more comfortable that nothing is going to happen immediately.

Second, I would like to allow him flexibility between line items giving him to determine what impact he would like to have on the office. Third, is to allow him flexibility to transfer funding in line items on programs that he might like to move around a little bit.

Senator Holmberg: Addressing Brady, Those line items can be moved by appeal. How much flexibility does the Emergency Commission allow under current law?

Brady Larson, Legislative Council Representative: Currently the Agriculture commissioner needs to go to Emergency Commission and budget section to change a line item funding amounts; however, he can move funding and this proposed change would allow greater flexibility. It would not require the Commissioner to go through the Emergency Commission.

Senator Krauter: In the OMB budget our intention in the Senate is to add \$250,000 from the Permanent Oil Trust Fund to match the \$750,000 that the Governor has received from USDA

in relation to Section 32, dollars they found for livestock assistance and that is being directed through the Department of Agriculture at a total \$1M

Rep. Klein: Seriously looking at the \$50 that goes to Pesticide registration that is put into the general fund, the \$350 that each agent charges. I think we should take that back and put it into the EARP fund where it was intended to go. No one seems to know why it got changed.

Senator Krauter: Asking Office of Management and Budget and Legislative Council to provide information on the EARP funds.

Rep. Klein: Technically should go in there. Asking Larson to give the committee what that amount would be and history on why that got changed.

Rep. Onstad: Addressing Sen. Krauter to review # 9 again.

Senator Krauter: The Board of Animal Health has their funding and there are dollars that went into that funding that went into the Game and Fish fund. The House said it would be left to be funded out of the General fund. The Senate felt that we need to leave as we have historically been doing it because of the nontraditional livestock, elk, moose, etc.

Rep. Klein: Reason for change is the growers of nontraditional things; it is not responsibility of Game and Fish.

Rep. Onstad: Moving the Ag Department and comparing prices, to move is kind of a wash.

Senator Krauter: Our discussion was based on cramped quarters; bottom line is to be more efficient. Facility Management had figures to move it off campus. We've got to get things going.

Rep. Onstad: The numbers provided to us showed it to be a wash.

Rep. Klein: We had concerns about moving elected official out of the Capitol. If he could move some sections out.....

Requesting Larson to look at the EARP fund and make an amendment to take the \$50 from the general fund back into the EARP fund.

Senator Krauter: Getting the \$40,000 funding for Safe Send out of Pesticide registration versus General Fund, makesthat is where it is funded currently.

Rep. Klein: General fund or EARP doesn't make any difference. I think EARP has usually been tapped.

Meeting adjourned.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1009

House Appropriations Committee
Education and Environment Division

☒ Check here for Conference Committee

Hearing Date: April 24, 2009

Recorder Job Number: 12190

Committee Clerk Signature

Shirley Branning

Minutes: (23:26)

Rep. Klein, Chairman of the Conference Committee, called the Committee to order and asked for a call of the Roll. Members included Senator Bowman, Senator Tom Fischer, Senator Krauter, Rep. Martinson, and Rep. Onstad.

Calling on Brady Larson, Legislative Council Representative, You have an update on the Environment and Rangeland Protection (EARP) Fund.

Larson: Began by giving explanation of attachment # 1, regarding the EARP fund for the 2007-09 and 2009-11 bienniums through April 17, 2009.

Senator Krauter: When did they go to \$350?

Larson: It went to \$350.00 during the '99-2000 biennium. On this analysis, under Footnote # 1, it does provide an history of the different increases.

Rep. Klein: I made a list, and would like to discuss each item and then prepare one amendment from that.

Item # 1, it takes the total pesticide registration and moves it to the EARP fund which is the other \$50 that had gone to the General Fund. Calling for discussion.

Senator Bowman: Dollars generated from that fund?

Larson: Approximately \$550,000 that would be deposited in the EARP fund rather than in general fund.

Senator Krauter: Hold off until we hear the other items in these EARP funds so we know where the rest of the money is going.

Rep. Klein: Item # 2 is to allow some flexibility to move dollars between line items and Rep. Martinson had brought that up. What kind of language do we need, Brady?

Larson: Is it all line items or specific that would be transferred?

Rep. Martinson: All the line items.

Senator Krauter: That causes concerns because we have taken the board of animal health and provided funding for them for those issues and they are there for a reason. The same thing for Wild Life Services, Crop Harmonization. The Department currently has this flexibility and that is good checks and balances. If they want to move something they go to the Emergency Commission of the budget section and if they are legitimate we approve it.

Rep. Martinson: I talked to Commissioner Goehring, to make his job easier, to be more flexible during the transition. I don't have a problem with that, a \$65,000 annualized salary.

Rep. Onstad: Just allowable for this one biennium than end it at that point.

Other thing, other agencies would want to have that flexibility.

Rep. Martinson: One political party replaces another in the middle of a legislative session. Just trying to make the transition easier. This did not come from the Commissioner, it would give him an opportunity to get his feet on the ground.

Rep. Klein: Keep Board of Animal Health away from it, there would be no objection.

Senator Bowman: The Board of Animal Health, it is really important to hold that so it doesn't get away because we have some serious issues out there with the possible TB. That could be

one of the most expensive things that has ever happened in this state. I would support taking that off of the budget completely and not mess with that at all.

Rep. Klein: Any other items to take off the table.

Senator Krauter: I think it is good checks and balances and I see where Rep. Martinson is coming from. Someone coming new into the job and hasn't had a chance to write that budget but the reality is if there legitimate issues they just come before the Emergency Commission Budget Section and can you name a time when we haven't approved them, versus something happening where we have no idea what is going on. We may have to move some dollars out of the Crop Harmonization Program or maybe some grants. The grants line item in relation to what we have passed here, as in regards to the organic program. The system is out there and it works good.

Rep. Martinson: Take that off and let's get on to the next one.

Rep. Klein: So that would leave Salary and operating expenses, he can move that around.

Rep. Martinson: I'll just drop that whole topic. It is my idea if there is an interest in it, that's fine.

Rep. Klein: There was no objection to doing it between salaries and wages and operating expenses, there was no objection to that, was there?

Senator Krauter: In reality, there's salary and wages, you are not going to change that because the FTEs are set.

Rep. Klein: Addressing **Brady Larson, Legislative Council Representative**, Does he have the authority to do that between those two line items?

Larson: He does not have authority for any transfer to move between line items.

Rep. Martinson: Let it be known it be known that we gave in to the Senators on the first issue and we have one coming. It is the old House ploy.

Laughter

Rep. Klein: Item # 3, I propose reducing the salary and operating cost for the FTE Field Inspector position from \$175,000 to \$140,000. My discussions with them, you bring a new person on board and by the time you get his job description and several other slots that we have graded were well below that. He doesn't need a PHD to know what a health certificate looks like.

Senator Bowman: This person will be the coordinator to work with Wild Life Services, Stockmen's' Association, the rodeos with all movement of livestock. So everyone is on page as to what we are trying to do. The ultimate goal is to protect our herd of cattle. It is an awfully important job to coordinate this. All entities will check to see that the health certificate is with the cattle. The severity of TB is expensive.

Rep. Klein: I fully agree and we had some earlier meetings with the entities and we all agree. To start with \$140,000 is a fair salary.

Senator Bowman: \$155,000, split it in the middle.

Rep. Onstad: That would be the same salary, \$116,000 and the additional would be operating.

Senator Bowman: You need flexibility to get a good person, you don't know what the market is. You need to hire someone who is worth their salary.

Rep. Klein: This is an important position, the level, etc is another problem.

Senator Krauter: I agree with Senator Bowman, to look at what was proposed by the Board of Animal Health, this line item grant, the \$116,000 salary and operating, travel and a mileage line that was backed out of there. This would work.

Motion to reduce to \$155,000.

Senator Bowman: Second

Voice Vote: Carried on the Amendment.

Rep. Klein: Item # 4 is adding the FTE on the Pesticide Inspector position. One Item # 3, I'll back off on that because the media said they would provide the plastic bags, call this number and when we pick up in July it will take care of it. After talking to the people in the Department, this is a complete pickup. After talking to Senator Bowman we'll concede another one to the Senate.

Back to # 4 the pesticide inspector, to be funded by the Earp FUND AT \$140,000.

Rep. Onstad: Not an original request in the original budget.

Rep. Klein: No, it was not it came out of the Ag people. One individual left the department that used to be funded by federal system. The federal system went flat and they are not funding that any more. This is a #1 priority because of all of the flooding and runoff. EARP will fund at \$140,000.

Senator Bowman: That person who will work under him will be an assistant and is very well trained in the field of government and labeling. We need that person to work at the national level as much as we possibly can because he is trying to protect North Dakota's interests .

Rep. Klein: We had three options: we either buy the whole program, we let the Feds do the whole thing or we go the middle system where we have a seat at the table.

I understand the middle system where we funded the 1 ½ FTEs is working well, but the program keeps growing, actually the Ag people wanted 2, so this is a compromise.

Senator Krauter: In pesticide enforcement we have 8, already, this will add one more. So we'll have two positions to fill.

Rep. Martinson: He just wants to fund it from.....Not add one new....

Rep. Klein: That individual left to go to the oil field, the former funding was partly from the Fed and partly from the State. The Feds do not fund it anymore, it will be fully state funded. No new FTE.

Rep. Martinson: Motion to accept.

Senator Krauter: Second

Voice vote carried.

Larson: Just for clarification, that was \$140,000. And was that all for salaries and wages or was part of that for operating expenses?

Rep. Onstad: That was my question, if the position is already there, it looks like it the operation money should be there

Senator Bowman: This issue reflects back to flexibility in budgeting.

Sandy Deis, OMB Analyst: Is this just a funding source change?

Rep. Klein: Just a funding source change

Deis: Won't change appropriation just funding source?

Rep. Klein: I understand it wasn't all federal. A portion of it was Federal.

Coming back to Rep. Martinson's idea of flexibility....

I want to add \$50,000 in General Funds for advertising in support of the wine industry. What happened in the wine bill, they've created a board and NDSU was to take over but they do not want to advertise and should come under the Ag Commissioner.

Rep. Martinson: So Move

Rep. Klein: Second.

Senator Bowman: This is a relatively new industry in North Dakota but none of use knows how successful it is gonna be. Is it appropriate to guess and throw money into something until we see how they do? Are they organized enough to go into this?

Rep. Martinson: This does not go to the wine people but to the Department of Ag people to market for the purposes of them marketing and promoting .

Rep. Klein: Pride of Dakota promotes this. There are over nine wineries in the state. When we started this in '97,they paid over \$500,000 in taxes. They need support in advertising and research to make moves in the direction of tourism.

Rep. Martinson: Would you be amenable to \$50,000 appropriated to Pride of Dakota to market and advertise the wine industry?

Rep. Klein: Doesn't matter how they use it for promotion.

Senator Krauter: This is a nontraditional crop in North Dakota, we can go to APUC...

Rep. Klein: When they started they did go to APUC but that is just a one time.

Rep. Onstad: Did it originate from Senate or House?

Rep. Klein: Senate

Rep. Onstad: Look at original and read what the point was in that bill. There must have been purpose and intent.

Rep. Klein: This coordinates with what the Conference Committee has approved between the Senate and the House, setting up their system. There is a drop dead date that Rep. Delzer is insisted on and a reporting date to the budget section on this.

Rep. Onstad: Not everyone was on that Conference Committee and knows what was decided on that. A lot of entities have gone to APUC got started and now need more funding so APUC must have turned them down at one point. What kind of participation is actually done by the wineries into this...More clarification, that's all.

Rep. Klein: So you want to hold up on this until you look at SB 2373 or whatever that number is.

Rep. Onstad: I think it would be wise and then at the end, I agree with Rep. Martinson and put it in the project quota. We have to clarify that.

Senator Bowman: Understand language so we all have an understanding when we vote if that could be done before the next Conference Committee.

Rep. Klein: The Conference Committee agreed, Because NDSU did not want to get into the marketing and promotion part of it to do it in the Ag Department. Go ahead with it, or what are your thoughts?

Senator Bowman: I'd rather spend it on # 6, that is a big deal.

Vote Taken: Yes 3 No 3 Absent 0 Motion failed.

Rep. Martinson: I don't think that is a dead issue, let's get the information that Rep. Onstad wanted and....

Rep. Klein: I'll get copies of the bill and we'll go from there.

The next one, the House had removed some money from the Animal Health for John's disease. The question was, the Senate put it back in. Senator Bowman, would you address why?

Bowman: It is one of those problems with livestock that you want to nip as soon as you can. It can become very expensive for the livestock industry. The Senate felt that it is not a very big investment but if it helps and we can catch some of these cattle before they get to be too bad it is worth the investment.

Rep. Klein: There's \$287,000 in there right now.

Senator Krauter: It's \$275,000 in there and it is Federal money and it has not been coming through. The House said, if you are administering the program right now, you can continue to administer without the money. For operating there has to be money. This is serious; don't let these types of issues get away on you. That is why we put it back in.

Rep. Onstad: The one thing about John's it is important to stay on top. You can test it once and show no test, it is ongoing testing program and might show up two years from now. I'm in favor of staying on top, it is a tough disease to eradicate, and tough disease to detect.

Rep. Klein: Testing had to be done because 2 cases have been found..

Rep. Onstad: That was TB testing, this is different.

Senator Bowman: In favor, I'd move the motion to leave it in there.

Rep. Klein: **Rep. Klein:** The need for the additional \$130,000 to establish a temporary FTE for 18 months during the transition period.

Rep. Martinson: I would move to add \$130,000 to the budget to fund a full time temporary position with benefits for 18 months for the transition position. That would be an equivalent salary of about \$65,000 a year.

Rep. Onstad: The individual who considered for the position had no problem and said it made no difference to him. No big deal. He is really close to the rule of 85 and maybe has other avenues in the works.

The other concern is he does have someone in mind to fill that position. To fund for 18 months, and then you're asking someone who has been there for 20 years and you are supposed to be the second in command, I would feel uneasy to do that. After 2 months transition should be over the transition should be over with. I see it being problematic in how it plays out, in actuality it could be a problem.

Rep. Klein: This would not be replacing anyone; it would be an additional position.

Rep. Martinson: This is not about a specific person, who he would hire would carry on after 18 months because he would have a vacant position. It is to allow him a right hand person. Add an emergency clause to the motion so it could begin immediately.

Senator Krauter: Glad to see emergency clause. The Deputy Commissioner, to give him some level of comfort who has a wealth of knowledge. If he leaves on August 1 are we going to fill that position and have a temporary? We will add an FTE and have potentially 2 people there. If you do this you'll have a temporary person plus an FTE.

Rep. Martinson: You are talking about a specific person, I am not. Commissioner Goehring wants someone. I told him he ought to keep Jeff. It is not about a specific person, but someone he can get on immediately to help him with the transition. That person will stay longer than 18 months because there will be FTE openings, so that is why it is a temporary full time.

Senator Krauter: I don't understand the need for a transition, the Commissioner ran twice and is supposedly very knowledgeable. Explain to me why we need the transition when we

have a deputy position that could be changed. Some staff has been changed already. The mechanism is set up in place to do these things. I don't see the reason.

Rep. Klein: If individual leaves, there's too many what ifs.

Rep. Onstad: If we go down to Item # 8, the Meat Inspector. If it is gonna be a choice between #7 and # 8, I would just as soon push for 8 and then not the 7.

Senator Fischer: Second the motion made by Rep. Martinson.

Senator Bowman: I've had reservations ever since I've seen it. When you are the boss you need someone to coordinate, make sure that each Department that you have a total understanding of what you are trying to do. I can see why he needs someone to help coordinate, as of right now. Later the Deputy will take over those duties. I would want it to be temporary and not a permanent position.

Rep. Klein: That is what the motion is. Call the Roll.

Vote Taken Yes 4 No. 2 Absent 0. Motion Carried.

Rep. Klein: The Meat Inspector, item # 8. Lots of comments have come from some of your senators and people out in your country. I had them make a chart of the meat inspectors and the days in a week that they have to be there. The meat inspector has to be there when they are slaughtering or processing. Some of those smaller plants are processing one day a week. The Department discussion is that one would come on next year. A lot is anticipated on more plants coming on, which came up last session and a lot of those plants did not come on. I believe this position is not needed at this time,. If it should be, he could always come to the Emergency Commission and fill those positions.

Rep. Onstad: One of the things about the one day in the current processing plant in the state, because they only get one day they cannot expand because they only get one day.

I think it is needed because they will have to go to the Emergency Commission like they did last session.

Senator Bowman: We are in the process of putting together a meat industry that can be marketed all over. It all ties together with this with the research that has been put in place with NDSU. There specialists who have expertise on the tenderness, the flavor, cattle production; this requires that \$39,410 be funded, the rest is federally funded. It is funding for someone only as needed. I would like to see it left in there, and hire if needed.

Senator Krauter: We have done this in the past so that they are contingent upon Budget Section approval. This is written so that we can take effect and use the utilization of the 2008 Farm Bill. We can now sell these products across state lines. The information you distributed, we received in the Senate and that is why we added that one in the second year. You are not going to open the doors unless you have a meat inspector there. We are stifling business. It tells about the gentleman from Nevada who wants to build a plant in Pembina County. The information is there that warrants adding that person in the second biennium.

Rep. Klein: Adjourn because of time.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1009

House Appropriations Committee
Education and Environment Division

☒ Check here for Conference Committee

Hearing Date: April 25, 2009

Recorder Job Number: 12249

Committee Clerk Signature

Shirley Branning

Minutes:

Rep. Klein, Chairman of the Conference Committee, called the Committee to order and asked for a call of the Roll. Members included Senator Bowman, Senator Tom Fischer, Senator Krauter, Rep. Martinson, and Rep. Onstad.

He reviewed the attachment #1 provided by Legislative council.

I have additional information on Item # 3 that was already in the budget. The problem was that the federal EPA dollars dried up so it is going to cost us \$130,100 from the EARP fund. There is no change because it is other funds, so instead of EPA dollars, it will be EARP dollars so it will just slide in and fill that position. That was the individual who was the FTE for the transition period.

We left a few items on the table that we need to talk about. One was the \$50,000 for promotion advertising in support of the wine industry.

Reviewing the bill that was passed and approved, reading from the Engrossed Bill with changes made by the Senate.

Rep. Martinson: Move the \$50,000.

Senator Fischer: Second

Voice vote, (Unclear if the motion passed)

Senator Bowman: In regards to that last question about NDSU, and the wine industry. The last information that I received is they didn't want to be in the business of promoting the wine industry. The research is separate.

Rep. Martinson: Requests a roll call vote because there were some NO votes.

Roll Call Vote, Yes 3 No 3 Motion Fails.

Rep. Onstad: The other discussion is on that meat inspector. I don't know if we had a vote on that meat inspector. That is part of this entire package.

Senator Bowman: I would like to put language in the Bill that in the second half of the biennium if additional inspector is needed, the Ag Commissioner can go to the budget committee and ask for the money to fill that position. Half is federal money. That gives some flexibility and a lot will determine on the growth of the industry when the new law comes into effect at the federal level where we can market our meat outside of the state if it is state inspected. This could grow our beef industry, and I think that is a wonderful thing. If you are building a facility and you don't have an inspector available when you open the doors you are limited to only the local market which may not cash flow the business. Is that out of line to request such language in the bill that would allow the Ag Commissioner to come before the budget section and request that meat inspector in the second half of the biennium.

Senator Krauter: Second.

(No vote taken)

Rep. Klein: We will consider that. For now, the meeting is adjourned.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1009

House Appropriations Committee
Education and Environment Division

☒ Check here for Conference Committee

Hearing Date: April 27, 2009

Recorder Job Number: 12292

Committee Clerk Signature

Shirley Branning

Minutes:

Rep. Klein, Chairman of the Conference Committee, called the Committee to order and asked for a call of the Roll. Members included Senator Bowman, Senator Tom Fischer, Senator Krauter, Rep. Martinson, and Rep. Onstad.

We will take up on with what we have left on 1009.

Rep. Martinson: Move to add \$50,000 to the Pride of Dakota in support of the wine industry.

Rep. Onstad: Second

Senator Krauter: This is in addition to the \$312,000 already there?

Rep. Klein: To the money that was in the bill you passed this morning? This is in addition to that to do what NDSU doesn't want to get involved in.

Senator Krauter: When I read the bill it specifically outlines to provide producer education, marketing and promotion of the grape and wine industry. It is right in the Statute.

That must mean it is in addition to that so it is \$372,500.

Rep. Klein: That is the one you passed today, the one where you had to have a match. But it was also described that NDSU did not want to get into the advertising and promotion, this

would move it to the Ag Department. It is part of the Pride of Dakota program which the Ag Department agreed to.

Senator Krauter: Reading from the bill, it is pretty straight forward, it is a 4-1 match and it says the grape and wine committee shall advise the Ag Commissioner on the commissioner's efforts to provide producer education, marketing and promotion of the grape and wine industry. This is adding another \$50,000 to the Ag Commissioner's budget and currently the Ag Commissioner is gonna have another \$250,000 plus the 4-1 match is \$312,500, totaling \$362,500.

Rep. Klein: That will not go to the Ag Department, The board will decide on that.

Senator Krauter: For the record, the way I read it...

Rep. Klein: It goes to that Board.

Senator Krauter: For Granting purposes to the Ag Commissioner.

Rep. Onstad: Your amendment said that \$50,000 goes to Pride of Dakota for marketing. SB 2373 was \$250,000 total with 4-1 match. Our one is \$250,000. The other is contributions, gifts, I'm not sure where, the Senate, you're talking about the other \$312,000.

Senator Krauter: Reading from the bill, the \$250,000 to the Grape and Wine Program Committee for the purposes of research and marketing. The Committee is made up of a seven member committee that shall advise the Commissioner on the education, marketing and promotion. And provides \$250,000 to be matched 4-1 so that is a 20% match, at \$250,000 plus \$6250 which would be the 20% match equals \$312,500 so we are adding \$50,000.

Rep. Klein: We are adding \$50,000 to the Ag Commissioner's budget. Call the Roll.

Motion taken: Yes 5 No 1 Absent 0, Motion carried.

Brady Larson, Legislative Council Representative: What funding source did you want to.....?

Rep. Klein: General Fund. Continuing on, there was language to get Budget Section approval before spending the \$120,000 office space dollars. If anybody moves, where they move, I think the Legislature should have some say in the overall program because there is a space problem for everyone.

Senator Bowman: I want to be sure that it is understood that before any move is made that we have time to evaluate all the different entities up there so that he can make the decision to know which one he wants. I have no problem coming to the budget section after he has made the decision about moving to another site

Rep. Klein: I believe that is the objective.

Rep. Martinson: Move to move \$120,000 with budget section approval.

Rep. Onstad: To move one section, i.e. the lab, because of the interconnection it could be problematic to have different sites. I believe it should be all or none.

Senator Bowman: Before any decision would be made to move anyone, they are cramped upstairs. He has to have time to evaluate, coordinate to have the least hindrance. Time is the most important part in that.

He can go to the budget section but time is the most important part of that..

Rep. Martinson: Move that the Ag Commissioner have approval from the Budget Section before he makes a move.

Senator Bowman: Second.

Voice Vote Carried.

Rep. Klein: Item # 3, the meat inspection position, he can only be hired if the expansion of the industry requires it.

Senator Bowman: Just so it is clear that meat inspector, on our side, would be hired in the second half of the biennium if there is a need for that position to be filled. We don't want to leave a business waiting for a year for a meat inspector to come on line because we have a chance to expand the meat industry in the state. I would support this amendment.

Senator Krauter: I would move that we add the language "With Budget Section approval", like we've always done.

Senator Bowman: Second

Rep. Klein: Voice Vote Carried.

I had something in there adding language adding flexibility to move between salary and wages line item and expenses line item.

Senator Krauter: If we are going to do those things it should come to the Budget Section. That is the process that is currently in there. Leave as is to be consistent.

Rep. Klein: Are you saying we should add budget section approval?

Senator Krauter: What I am saying is, under current statute, if you want to move between line items you just go to the Emergency Commission and come to the Budget Section for approval. Let's be consistent with what we have done the last two sessions.

Rep. Klein: Just leave it? OK.

Last session we approved 1 ½ FTEs to look at this Environmental and Pesticide thing where it was leaching off into the rivers and the Feds were going to start this massive program and we had three options: we take over the program, fund it completely with 10 or 12 FTEs; we let the Feds take it over and dictate to us or we choose 3rd option, but we only funded the 1 ½

FTEs. So there is some money in the EARP fund if we would spend \$50,000 we could fully fund that ½ FTE we funded last time.

Senator Bowman: I thought we had already approved that. I thought that was on the list that we had already approved.

Rep. Onstad: We approved the Pesticide position. My understanding this position, last year we authorized 1½, and they took the other half of that and made it a full time and they're funded from General Funds and the person is ½ time GAS and ½ noxious weeds. This is not an additional ½ person, he's already up there, and it is just that the funding source would change from General Funds to EARP Funds for that ½ position.

Rep. Klein: That is correct.

Senator Krauter: When I look at the organizational chart, addressing **Ken Junkert, Department of Agriculture**, did one go from ½ time to full time and funded through the dollars as Rep. Onstad is saying?

Junkert: Last session we were provided 1.5 FTE to work with the Endangered Species program, that is an accurate statement. The position you are talking about is Jim Hanson under the Noxious Weed, Safe Seed and Water Bank program. Jim works half time on Endangered Species program and ½ time on noxious weeds program. We had a ½ time position that we combined the dollars which you gave us last session to make a fully funded FTE. The total funding source is from EARP funds, I believe as it is in the budget currently.

Senator Krauter: Where would the current ½ time FTE be?

Junkert: I don't believe I have an available ½, I don't believe.

Rep. Onstad: I misunderstood that. If those positions are currently being funded by EARP, then we really don't need this.

Junkert: That is my belief that that ½ time position, we break it down in our budget. I get money from the noxious weed program from EARP and I get money from EARP for the Endangered Species Program. So we took two of those half times and created a full time. The funding source for that is EARP Funds.

Rep. Onstad: With that explanation, that ½ on your line # 4 is not necessary to do that. We did put in the pesticide position last time.

Rep. Klein: You are basically saying, we don't need it.

Senator Bowman: What we are trying to do with this is that we have a full time employee to help Mr. Grey who works for the Federal level doing what he does. With his expertise we need to have him involved as much as we can. We are trying to find somebody who can do the duties under him to take off some of the burden and as long as we are all on the same page whenever we vote on this, that we include this person to be his # 2 man.

Senator Krauter: Just to make it clear, when I look at Jim Grey as the team leader in that whole area, Pesticide enforcement, endangered species, fertilizer registration I just want to make sure it is not a ½ time person, we've got them all funded and filled. I am satisfied with where we are at now.

Rep. Klein: You are satisfied we don't need him? As EPA expands will Jim Grey be able to cover all the bases as it moves along.

Senator Krauter: We don't need another FTE, we've got the bodies there.

Rep. Klein: Do we need an emergency Clause, discussion.

Rep. Martinson: We have added the emergency clause to the sections that need it.

Move to end this and not meet again. Laughter.

Rep. Klein: I would like to see all the amendments in place. I think the proper motion is the Senate Recede and further amend.

Brady Larson, Legislative Council Representative: The proper motion on this would be that the Senate Recede from their amendments and further amend the Engrossed Bill.

Outlines items yet to be discussed, i.e. salaries, FTE Meat Inspector position, appropriation for the Weed Free Seed Certification, funding source for the Board of Animal Health, and amend century code to change funding receipt from Pride of Dakota activities, and finally to state that the Board of Animal Health would have the authority for checking health certificates.

Rep. Martinson: If we didn't discuss them, there are no changes.

Rep. Klein: So you're saying we've got it covered.

Rep. Martinson: Well, ya. We didn't talk about those items because they were not a contentious issue.

Senator Krauter: We put them in and you didn't take them out.

Rep. Martinson: You probably want to keep them there or do you want us to talk about them.
Laughter. Didn't think so.

Senator Krauter: Make sure you are leaving the restoration of the meat inspector that we put in and adding the second one, the second year of the biennium with Budget Section approval and also the Field Inspector for the Board of Animal Health and the Weed Free Seed Certification. We've got \$30,000 for the John's disease. I want to make sure.

Sandy Deis, OMB Analyst: Have you voted on the change in the EARP funding that \$50? So there is one section #2 of HB 1009 that you have to increase. The auditors are very good at saying that if you didn't receive legislative approval and change that dollar amount. So it would have to increase in Section 2 from \$3.5M to \$4.1M.

Rep. Klein: Brady has that in his list of things.

Senator Krauter: Are you planning on concluding today.

Rep. Martinson: Give everyone the minutes and if they want to come back have another meeting.

Rep. Klein: Senate recede and further amend.

Senator Bowman: So Move.

Rep. Martinson: Second

Roll call Vote: Yes 5, No 1 Absent 0. Motion Carried. Carrier: Rep. Klein.

Meeting adjourned.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1009

House Appropriations Committee
Education and Environment Division

☒ Check here for Conference Committee

Hearing Date: April 29, 2009

Recorder Job Number: 12376

Committee Clerk Signature

Shirley Branning

Minutes:

Rep. Klein, Chairman of the Conference Committee, called the Committee to order and asked for a call of the Roll. Members included Senator Bowman, Senator Tom Fischer, Senator Krauter, Rep. Martinson, and Rep. Onstad.

Evidently we overlooked something and then the discussion got sidelined. I would accept a motion to

Rep. Martinson: I have a question before you do that, Kinda my idea was, when the Senators were saying they wanted to look at the amendments first, that I would reconsider if we made a mistake in the amendments.

Rep. Klein: Reading from the Conference Committee meeting minutes of April 27. Evidently it was a misunderstanding, a mistake. Let me go back to where it started.

Rep. Martinson: Why don't you just explain to us what happened?

Rep. Klein: We got hung up on the ½ FTE. We had funded last time 1 ½ FTE for this pesticide thing. I kept asking if we needed the other ½ time employee. In the process Senator Bowman did bring out in his testimony, he said what we are trying to do with this is that we have a full time employee to help Mr. Gray who works with the Federal level doing what he does. With his expertise we need to keep him involved as much as we can. We need

someone to take some of the burden off and as long as we are on the same page, whenever we vote we should include this person to be his # 2 man. Somehow we went on and didn't address that issue. We did leave something out.

We have money in the EARP fund, this would be a temporary position to work under Mr. Gray about \$140,000. Somebody make that motion, we'll discuss it.

Senator Bowman: Move to include in this budget a temporary FTE to work with Mr. Gray in the Agriculture Department. Is that clear enough?

Rep. Klein: That's clear enough and that is to be funded out of EARP fund at \$140,000

Rep. Onstad: I'm looking at some notes that came, we talked about an FTE field inspector and this is the one we talked about. You had handed out a range of \$175,00 to \$14,00 and the discussion was let's move \$155,000.

Senator Krauter: That is the field inspector for the Meat and board of animal health. My notes also say that we changed the funding source for that existing pesticide individual to the EARP fund so that vacant position had the funding source there. Currently there are 6 positions in addition to Mr. Gray, there is a vacant one. My understanding was that we would change the funding source for that one and that would take care of the need to fill that one.

Senator Bowman: When I knew we were drafting the Amendments and wanted to be sure. I went up to the Ag Department and said "you read that carefully to see if this FTE is included in this." I had concern about that when we finished that day, it was kind of fast and we were talking about this. One was dealing with the field people that work in that department.

They don't work at the Capitol, they work out in the field and check all the pesticides in various places and so they work directly with Mr. Gray. They are regulatory people. I asked about that before we left and asked if that position is funded and no, so the motion on the floor is for a

temporary FTE to work there at the Department of Agriculture so that we have that person on staff.

Rep. Martinson: I'll second the motion to reconsider our action by which we adopted the amendments. We have to do that first.

Voice Vote carried.

Senator Bowman: I move the motion to have a part time FTE to work in the Ag Department under Mr. Gray.

Rep. Klein: You said part time, is that what you meant?

Senator Bowman: I think that is what he requested.

Rep. Martinson: Or ½ time?

Senator Bowman: Half time, whatever. We can make it a full time if he thinks he needs a full time. But I know that he does not have someone to help him as we requested to begin with and it is not in the budget. I want that person put in the budget to help him. Oh, temporary FTE, that is the right word.

Rep. Martinson: On the second sheet that you handed us at our last meeting you had that in two parts and then I put B: Authorize funding of \$50,000 from EARP fund to fully fund the environmental ½ time position authorized last session. Is that what we are talking about?

Senator Bowman: No, that is the field man in Minot.

Rep. Martinson: My notes said we don't need that it is already being funded. This is a different person.

Senator Krauter: I think it would be good to get commissioner down here so we could get this clear, so we are not totally confused.

Rep. Klein: I discussed this with the Commissioner and he really wants this individual as Senator Bowman said. He thinks he really needs him.

Senator Krauter: To do what?

Rep. Klein: To help Mr. Gray.

Senator Krauter: And Mr. Gray applies for Section 18s, emergency exemptions, other labeling, pesticides,

Rep. Klein: There was a court decision in the last few weeks on this pesticide thing. It will force EPA into more of this pesticide situation. The Ag people are very familiar with it.

Senator Krauter: That is what EPA does.

Rep. Klein: I realize that but the court decision would force EPA to do more of this pesticide and force them to back off any stream for any kind of leaching into the stream.

Rep. Martinson: This is a temporary person, and how about the funding for it?

Senator Bowman: Temporary FTE.

Rep. Klein: Funding would be EARP funds at \$140,000.

Call the Roll.

(Question regarding the motion)

Senator Bowman: I just made a new motion for a temporary FTE.

Rep. Martinson: Second

Senator Krauter: What dollar amount?

Rep. Klein: \$140,000. Call the Roll.

Vote Taken: Yes 6 No 0 Absent 0 Motion carried

Senator Krauter: The second issue that I wanted to bring up is Item 6 on the amendments

Change so funding source for Project Safe Send at \$40,000. My understanding you were going to fund it out of EARP and the Senate had funded it out of the General fund. I would make a **Motion that the funding source for Project Safe Send is EARP instead of General fund.**

Rep. Martinson: Second

Rep. Klein: Discussion?

Senator Bowman: I agree, it is the appropriate place.

Roll Call Vote: Yes 6 No 0 Absent 0 Motion Carried.

Rep. Martinson: We may have not made the proper motion to take this pesticide registration fees, that that would all go to the General Fund. **Move that Pesticide registration fees all go to the EARP fund.**

Senator Bowman: Second

Voice vote Carried.

Rep. Martinson: On the very first sheet that you gave us, had FTE pesticide inspector position at \$140,000 to be funded from EARP.

Rep. Klein: That is the one we never addressed.

Rep. Martinson: My notes say that we did that. But what happened is we didn't have it in the amendment, is that right?

Senator Bowman: I thought we had done that. That's why I made the statement that I wanted to make sure that the person was in the budget and after I got the amendments and found out it wasn't.

Rep. Martinson: Both Kenton's and my notes say that we did it, so.

Rep. Klein: Adjourned.

Rep. Martinson: We better get a motion to do the final amendments. We gotta do it right, that's why we have rules. **I would make that motion that we recede from the Senate amendments and further amend and adopt the amendments.**

Senator Krauter: Second.

Vote Taken: Yes 6 No 0 Absent 0. Motion Carried.

Meeting adjourned.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1009

House Appropriations Committee
Education and Environment Division

☒ Check here for Conference Committee

Hearing Date: May 1, 2009

Recorder Job Number: 12443

Committee Clerk Signature

Shirley Branning

Minutes:

Rep. Klein: Chairman of the Conference Committee, called the Committee to order and asked for a call of the Roll. Members included Senator Bowman, Senator Tom Fischer, Senator Krauter, Rep. Martinson, and Rep. Onstad.

Rep. Martinson: I move that we reconsider our action on HB 1009

Senator Bowman: Second

Voice Vote Passed

Rep. Martinson: Disappointed that the debate in the Senate was unfortunate. Talking with a Democrat Senator who said that this was a campaign position.

Addressing Senator Krauter, The very least you could have done was to have corrected it.

I am willing to take that out. The commissioner will probably have no choice but to replace a deputy immediately and I would like to make a motion tomorrow that we allow the Commissioner to unclassify up to seven positions so he has some flexibility.

You have options to allow flexibility to the Ag Commissioner.

Senator Bowman: I think that he should complete this term before he has flexibility because he has the same option as the person that he replaced. After the next election if he is in there and he brings his budget forward and he wants flexibility, that is the time to consider that.

He will be able to adjust to this budget. I would just soon get rid of the one FTE and get on with the situation.

Senator Krauter: There are 47 Senators and if someone makes a statement I don't think it is the responsibility of any other Senator to correct that unless it is out of rules.

Senator Bowman: Make the motion that we remove the temporary FTE position from the budget.

Senator Krauter: Second

Vote taken Yes: Senators Bowman, Fischer, Krauter, and Rep. Onstad.

No: Representatives Klein and Martinson

Absent 0 Motion Failed

Adjourn until tomorrow.

2009 HOUSE STANDING COMMITTEE MINUTES

HB 1009

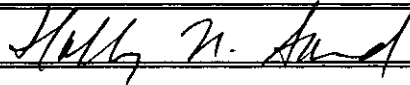
House Appropriations Committee
Education and Environment Division

☒ Check here for Conference Committee

Hearing Date: May 2, 2009

Recorder Job Number: 12454

Committee Clerk Signature



Minutes:

Rep. Klein called the Conference Committee on HB 1009 to order. Sen. Bowman, Senator Krauter, Rep. Klein, Rep. Martinson, and Rep. Onstad were present. Sen. Fischer was absent.

Amendment .0209 (Attachment A) was distributed. This amendment says, "That the Senate recede from its amendments as printed on pages 1381 and 1382 of the House Journal and pages 1263 and 1264 of the Senate Journal and that Engrossed House Bill No. 1009 be amended as follows:"

Rep. Martinson moved to remove the transition FTE and associated funding. **Sen. Bowman** seconded the motion.

Rep. Martinson: Where did you do that? (Referring to Attachment A)

Brady Larson, Legislative Council: It was removing the entire Section 2. It won't show up in the Statement of Purpose of Amendment because it was added in the Conference Committee.

Rep. Klein: Do you have everything down Brady?

Mr. Larson: Yes.

REPORT OF CONFERENCE COMMITTEE (ACCEDE/RECEDE)

Bill Number 1009 (, as (re)engrossed):

Date: April 24, 2009

Your Conference Committee House Approp. Edu and Emiron #1 Voice Vote

For the Senate:

For the House:

<i>attend</i>		YES / NO		<i>attend</i>		YES / NO	
✓	Sen. Bowman			✓	Rep. Klein	✓	
✓	Sen. Tom Ficher	✓		✓	Rep. Martinson	✓	
✓	Sen. Krauter			✓	Rep. Onstad		✓

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from) *motion fails*

the (Senate/House) amendments on (SJ/HJ) page(s) _____ -- _____

____, and place _____ on the Seventh order.

____, adopt (further) amendments as follows, and place _____ on the Seventh order:

____, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: _____

CARRIER: _____

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Rep. Martinson

SECONDED BY: Sen. Bowman

VOTE COUNT 3 YES 3 NO 0 ABSENT

Revised 4/1/05

**REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE)**

Bill Number HB 1009 (, as (re)engrossed):

Date: April 24, 2009

Your Conference Committee House Appropriations: Educ and Envir

For the Senate:

For the House:

Attend

YES / NO

Attend

YES / NO

☒	Sen. Bowman		☒	☒	Rep. Klein	☒	
☒	Sen. Tom Fischer	☒		☒	Rep. Martenson	☒	
☒	Sen. Krauter		☒	☒	Rep. Onstad	☒	

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from) to reduce to \$155,000

the (Senate/House) amendments on (SJ/HJ) page(s) _____

_____, and place _____ on the Seventh order.

_____, adopt (further) amendments as follows, and place _____ on the Seventh order:

_____, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: _____

CARRIER: _____

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: _____

SECONDED BY: _____

VOTE COUNT YES NO ABSENT

REPORT OF CONFERENCE COMMITTEE (ACCEDE/RECEDE)

Bill Number 1009 (, as (re)engrossed):

Date: April 24, 2009

Your Conference Committee House approp

For the Senate:

For the House:

attend

YES / NO

attend

YES / NO

<i>✓</i> <u>Sen. Bowman</u>	<i>✓</i>		<u>Rep. Klein</u>	<i>✓</i>	
<i>✓</i> <u>Tom Fiedler</u>	<i>✓</i>		<u>Rep. Martinson</u>	<i>✓</i>	
<i>✓</i> <u>Sen. Krauth</u>		<i>✓</i>	<u>Rep. Onstad</u>		<i>✓</i>

comend #2 Voice Vote carried postponed

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) _____

_____, and place _____ on the Seventh order.

_____, adopt (further) amendments as follows, and place _____ on the Seventh order:

_____, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: _____

CARRIER: _____

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: _____

SECONDED BY: _____

VOTE COUNT YES NO ABSENT

REPORT OF CONFERENCE COMMITTEE (ACCEDE/RECEDE)

Bill Number 1009 (, as (re)engrossed):

Date: April 24, 2009

Your Conference Committee House app.

House Vote
50,000 for wine
Industry

For the Senate:

attend

YES / NO

For the House:

attend

YES / NO

☒	Sen. Bowman		☒	Rep. Klein	☒
☒	Sen. Tom Fiechu		☒	Rep. Martinson	☒
☒	Sen. Krauter		☒	Rep. Onstad	☒

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) _____

_____, and place _____ on the Seventh order.

_____, adopt (further) amendments as follows, and place _____ on the Seventh order:

_____, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: _____

CARRIER: _____

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: _____

SECONDED BY: _____

VOTE COUNT YES NO ABSENT

REPORT OF CONFERENCE COMMITTEE (ACCEDE/RECEDE)

Bill Number HB 1009 (, as (re)engrossed):

Date: April 24, 2009

Your Conference Committee House Approp. Edu and Envir

#4

For the Senate:

attend

YES / NO

For the House:

attend

YES / NO

☒	Sen Bowman	☒	☒	Rep. Klein	☒	☐
☒	Sen. Tom Fischer	☒	☒	Rep. Martinson	☒	☐
☒	Sen. Krauter	☐	☒	Rep. Onstad	☐	☒

#65,000 annualized temporary FTE for 18 mo.

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

motion carried

the (Senate/House) amendments on (SJ/HJ) page(s) _____

_____, and place _____ on the Seventh order.

_____, adopt (further) amendments as follows, and place _____ on the Seventh order:

_____, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: _____

CARRIER: _____

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: _____

SECONDED BY: _____

VOTE COUNT YES NO ABSENT

REPORT OF CONFERENCE COMMITTEE (ACCEDE/RECEDE)

Bill Number HB1009 (, as (re)engrossed):

Date: April 25, 2009

Your Conference Committee House App. Edu and Envir

#1 Voice Vote
Fails

For the Senate:

attend

YES / NO

For the House:

attend

YES / NO

☒	Sen Bowman			☒	Rep. Klein		
☒	Sen Tom Fischer			☒	Rep. Martinson		
☒	Sen. Krauter			☒	Rep. Onstad		

\$50,000 for wine industry

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

____, and place _____ on the Seventh order.

____, adopt (further) amendments as follows, and place _____ on the Seventh order:

____, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: _____

CARRIER: _____

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: _____

SECONDED BY: _____

VOTE COUNT YES NO ABSENT

**REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE)**

Bill Number AB1009 (, as (re)engrossed):

Date: April 25, 2009

Your Conference Committee _____

For the Senate:

YES / NO

For the House:

YES / NO

☒	Sen. Bowman	☒	☐	☒	Rep. Klein	☐	☒
☒	Sen. Tom Fuchs	☒	☐	☒	Rep. Martinson	☒	☐
☒	Sen. Krauter	☐	☒	☒	Rep. Onstad	☐	☒

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) _____ -- _____

_____, and place _____ on the Seventh order.

_____, adopt (further) amendments as follows, and place _____ on the Seventh order:

_____, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: _____

CARRIER: _____

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: _____

SECONDED BY: _____

VOTE COUNT __ YES __ NO __ ABSENT

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1009

That the Senate recede from its amendments as printed on pages 1381 and 1382 of the House Journal and pages 1263 and 1264 of the Senate Journal and that Engrossed House Bill No. 1009 be amended as follows:

Page 1, line 3, replace "section" with "sections 4-01-19 and", after "4-01-21" insert "and subdivision d of subsection 1 of section 19-18-04", and after "to" insert "marketing program revenue,"

Page 1, line 4, after "commissioner" insert ", and pesticide registration fees", remove "to provide for transfers; and", and after "study" insert "; and to declare an emergency"

Page 1, line 13, replace "1,145,262" with "1,468,577" and replace "8,130,102" with "8,453,417"

Page 1, line 14, replace "1,065,577" with "1,352,999" and replace "5,779,960" with "6,067,382"

Page 1, line 17, replace "78,623" with "263,623" and replace "2,378,325" with "2,563,325"

Page 1, line 20, replace "3,293,462" with "4,089,199" and replace "20,380,612" with "21,176,349"

Page 1, line 21, replace "2,141,162" with "2,526,140" and replace "13,529,488" with "13,914,466"

Page 1, line 22, replace "1,152,300" with "1,563,059" and replace "6,851,124" with "7,261,883"

Page 1, line 23, replace "2.00" with "6.00" and replace "69.50" with "73.50"

Page 1, after line 23, insert:

"SECTION 2. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$130,000, or so much of the sum as may be necessary, to the agriculture commissioner for the purpose of employing a department transition support position, for the period beginning with the effective date of this Act and ending June 30, 2011. The agriculture commissioner is authorized one full-time equivalent position for the period beginning with the effective date of this Act and ending December 31, 2010. The funding provided in this section is considered one-time funding."

Page 2, line 3, replace "\$3,529,556" with "\$3,708,578"

Page 2, line 12, replace "\$768,800" with "\$968,800"

Page 3, replace lines 4 through 9 with:

"SECTION 8. LIVESTOCK HEALTH PERMIT INSPECTION PROGRAM. The state board of animal health shall increase the number of health permit inspections on livestock entering the state for the biennium beginning July 1, 2009, and ending

June 30, 2011. As part of the program, the board shall provide public information on the results of the livestock health permit inspections.

SECTION 9. OFFICE SPACE LEASE FUNDING - BUDGET SECTION

APPROVAL. The operating expenses line item in section 1 of this Act includes the sum of \$120,000 from the general fund which the agriculture commissioner may use to lease additional office space for department purposes, subject to budget section approval.

SECTION 10. PROJECT SAFE SEND - 2009 FLOOD PESTICIDE CLEANUP.

The operating expenses line item in section 1 of this Act includes the sum of \$40,000 from the general fund which the agriculture commissioner shall use for the collection of damaged pesticides resulting from 2009 flooding under the project safe send program for the period beginning with the effective date of this Act and ending June 30, 2011.

SECTION 11. AMENDMENT. Section 4-01-19 of the North Dakota Century Code is amended and reenacted as follows:

4-01-19. Marketing bureau. The agriculture commissioner shall establish and maintain a marketing bureau for the purpose of gathering and disseminating statistical information on agricultural marketing problems of the state and engaging in marketing services of agricultural products. Any moneys received or generated by the pride of Dakota program must be deposited in the general agriculture department operating fund in the state treasury."

Page 3, after line 15, insert:

"SECTION 13. AMENDMENT. Subdivision d of subsection 1 of section 19-18-04 of the North Dakota Century Code is amended and reenacted as follows:

- d. Be accompanied by a registration fee of three hundred fifty dollars for each product to be registered. At the close of each calendar month, the commissioner shall transmit to the state treasurer all moneys received for the registrations. The state treasurer shall credit ~~fifty dollars for each registered product to the general fund in the state treasury and the remainder of the registration fee for each registered product to the environment and rangeland protection fund.~~

SECTION 14. FULL-TIME EQUIVALENT POSITION - EMERGENCY

COMMISSION APPROVAL. The agriculture commissioner may request from the emergency commission an additional full-time equivalent position for the state meat inspection program if demand for the program increases sufficient to require the position for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 15. EMERGENCY. The sum of \$40,000 for project safe send included in the operating expenses line item in section 1 and section 2 of this Act are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98010.0207 FN 2

A copy of the statement of purpose of amendment is attached.

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1009 - Department of Agriculture - Conference Committee Action**

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$8,586,426	\$8,130,102	\$323,315	\$8,453,417	\$8,634,318	(\$180,901)
Operating expenses	5,844,960	5,779,960	287,422	6,067,382	6,017,382	50,000
Capital assets	5,000	5,000		5,000	5,000	
Grants	2,869,825	2,969,825		2,969,825	2,969,825	
Board of Animal Health	2,378,325	2,378,325	185,000	2,563,325	2,583,325	(20,000)
Wildlife Services	1,067,400	1,067,400		1,067,400	1,067,400	
Crop Harmonization Board	50,000	50,000		50,000	50,000	
Temporary FTE position			130,000	130,000		130,000
Total all funds	\$20,801,936	\$20,380,612	\$925,737	\$21,306,349	\$21,327,250	(\$20,901)
Less estimated income	13,867,630	13,529,488	384,978	13,914,466	14,008,534	(94,068)
General fund	\$6,934,306	\$6,851,124	\$540,759	\$7,391,883	\$7,318,716	\$73,167
FTE	70.50	69.50	4.00	73.50	72.50	1.00

Department No. 602 - Department of Agriculture - Detail of Conference Committee Changes

	Restores Funding for Anticipated Salary Savings ¹	Restores New FTE Position ²	Adds Meat Inspector Position ³	Adds Field Inspector Position ⁴	Restores Funding for Office Space Lease ⁵	Adds Funding for Project Safe Send ⁶
Salaries and wages	\$196,602	\$78,821	\$47,892			
Operating expenses			28,500		120,000	40,000
Capital assets						
Grants						
Board of Animal Health				155,000		
Wildlife Services						
Crop Harmonization Board						
Temporary FTE position						
Total all funds	\$196,602	\$78,821	\$76,392	\$155,000	\$120,000	\$40,000
Less estimated income	99,074	0	36,982	0	0	0
General fund	\$97,528	\$78,821	\$39,410	\$155,000	\$120,000	\$40,000
FTE	0.00	1.00	1.00	1.00	0.00	0.00

	Adds Funding for Wine Industry Promotion ⁷	Adds Funding for Weed Free Certification ⁸	Restores Funding Source for Board of Animal Health ⁹	Adds Funding for Temporary FTE Position ¹⁰	Adds Funding for Johnes Disease Control ¹¹	Total Conference Committee Changes
Salaries and wages						\$323,315
Operating expenses	50,000	48,922				287,422
Capital assets						
Grants						
Board of Animal Health					30,000	185,000
Wildlife Services						
Crop Harmonization Board						
Temporary FTE position				130,000		130,000
Total all funds	\$50,000	\$48,922	\$0	\$130,000	\$30,000	\$925,737
Less estimated income	0	48,922	200,000	0	0	384,978
General fund	\$50,000	\$0	(\$200,000)	\$130,000	\$30,000	\$540,759
FTE	0.00	0.00	0.00	1.00	0.00	4.00

¹ This amendment restores funding for salaries and wages removed by the House to recognize anticipated savings from vacant positions and employee turnover. This represents the same amount restored by the Senate.

² Funding removed by the House from the general fund for a new FTE meat inspector position is restored, the same as the Senate version.

³ This amendment provides funding from the general fund (\$39,410) and from federal funds (\$36,982) for a new FTE meat inspector position (\$47,892) and related operating expenses (\$28,500) beginning July 1, 2010. This is the same amount provided in the Senate version. A section is also added to require the Agriculture Department to obtain Emergency Commission approval prior to filling the position.

⁴ This amendment provides a general fund appropriation of \$155,000 for a new FTE field inspector position (\$116,400) and related operating expenses (\$38,600) for the State Board of Animal Health. The Senate originally added this position with a general fund appropriation of \$175,000.

⁵ Funding from the general fund removed by the House for the leasing of additional office space is restored to the level provided in the Senate version. A section is also added to provide the Agriculture Commissioner with the discretion to use the funding to lease additional office space for department purposes with approval from the Budget Section.

⁶ This amendment adds \$40,000 of funding from the general fund for Project Safe Send to assist in flood-related pesticide cleanup activities, the same amount of funding as provided in the Senate version.

⁷ This amendment provides a general fund appropriation of \$50,000 to the Pride of Dakota program for advertising and promotion of the wine industry.

⁸ Operating expenses are increased by \$48,922 from the environment and rangeland protection fund for costs associated with the weed seed free certification program under 2009 House Bill No. 1270. This is the same amount of funding that was added in the Senate version.

⁹ This amendment restores the funding sources for the State Board of Animal Health that were changed by the House. Funding from the game and fish fund is increased by \$200,000 and funding from the general fund is reduced by \$200,000, which is the same as the Senate version.

¹⁰ This amendment provides a general fund appropriation of \$130,000 for a temporary 18-month FTE position to be used for transition activities in the Agriculture Department.

¹¹ This amendment provides a general fund appropriation of \$30,000 to the State Board of Animal Health to defray expenses associated with the control of Johnes disease (*Mycobacterium avium* ss. *paratuberculosis*). This is the same amount of funding that was provided in the Senate version.

This amendment also:

- Amends North Dakota Century Code (NDCC) Section 4-01-19 to provide that funding received from Pride of Dakota activities be deposited in the Agriculture Department operating fund rather than the general fund.
 - Amends NDCC Section 19-18-04 to deposit all pesticide registration fees in the environment and rangeland protection fund rather than a portion in the general fund. The estimated reduction in general fund revenue is \$550,000.
 - Changes the funding source for an existing FTE position from federal funds to the environment and rangeland protection fund. Total position funding is \$130,100.
- Adds an emergency section for funds designated to be used for Project Safe Send flood activities and the transition FTE position.

REPORT OF CONFERENCE COMMITTEE (ACCEDE/RECEDE)

Bill Number HB 1009 (, as (re)engrossed):

Date: April 29, 2009

Your Conference Committee House Appropriations: Educ and Envir. #1

For the Senate:

attend

YES / NO

For the House:

attend

YES / NO

☒	Sen. Bowman	☒	☐	☒	Rep. Klein	☒	☐
☒	Sen. Tom Fischer	☒	☐	☒	Rep. Martinson	☒	☐
☒	Sen. Krauter	☐	☒	☒	Rep. Onstad	☒	☐

motion to add 50,000 wine distill

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

_____, and place _____ on the Seventh order.

_____, adopt (further) amendments as follows, and place _____ on the Seventh order:

_____, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: _____

CARRIER: _____

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: _____

SECONDED BY: _____

VOTE COUNT YES NO ABSENT

Temporary FTE for
interim

**REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE)**

Bill Number HB 1009 (, as (re)engrossed):

Date: April 27, 2009

Your Conference Committee House Appropriations; Edu and Emind. #2

For the Senate:

attend

YES / NO

For the House:

attend

*voice vote
carried*

YES / NO

☒	Sen. Bowman	☐	☐	☒	Rep. Klein	☐	☐
☒	Sen. Tom Fischer	☐	☐	☒	Rep. Martinson	☐	☐
☒	Sen. Kruttschnitt	☐	☐	☒	Rep. Onstad	☐	☐

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

_____, and place _____ on the Seventh order.

_____, adopt (further) amendments as follows, and place _____ on the
Seventh order:

_____, having been unable to agree, recommends that the committee be discharged
and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: _____

CARRIER: _____

LC NO. _____	of amendment
LC NO. _____	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Rep. Martinson

SECONDED BY: Senator Bowman

VOTE COUNT YES NO ABSENT

**REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE)**

Bill Number HB 1009 (, as (re)engrossed):

Date: April 27, 2009

Your Conference Committee House Appropriations; Edu and Envir. ^{#3}

For the Senate:

For the House:

YES / NO				YES / NO			
☒	Sen. Bowman	☒		☒	Rep. Klein	☒	
☒	Sen. Tom Fischer	☒		☒	Rep. Martenson	☒	
☒	Sen. Krauter		☒	☒	Rep. Onstad	☒	

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (S/H) page(s) 1263 - 1264
1381-1382
and place _____ on the Seventh order.

☒ , adopt (further) amendments as follows, and place HB 1009 on the Seventh order:

_____, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: _____

CARRIER: Rep. Klein

LC NO. _____	of amendment
LC NO. _____	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Rep. Bowman

SECONDED BY: Rep. Martenson

VOTE COUNT 5 YES 1 NO 0 ABSENT

REPORT OF CONFERENCE COMMITTEE (ACCEDE/RECEDE)

Bill Number HB 1009 (, as (re)engrossed):

Date: April 27, 2009

Your Conference Committee House Appropriations: Educ and Envir.

For the Senate:

attend

YES / NO

For the House:

attend

YES / NO

☒	Sen. Bowman	☒	☐	☒	Rep. Klein	☒	☐
☒	Sen. Tom Fuchs	☒	☐	☒	Rep. Martinson	☒	☐
☒	Sen. Krauter	☐	☒	☒	Rep. Onstad	☒	☐

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (S/H) page(s) 1263 - 1264

1381-1382 and place 4 on the Seventh order.

☒ , adopt (further) amendments as follows, and place HB 1009 on the Seventh order:

☐ , having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE:

CARRIER: Rep. Klein

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Rep. Bowman

SECONDED BY: Rep. Martinson

VOTE COUNT 5 YES 1 NO 0 ABSENT

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1009

That the Senate recede from its amendments as printed on pages 1381 and 1382 of the House Journal and pages 1263 and 1264 of the Senate Journal and that Engrossed House Bill No. 1009 be amended as follows:

Page 1, line 3, replace "section" with "sections 4-01-19 and", after "4-01-21" insert "and subdivision d of subsection 1 of section 19-18-04", and after "to" insert "marketing program revenue,"

Page 1, line 4, after "commissioner" insert ", and pesticide registration fees", remove "to provide for transfers; and", and after "study" insert "; and to declare an emergency"

Page 1, line 13, replace "1,145,262" with "1,581,356" and replace "8,130,102" with "8,566,196"

Page 1, line 14, replace "1,065,577" with "1,380,220" and replace "5,779,960" with "6,094,603"

Page 1, line 17, replace "78,623" with "263,623" and replace "2,378,325" with "2,563,325"

Page 1, line 20, replace "3,293,462" with "4,229,199" and replace "20,380,612" with "21,316,349"

Page 1, line 21, replace "2,141,162" with "2,706,140" and replace "13,529,488" with "14,094,466"

Page 1, line 22, replace "1,152,300" with "1,523,059" and replace "6,851,124" with "7,221,883"

Page 1, line 23, replace "2.00" with "7.00" and replace "69.50" with "74.50"

Page 1, after line 23, insert:

"SECTION 2. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$130,000, or so much of the sum as may be necessary, to the agriculture commissioner for the purpose of employing a department transition support position, for the period beginning with the effective date of this Act and ending June 30, 2011. The agriculture commissioner is authorized one full-time equivalent position for the period beginning with the effective date of this Act and ending December 31, 2010. The funding provided in this section is considered one-time funding."

Page 2, line 3, replace "\$3,529,556" with "\$3,888,578"

Page 2, line 12, replace "\$768,800" with "\$968,800"

Page 3, replace lines 4 through 9 with:

"SECTION 8. LIVESTOCK HEALTH PERMIT INSPECTION PROGRAM. The state board of animal health shall increase the number of health permit inspections on livestock entering the state for the biennium beginning July 1, 2009, and ending

June 30, 2011. As part of the program, the board shall provide public information on the results of the livestock health permit inspections.

SECTION 9. OFFICE SPACE LEASE FUNDING - BUDGET SECTION

APPROVAL. The operating expenses line item in section 1 of this Act includes the sum of \$120,000 from the general fund which the agriculture commissioner may use to lease additional office space for department purposes, subject to budget section approval.

SECTION 10. PROJECT SAFE SEND - 2009 FLOOD PESTICIDE CLEANUP.

The operating expenses line item in section 1 of this Act includes the sum of \$40,000 from the environment and rangeland protection fund which the agriculture commissioner shall use for the collection of damaged pesticides resulting from 2009 flooding under the project safe send program for the period beginning with the effective date of this Act and ending June 30, 2011.

SECTION 11. AMENDMENT. Section 4-01-19 of the North Dakota Century Code is amended and reenacted as follows:

4-01-19. Marketing bureau. The agriculture commissioner shall establish and maintain a marketing bureau for the purpose of gathering and disseminating statistical information on agricultural marketing problems of the state and engaging in marketing services of agricultural products. Any moneys received or generated by the pride of Dakota program must be deposited in the general agriculture department operating fund in the state treasury."

Page 3, after line 15, insert:

"SECTION 13. AMENDMENT. Subdivision d of subsection 1 of section 19-18-04 of the North Dakota Century Code is amended and reenacted as follows:

- d. Be accompanied by a registration fee of three hundred fifty dollars for each product to be registered. At the close of each calendar month, the commissioner shall transmit to the state treasurer all moneys received for the registrations. The state treasurer shall credit fifty dollars for each registered product to the general fund in the state treasury and the remainder of the registration fee for each registered product to the environment and rangeland protection fund.

SECTION 14. FULL-TIME EQUIVALENT POSITION - EMERGENCY

COMMISSION APPROVAL. The agriculture commissioner may request from the emergency commission an additional full-time equivalent position for the state meat inspection program if demand for the program increases sufficient to require the position for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 15. EMERGENCY. The sum of \$40,000 for project safe send included in the operating expenses line item in section 1 and section 2 of this Act are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98010.0208 FN 3

A copy of the statement of purpose of amendment is attached.

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1009 - Department of Agriculture - Conference Committee Action**

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$8,586,426	\$8,130,102	\$436,094	\$8,566,196	\$8,634,318	(\$68,122)
Operating expenses	5,844,960	5,779,960	314,643	6,094,603	6,017,382	77,221
Capital assets	5,000	5,000		5,000	5,000	
Grants	2,869,825	2,969,825		2,969,825	2,969,825	
Board of Animal Health	2,378,325	2,378,325	185,000	2,563,325	2,583,325	(20,000)
Wildlife Services	1,067,400	1,067,400		1,067,400	1,067,400	
Crop Harmonization Board	50,000	50,000		50,000	50,000	
Temporary FTE position			130,000	130,000		130,000
Total all funds	\$20,801,936	\$20,380,612	\$1,065,737	\$21,446,349	\$21,327,250	\$119,099
Less estimated income	13,867,630	13,529,488	564,978	14,094,466	14,008,534	85,932
General fund	\$6,934,306	\$6,851,124	\$500,759	\$7,351,883	\$7,318,716	\$33,167
FTE	70.50	69.50	5.00	74.50	72.50	2.00

Department No. 602 - Department of Agriculture - Detail of Conference Committee Changes

	Restores Funding for Anticipated Salary Savings ¹	Restores New FTE Position ²	Adds Meat Inspector Position ³	Adds Field Inspector Position ⁴	Adds Pesticide Specialist Position ⁵	Restores Funding for Office Space Lease ⁶
Salaries and wages	\$196,602	\$78,821	\$47,892		\$112,779	
Operating expenses			28,500		27,221	120,000
Capital assets						
Grants						
Board of Animal Health				155,000		
Wildlife Services						
Crop Harmonization Board						
Temporary FTE position						
Total all funds	\$196,602	\$78,821	\$76,392	\$155,000	\$140,000	\$120,000
Less estimated income	99,074	0	36,982	0	140,000	0
General fund	\$97,528	\$78,821	\$39,410	\$155,000	\$0	\$120,000
FTE	0.00	1.00	1.00	1.00	1.00	0.00
	Adds Funding for Project Safe Send ⁷	Adds Funding for Wine Industry Promotion ⁸	Adds Funding for Weed-Free Certification ⁹	Restores Funding Source for Board of Animal Health ¹⁰	Adds Funding for Temporary FTE Position ¹¹	Adds Funding for Johnes Disease Control ¹²
Salaries and wages						
Operating expenses	40,000	50,000	48,922			
Capital assets						
Grants						
Board of Animal Health						30,000
Wildlife Services						
Crop Harmonization Board						
Temporary FTE position					130,000	
Total all funds	\$40,000	\$50,000	\$48,922	\$0	\$130,000	\$30,000
Less estimated income	40,000	0	48,922	200,000	0	0
General fund	\$0	\$50,000	\$0	(\$200,000)	\$130,000	\$30,000
FTE	0.00	0.00	0.00	0.00	1.00	0.00

	Total Conference Committee Changes
Salaries and wages	\$436,094
Operating expenses	314,643
Capital assets	
Grants	
Board of Animal Health	185,000
Wildlife Services	
Crop Harmonization Board	
Temporary FTE position	130,000
Total all funds	\$1,065,737
Less estimated income	564,978
General fund	\$500,759
FTE	5.00

¹ This amendment restores funding for salaries and wages removed by the House to recognize anticipated savings from vacant positions and employee turnover. This represents the same amount restored by the Senate.

² Funding removed by the House from the general fund for a new FTE meat inspector position is restored, the same as the Senate version.

³ This amendment provides funding from the general fund (\$39,410) and from federal funds (\$36,982) for a new FTE meat inspector position (\$47,892) and related operating expenses (\$28,500) beginning July 1, 2010. This is the same amount provided in the Senate version. A section is also added to require the Agriculture Department to obtain Emergency Commission approval prior to filling the position.

⁴ This amendment provides a general fund appropriation of \$155,000 for a new FTE field inspector position (\$116,400) and related operating expenses (\$38,600) for the State Board of Animal Health. The Senate originally added this position with a general fund appropriation of \$175,000.

⁵ This amendment adds, for the 2009-11 biennium only, 1 FTE pesticide registration specialist position (\$112,779) and related operating expenses (\$27,221). If the Agriculture Commissioner chooses to request the position for the 2011-13 biennium, it must be requested as a new FTE position.

⁶ Funding from the general fund removed by the House for the leasing of additional office space is restored to the level provided in the Senate version. A section is also added to provide the Agriculture Commissioner with the discretion to use the funding to lease additional office space for department purposes with approval from the Budget Section.

⁷ This amendment adds \$40,000 of funding from the environment and rangeland protection fund for Project Safe Send to assist in flood-related pesticide cleanup activities. The Senate had provided \$40,000 of funding from the general fund for the program.

⁸ This amendment provides a general fund appropriation of \$50,000 to the Pride of Dakota program for advertising and promotion of the wine industry.

⁹ Operating expenses are increased by \$48,922 from the environment and rangeland protection fund for costs associated with the weed seed free certification program under 2009 House Bill No. 1270. This is the same amount of funding that was added in the Senate version.

¹⁰ This amendment restores the funding sources for the State Board of Animal Health that were changed by the House. Funding from the game and fish fund is increased by \$200,000 and funding from the general fund is reduced by \$200,000, which is the same as the Senate version.

¹¹ This amendment provides a general fund appropriation of \$130,000 for a temporary 18-month FTE position to be used for transition activities in the Agriculture Department.

¹² This amendment provides a general fund appropriation of \$30,000 to the State Board of Animal Health to defray expenses associated with the control of Johnes disease (*Mycobacterium avium* ss. *paratuberculosis*). This is the same amount of funding that was provided in the Senate version.

This amendment also:

- Amends North Dakota Century Code (NDCC) Section 4-01-19 to provide that funding received from Pride of Dakota activities be deposited in the Agriculture Department operating fund rather than the general fund.
- Amends NDCC Section 19-18-04 to deposit all pesticide registration fees in the environment and rangeland protection fund rather than a portion in the general fund. The estimated reduction in general fund revenue is \$550,000.
- Changes the funding source for an existing FTE position from federal funds to the environment and rangeland protection fund. Total position funding is \$130,100.
- Adds an emergency section for funds designated to be used for Project Safe Send flood activities and the transition FTE position.

**REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE)**

Bill Number HB 1009 (, as (re)engrossed):

Date: April 29, 2008 #1

Your Conference Committee House Approp: Edu and Envir Vote rate to reconsider action
passed

For the Senate:

For the House:

		YES / NO				YES / NO	
☒	Sen. Bowman			☒	Rep. Klein		
☒	Sen. Tom Fischer			☒	Rep. Martinson		
☒	Sen. Krauter			☒	Rep. Onstad		

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

_____, and place _____ on the Seventh order.

_____, adopt (further) amendments as follows, and place _____ on the Seventh order:

_____, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: _____

CARRIER: _____

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Sen Bowman

SECONDED BY: Rep. Martinson

VOTE COUNT 6 YES 0 NO 0 ABSENT

**REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE)**

Bill Number 1009 (, as (re)engrossed):

Date: April 29, 2009

Your Conference Committee House approp: Educ and Envr. #1a add temporary FTE

For the Senate:

For the House:

YES / NO				YES / NO			
☒	Sen. Bowman	☐	☐	☒	Rep. Klein	☐	☐
☒	Sen. Tom Fischer	☐	☐	☒	Rep. Martinson	☐	☐
☒	Sen. Krauter	☐	☐	☒	Rep. Onstad	☐	☐

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) _____ -- _____

_____, and place _____ on the Seventh order.

_____, adopt (further) amendments as follows, and place _____ on the Seventh order:

_____, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: _____

CARRIER: _____

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Sen. Bowman

SECONDED BY: Rep. Martinson

VOTE COUNT 6 YES 0 NO 0 ABSENT

REPORT OF CONFERENCE COMMITTEE (ACCEDE/RECEDE)

Bill Number HB 1009 (, as (re)engrossed):

Date: April 29, 2008

Your Conference Committee House Approp: Eds and Enair #2 funding for Safe

For the Senate:

For the House:

		YES / NO				YES / NO	
☒	Sen. Bowman	☒		☒	Rep. Klein	☒	
☒	Sen. Tom Fischer	☒		☒	Rep. Martinson	☒	
☒	Sen. Krauter	☒		☒	Rep. Onstad	☒	

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) _____

_____, and place _____ on the Seventh order.

_____, adopt (further) amendments as follows, and place _____ on the Seventh order:

_____, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: _____

CARRIER: _____

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Senator Krauter

SECONDED BY: Rep. Martinson

VOTE COUNT 6 YES 0 NO 0 ABSENT

REPORT OF CONFERENCE COMMITTEE (ACCEDE/RECEDE)

Bill Number HB 1009 (, as (re)engrossed):

Date: April 29, 2008

Your Conference Committee House Approp.: Edu and Envir #3
pesticide Registration

For the Senate:

Voice Vote

For the House: See to EARP Fund.

YES / NO			YES / NO		
☒	Sen. Bowman		☒	Rep. Klein	
☒	Sen. Tom Fischer		☒	Rep. Martinson	
☒	Sen. Krauter		☒	Rep. Onstad	

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) _____

_____, and place _____ on the Seventh order.

_____, adopt (further) amendments as follows, and place _____ on the Seventh order.

_____, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: _____

CARRIER: _____

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: _____

SECONDED BY: _____

VOTE COUNT YES NO ABSENT

**REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE)**

Bill Number AB 1009 (, as (re)engrossed):

Date: April 29, 2008

Your Conference Committee House Approp.: Edu and Envir

H. 4

For the Senate:

For the House:

	YES / NO		YES / NO
<u>Sen. Bowman</u>	☒	<u>Rep. Klein</u>	☒
<u>Sen. Tom Zuck</u>	☒	<u>Rep. Martinson</u>	☒
<u>Sen. Krauter</u>	☒	<u>Rep. Onstad</u>	☒

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE) from)

the (Senate/House) amendments on (SJ/H) page(s) 1381 - 1382

SJ 1263 - 1264
and place _____ on the Seventh order.

☒ , adopt ~~(further)~~ amendments as follows, and place 1009 on the Seventh order:

_____, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4/29/09

CARRIER: Rep. Klein
Senator Bowman

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Rep. Martinson

SECONDED BY: Senator Krauter

VOTE COUNT 6 YES 0 NO 0 ABSENT

REPORT OF CONFERENCE COMMITTEE (ACCEDE/RECEDE)

Bill Number 1009 (, as (re)engrossed):

Date: May 1, 2009

Your Conference Committee House Approp: Educ and Envr

#19 Voice Vote
passed

For the Senate:

For the House:

	YES / NO		YES / NO
<i>Attended</i> ✓ Sen. Bowman		<i>Attended</i> ✓ Rep. Klein	
✓ Sen. Fischer		✓ Rep. Martinson	
✓ Sen. Kravitz		✓ Rep. Onstad	

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

_____, and place _____ on the Seventh order.

_____, adopt (further) amendments as follows, and place _____ on the Seventh order:

_____, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: _____

CARRIER: _____

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: _____

SECONDED BY: _____

VOTE COUNT YES NO ABSENT

**REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE)**

Bill Number 1009 (, as (re)engrossed):

Date: May 1, 2009

Your Conference Committee House Approp: Edu and Envir. #2

Failed

For the Senate:

For the House:

	YES	NO		YES	NO
<i>Witt</i> ✓ Sen. Bowman	✓		<i>Witt</i> ✓ Rep. Klein		✓
✓ Sen. Fischer	✓		✓ Rep. Martinson		✓
✓ Sen. Krauter	✓		✓ Rep. Oustad	✓	

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

____, and place _____ on the Seventh order.

____, adopt (further) amendments as follows, and place _____ on the Seventh order:

____, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: _____

CARRIER: _____

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Senator Bowman

SECONDED BY: Senator Krauter

VOTE COUNT 4 YES 2 NO 0 ABSENT

VR
5/2/09
log 4

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1009

That the Senate recede from its amendments as printed on pages 1381 and 1382 of the House Journal and pages 1263 and 1264 of the Senate Journal and that Engrossed House Bill No. 1009 be amended as follows:

Page 1, line 3, replace "section" with "sections 4-01-19 and", after "4-01-21" insert "and subdivision d of subsection 1 of section 19-18-04", and after "to" insert "marketing program revenue,"

Page 1, line 4, after "commissioner" insert ", and pesticide registration fees", remove "to provide for transfers; and", and after "study" insert "; and to declare an emergency"

Page 1, line 13, replace "1,145,262" with "1,581,356" and replace "8,130,102" with "8,566,196"

Page 1, line 14, replace "1,065,577" with "1,380,220" and replace "5,779,960" with "6,094,603"

Page 1, line 17, replace "78,623" with "263,623" and replace "2,378,325" with "2,563,325"

Page 1, line 20, replace "3,293,462" with "4,229,199" and replace "20,380,612" with "21,316,349"

Page 1, line 21, replace "2,141,162" with "2,706,140" and replace "13,529,488" with "14,094,466"

Page 1, line 22, replace "1,152,300" with "1,523,059" and replace "6,851,124" with "7,221,883"

Page 1, line 23, replace "2.00" with "7.00" and replace "69.50" with "74.50"

Page 2, line 3, replace "\$3,529,556" with "\$3,888,578"

Page 2, line 12, replace "\$768,800" with "\$968,800"

Page 3, replace lines 4 through 9 with:

"SECTION 7. LIVESTOCK HEALTH PERMIT INSPECTION PROGRAM. The state board of animal health shall increase the number of health permit inspections on livestock entering the state for the biennium beginning July 1, 2009, and ending June 30, 2011. As part of the program, the board shall provide public information on the results of the livestock health permit inspections.

SECTION 8. OFFICE SPACE LEASE FUNDING - BUDGET SECTION APPROVAL. The operating expenses line item in section 1 of this Act includes the sum of \$120,000 from the general fund which the agriculture commissioner may use to lease additional office space for department purposes, subject to budget section approval.

SECTION 9. PROJECT SAFE SEND - 2009 FLOOD PESTICIDE CLEANUP. The operating expenses line item in section 1 of this Act includes the sum of \$40,000 from the environment and rangeland protection fund which the agriculture commissioner shall use for the collection of damaged pesticides resulting from 2009 flooding under the

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project safe send program for the period beginning with the effective date of this Act and ending June 30, 2011.

SECTION 10. AMENDMENT. Section 4-01-19 of the North Dakota Century Code is amended and reenacted as follows:

4-01-19. Marketing bureau. The agriculture commissioner shall establish and maintain a marketing bureau for the purpose of gathering and disseminating statistical information on agricultural marketing problems of the state and engaging in marketing services of agricultural products. Any moneys received or generated by the pride of Dakota program must be deposited in the general agriculture department operating fund in the state treasury."

Page 3, after line 15, insert:

"SECTION 12. AMENDMENT. Subdivision d of subsection 1 of section 19-18-04 of the North Dakota Century Code is amended and reenacted as follows:

- d. Be accompanied by a registration fee of three hundred fifty dollars for each product to be registered. At the close of each calendar month, the commissioner shall transmit to the state treasurer all moneys received for the registrations. The state treasurer shall credit ~~fifty dollars for each registered product to the general fund in the state treasury and the remainder of the registration fee for each registered product to the environment and rangeland protection fund.~~

SECTION 13. FULL-TIME EQUIVALENT POSITION - EMERGENCY COMMISSION APPROVAL. The agriculture commissioner may request from the emergency commission an additional full-time equivalent position for the state meat inspection program if demand for the program increases sufficient to require the position for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 14. EMERGENCY. The sum of \$40,000 for project safe send included in the operating expenses line item in section 1 of this Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98010.0209 FN 4

A copy of the statement of purpose of amendment is attached.

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1009 - Department of Agriculture - Conference Committee Action**

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$8,586,426	\$8,130,102	\$436,094	\$8,566,196	\$8,634,318	(\$68,122)
Operating expenses	5,844,960	5,779,960	314,643	6,094,603	6,017,382	77,221
Capital assets	5,000	5,000		5,000	5,000	
Grants	2,869,825	2,969,825		2,969,825	2,969,825	
Board of Animal Health	2,378,325	2,378,325	185,000	2,563,325	2,583,325	(20,000)
Wildlife Services	1,067,400	1,067,400		1,067,400	1,067,400	
Crop Harmonization Board	50,000	50,000		50,000	50,000	
Total all funds	\$20,801,936	\$20,380,612	\$935,737	\$21,316,349	\$21,327,250	(\$10,901)
Less estimated income	13,867,630	13,529,488	564,978	14,094,466	14,008,534	85,932
General fund	\$6,934,306	\$6,851,124	\$370,759	\$7,221,883	\$7,318,716	(\$96,833)
FTE	70.50	69.50	4.00	73.50	72.50	1.00

Department No. 602 - Department of Agriculture - Detail of Conference Committee Changes

	Restores Funding for Anticipated Salary Savings ¹	Restores New FTE Position ²	Adds Meat Inspector Position ³	Adds Field Inspector Position ⁴	Adds Pesticide Specialist Position ⁵	Restores Funding for Office Space Lease ⁶
Salaries and wages	\$196,602	\$78,821	\$47,892		\$112,779	
Operating expenses			28,500		27,221	120,000
Capital assets						
Grants						
Board of Animal Health				155,000		
Wildlife Services						
Crop Harmonization Board						
Total all funds	\$196,602	\$78,821	\$76,392	\$155,000	\$140,000	\$120,000
Less estimated income	99,074	0	36,982	0	140,000	0
General fund	\$97,528	\$78,821	\$39,410	\$155,000	\$0	\$120,000
FTE	0.00	1.00	1.00	1.00	1.00	0.00

	Adds Funding for Project Safe Send ⁷	Adds Funding for Wine Industry Promotion ⁸	Adds Funding for Weed-Free Certification ⁹	Restores Funding Source for Board of Animal Health ¹⁰	Adds Funding for Johnes Disease Control ¹¹	Total Conference Committee Changes
Salaries and wages						\$436,094
Operating expenses	40,000	50,000	48,922			314,643
Capital assets						
Grants						
Board of Animal Health					30,000	185,000
Wildlife Services						
Crop Harmonization Board						
Total all funds	\$40,000	\$50,000	\$48,922	\$0	\$30,000	\$935,737
Less estimated income	40,000	0	48,922	200,000	0	564,978
General fund	\$0	\$50,000	\$0	(\$200,000)	\$30,000	\$370,759
FTE	0.00	0.00	0.00	0.00	0.00	4.00

This amendment restores funding for salaries and wages removed by the House to recognize anticipated savings from vacant positions and employee turnover. This represents the same amount restored by the Senate.

² Funding removed by the House from the general fund for a new FTE meat inspector position is restored, the same as the Senate version.

³ This amendment provides funding from the general fund (\$39,410) and from federal funds (\$36,982) for a new FTE meat inspector position (\$47,892) and related operating expenses (\$28,500) beginning July 1, 2010. This is the same amount provided in the Senate version. A section is also added to require the Agriculture Department to obtain Emergency Commission approval prior to filling the position.

⁴ This amendment provides a general fund appropriation of \$155,000 for a new FTE field inspector position (\$116,400) and related operating expenses (\$38,600) for the State Board of Animal Health. The Senate originally added this position with a general fund appropriation of \$175,000.

⁵ This amendment adds, for the 2009-11 biennium only, 1 FTE pesticide registration specialist position (\$112,779) and related operating expenses (\$27,221). If the Agriculture Commissioner chooses to request the position for the 2011-13 biennium, it must be requested as a new FTE position.

⁶ Funding from the general fund removed by the House for the leasing of additional office space is restored to the level provided in the Senate version. A section is also added to provide the Agriculture Commissioner with the discretion to use the funding to lease additional office space for department purposes with approval from the Budget Section.

⁷ This amendment adds \$40,000 of funding from the environment and rangeland protection fund for Project Safe Send to assist in flood-related pesticide cleanup activities. The Senate had provided \$40,000 of funding from the general fund for the program.

⁸ This amendment provides a general fund appropriation of \$50,000 to the Pride of Dakota program for advertising and promotion of the wine industry.

⁹ Operating expenses are increased by \$48,922 from the environment and rangeland protection fund for costs associated with the weed seed free certification program under 2009 House Bill No. 1270. This is the same amount of funding that was added in the Senate version.

¹⁰ This amendment restores the funding sources for the State Board of Animal Health that were changed by the House. Funding from the game and fish fund is increased by \$200,000 and funding from the general fund is reduced by \$200,000, which is the same as the Senate version.

¹¹ This amendment provides a general fund appropriation of \$30,000 to the State Board of Animal Health to defray expenses associated with the control of Johnes disease (*Mycobacterium avium* ss. *paratuberculosis*). This is the same amount of funding that was provided in the Senate version.

This amendment also:

- Amends North Dakota Century Code (NDCC) Section 4-01-19 to provide that funding received from Pride of Dakota activities be deposited in the Agriculture Department operating fund rather than the general fund.
- Amends NDCC Section 19-18-04 to deposit all pesticide registration fees in the environment and rangeland protection fund rather than a portion in the general fund. The estimated reduction in general fund revenue is \$550,000.
- Changes the funding source for an existing FTE position from federal funds to the environment and rangeland protection fund. Total position funding is \$130,100.
- Adds an emergency section for funds designated to be used for Project Safe Send flood activities.

REPORT OF CONFERENCE COMMITTEE (ACCEDE/RECEDE)

Bill Number HB 1009 (, as (re)engrossed):

Date: 5/2/09

Your Conference Committee House Approp: Educ and Envir

For the Senate:

For the House:

	YES / NO		YES / NO
<i>Witness</i> Senator Bowman	☒	<i>Witness</i> Rep. Klein	☒
A Senator Fischer	☒	Rep. Martinson	☒
Senator Krauter	☒	Rep. Onstad	☒

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) _____ -- _____

_____, and place _____ on the Seventh order.

_____, adopt (further) amendments as follows, and place _____ on the Seventh order:

_____, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 5/2/09

CARRIER: Rep. Klein

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Martinson

remove tiny position

SECONDED BY: Bowman

VOTE COUNT ____ YES ____ NO ____ ABSENT

Carries

Revised 4/1/05

adopt. 0209

REPORT OF CONFERENCE COMMITTEE

HB 1009, as engrossed: Your conference committee (Sens. Bowman, Fischer, Krauter and Reps. Klein, Martinson, Onstad) recommends that the **SENATE RECEDE** from the Senate amendments on HJ pages 1381-1382, adopt amendments as follows, and place HB 1009 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1381 and 1382 of the House Journal and pages 1263 and 1264 of the Senate Journal and that Engrossed House Bill No. 1009 be amended as follows:

Page 1, line 3, replace "section" with "sections 4-01-19 and", after "4-01-21" insert "and subdivision d of subsection 1 of section 19-18-04", and after "to" insert "marketing program revenue,"

Page 1, line 4, after "commissioner" insert ", and pesticide registration fees", remove "to provide for transfers; and", and after "study" insert "; and to declare an emergency"

Page 1, line 13, replace "1,145,262" with "1,581,356" and replace "8,130,102" with "8,566,196"

Page 1, line 14, replace "1,065,577" with "1,380,220" and replace "5,779,960" with "6,094,603"

Page 1, line 17, replace "78,623" with "263,623" and replace "2,378,325" with "2,563,325"

Page 1, line 20, replace "3,293,462" with "4,229,199" and replace "20,380,612" with "21,316,349"

Page 1, line 21, replace "2,141,162" with "2,706,140" and replace "13,529,488" with "14,094,466"

Page 1, line 22, replace "1,152,300" with "1,523,059" and replace "6,851,124" with "7,221,883"

Page 1, line 23, replace "2.00" with "7.00" and replace "69.50" with "74.50"

Page 2, line 3, replace "\$3,529,556" with "\$3,888,578"

Page 2, line 12, replace "\$768,800" with "\$968,800"

Page 3, replace lines 4 through 9 with:

"SECTION 7. LIVESTOCK HEALTH PERMIT INSPECTION PROGRAM. The state board of animal health shall increase the number of health permit inspections on livestock entering the state for the biennium beginning July 1, 2009, and ending June 30, 2011. As part of the program, the board shall provide public information on the results of the livestock health permit inspections.

SECTION 8. OFFICE SPACE LEASE FUNDING - BUDGET SECTION APPROVAL. The operating expenses line item in section 1 of this Act includes the sum of \$120,000 from the general fund which the agriculture commissioner may use to lease additional office space for department purposes, subject to budget section approval.

SECTION 9. PROJECT SAFE SEND - 2009 FLOOD PESTICIDE CLEANUP. The operating expenses line item in section 1 of this Act includes the sum of \$40,000 from the environment and rangeland protection fund which the agriculture commissioner shall use for the collection of damaged pesticides resulting from 2009 flooding under the project safe send program for the period beginning with the effective date of this Act and ending June 30, 2011.

SECTION 10. AMENDMENT. Section 4-01-19 of the North Dakota Century Code is amended and reenacted as follows:

4-01-19. Marketing bureau. The agriculture commissioner shall establish and maintain a marketing bureau for the purpose of gathering and disseminating statistical information on agricultural marketing problems of the state and engaging in marketing services of agricultural products. Any moneys received or generated by the pride of Dakota program must be deposited in the ~~general~~ agriculture department operating fund in the state treasury."

Page 3, after line 15, insert:

"SECTION 12. AMENDMENT. Subdivision d of subsection 1 of section 19-18-04 of the North Dakota Century Code is amended and reenacted as follows:

- d. Be accompanied by a registration fee of three hundred fifty dollars for each product to be registered. At the close of each calendar month, the commissioner shall transmit to the state treasurer all moneys received for the registrations. The state treasurer shall credit ~~fifty dollars for each registered product to the general fund in the state treasury and the remainder of the registration fee for each registered product to the environment and rangeland protection fund.~~

SECTION 13. FULL-TIME EQUIVALENT POSITION - EMERGENCY COMMISSION APPROVAL. The agriculture commissioner may request from the emergency commission an additional full-time equivalent position for the state meat inspection program if demand for the program increases sufficient to require the position for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 14. EMERGENCY. The sum of \$40,000 for project safe send included in the operating expenses line item in section 1 of this Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98010.0209 FN 4

A copy of the statement of purpose of amendment is on file in the Legislative Council Office.

Engrossed HB 1009 was placed on the Seventh order of business on the calendar.

Attachment #1

Prepared by the North Dakota Legislative Council staff
for HB 1009 Conference Committee
April 24, 2009

LISTING OF PROPOSED CONFERENCE COMMITTEE CHANGES TO ENGROSSED HOUSE BILL NO. 1009

Agriculture Commissioner

Adopted amendments:

Description

	FTE	General Fund	Special Funds	Total
1 Add field inspector FTE position (\$116,400) and related operating expenses (\$38,600)	1.00	\$155,000		\$155,000
2 Add funding for Project Safe Send flood activities		40,000		40,000
3 Change funding source for existing FTE pesticide position from federal funds to environment and rangeland protection fund			\$0	0
4 Add funding for John's Disease control		30,000		30,000
5 Add temporary FTE position for commissioner transition (18-month position) and provide emergency clause for funding	1.00	130,000		130,000

Total proposed funding changes

\$355,000	\$0	\$355,000
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2009 TESTIMONY

HB 1009

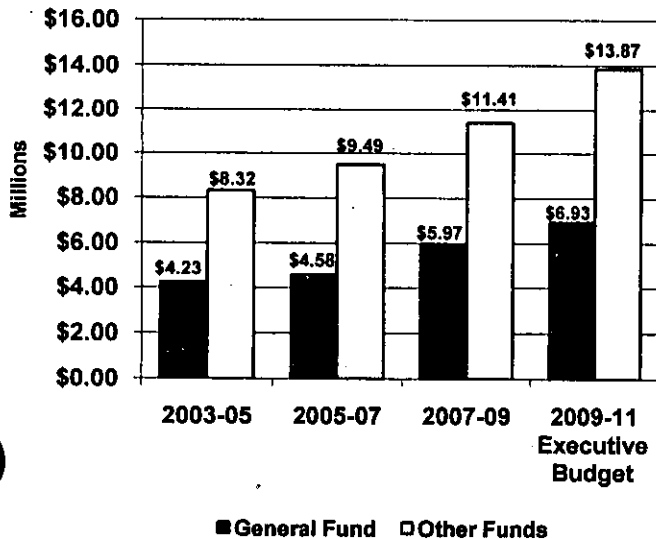
Department 602 - Agriculture Commissioner
House Bill No. 1009

	FTE Positions	General Fund	Other Funds	Total
2009-11 Executive Budget	70.50	\$6,934,306	\$13,867,630	\$20,801,936
2007-09 Legislative Appropriations	67.50	5,969,937 ¹	11,414,326	17,384,263 ²
Increase (Decrease)	3.00	\$964,369	\$2,453,304	\$3,417,673

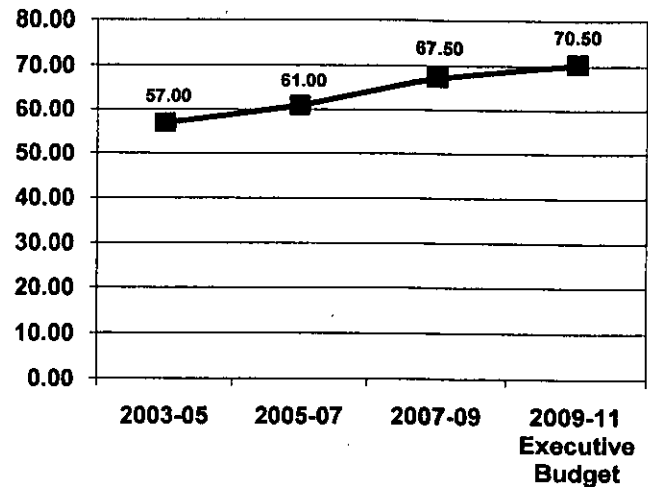
¹This amount includes a transfer of \$150,000 from the general fund to the environment and rangeland protection fund.

²The 2007-09 appropriation amounts include \$56,277, \$30,277 of which is from the general fund, for the agency's share of the \$10 million funding pool appropriated to the Office of Management and Budget for special market equity adjustments for classified employees. The 2007-09 appropriation amounts do not include \$495,690 of additional special funds authority resulting from Emergency Commission action during the 2007-09 biennium.

Agency Funding



FTE Positions



Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2009-11 Executive Budget	\$6,934,306	\$0	\$6,934,306
2007-09 Legislative Appropriations	5,729,101	240,836 ¹	5,969,937
Increase (Decrease)	\$1,205,205	(\$240,836)	\$964,369

¹This amount includes a transfer of \$150,000 from the general fund to the environment and rangeland protection fund.

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides \$180,901 of funding to address salary equity issues, including \$8,714 for the related second-year salary increase	\$86,833	\$94,068	\$180,901
2. Increases funding for the specialty crop grant program to provide total federal funding of \$1,217,376		\$790,000	\$790,000
3. Increases funding from admission and booth fees for Pride of Dakota activities to provide total funding of \$741,106, of which \$250,000 is from the general fund		\$160,000	\$160,000
4. Provides \$50,000 of matching funds from the environment and rangeland protection fund to receive additional federal funding (\$604,000) for the dairy pollution prevention program		\$654,000	\$654,000
Provides funding for additional office space for department employees	\$120,000		\$120,000
6. Adds 1 FTE plant inspector position (\$107,862) and related operating expenses (\$19,000)	\$126,862		\$126,862

7. Provides funding from the environment and rangeland protection fund to add 1 FTE pesticide outreach position (\$104,841) and related operating expenses (\$25,700)		\$130,541	\$130,541
8. Adds 1 FTE meat inspection position (\$95,784) and related operating expenses (\$57,000)	\$78,821	\$73,963	\$152,784
9. Increases funding for the North Dakota Dairy Coalition to provide total funding of \$150,000	\$75,000		\$75,000
10. Increases general fund support for the Board of Animal Health and reduces support from the game and fish fund by the same amount	\$51,051	(\$51,051)	\$0
11. Increases funding for the Wildlife Services program to provide total funding of \$1,067,400, of which \$298,600 is from the general fund and \$768,800 is from the game and fish fund	\$58,600	\$88,800	\$147,400
12. Removes one-time funding provided in the 2007-09 biennium for an animal tracking database	(\$90,836)		(\$90,836)
13. Removes funding provided in the 2007-09 biennium for blackbird research (\$159,000) and the organic program (\$30,000)		(\$189,000)	(\$189,000)

Other Sections in Bill

Section 4 provides \$968,800 from the game and fish operating fund for various Department of Agriculture programs for the 2009-11 biennium.

Section 6 includes the statutory changes necessary to increase the commissioner's salary as follows:

Annual salary authorized by the 2007 Legislative Assembly:

July 1, 2007	\$78,599
July 1, 2008	\$81,743

Proposed annual salary recommended in the 2009-11 executive budget:

July 1, 2009	\$85,830
July 1, 2010	\$90,122

Continuing Appropriations

Turkey fund - North Dakota Century Code (NDCC) Chapter 4-13.1 - Commodity checkoff for market development for turkeys and turkey products.

Honey promotion fund - NDCC Chapter 4-12.1 - Commodity checkoff for market development for honey.

Minor use pesticide fund - NDCC Sections 4-35-06.2 and 4-35-06.3 - For studies, investigations, and evaluations regarding registration and use of pesticides.

Major Related Legislation

House Bill No. 1025 - This bill rewrites the laws pertaining to agricultural commodities boards and commissions, including continuing appropriations for the turkey fund and honey promotion fund.

NORTH DAKOTA HOUSE OF REPRESENTATIVES

HB 1009

House Appropriations Committee

Education and Environment Division

The Hon. Robert J. Skarphol, Chairman

North Dakota Department of Agriculture

Roger Johnson, Agriculture Commissioner

January 15, 2009

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THE DEPARTMENT'S VISION . . .

North Dakota will be the trusted provider of the highest quality food in the world with prosperous family farms, thriving communities and world class stewardship of resources.

THE DEPARTMENT'S MISSION . . .

The North Dakota Department of Agriculture fosters the long-term well-being of North Dakota by promoting a healthy economic, environmental and social climate for agriculture and the rural community through leadership, advocacy, education, regulation and other services. To carry out its mission, the Department of Agriculture is committed to the following responsibilities:

Serving as an advocate for family farmers and for the rural community.

Providing services that ensure safe, high quality and marketable agricultural products.

Developing and expanding markets for agricultural products.

Reducing the risk of financial loss to agricultural producers and to buyers and sellers of agricultural commodities.

Ensuring compliance with the law through understandable regulations, information, education and even-handed enforcement.

Ensuring human safety and protecting the environment through proper use of pesticides.

Providing services to reduce agricultural losses from noxious weeds, animal depredation, insects and diseases.

Ensuring the quality and availability of pesticides, fertilizers, veterinary medicines and animal feeds through testing and registration.

Protecting and improving the health, welfare, quality and marketability of livestock and other domestic animals.

Gathering and disseminating information concerning agriculture to the general public.

INTRODUCTION

NORTH DAKOTA AGRICULTURE

A multi-billion dollar industry, North Dakota agriculture is the foundation of our state's economy and society. Farming, ranching and agriculture-related businesses account for almost one fourth of North Dakota's workforce and for the largest segment of our state's economic base. Nearly 90 percent of North Dakota's land area is in farms and grazing land.

The national leader in the production of durum and spring wheat, barley, oil and confectionary sunflowers, pinto beans, dry edible beans, flaxseed, canola, navy beans, dry edible peas, lentils, honey and oats, North Dakota is also a major producer of soybeans, sugarbeets, potatoes and rye. The quantity and quality of these commodities have earned North Dakota farmers and ranchers a national and worldwide reputation as some of the best agricultural producers in the world.

North Dakota agriculture generated \$5.5 billion in cash receipts in 2007, and it is projected to reach the same level in 2008. These impressive figures were not easily achieved. Volatile markets, unpredictable weather and the vagaries of federal farm policy are just some of the long-standing challenges facing our producers. More recent worries include environmental concerns, changing consumer demands and rising costs for fuel, chemicals, equipment, labor and land.

While there are challenges, agriculture also offers tremendous opportunities. The demands of the growing renewable energy industry are likely to increase, providing a larger market for corn, canola and soybeans and new markets for crop residues and perennial grass production. The same industry also gives producers and others the opportunity to invest and partner in ethanol and biodiesel production plants. Cellulosic ethanol technology and other bioindustries utilizing agricultural feedstocks are becoming closer to reality.

Safeguarding and promoting this vital industry, the department provides leadership, resources and services "to make North Dakota the trusted provider of the highest quality food in the world with prosperous family farms, thriving communities and world-class stewardship of resources."

NATIONAL POLICY ISSUES

Agriculture Commissioner Roger Johnson chaired the Rural Development & Financial Security Policy Committee of the National Association of State Departments of Agriculture (NASDA) from 2001-2007. The committee led the development of farm policy recommendations to Congress by the agriculture commissioners, secretaries and directors of the 50 states.

As NASDA's 2007-08 President, Commissioner Johnson played a key role in successfully pushing for NASDA's Farm Bill priorities as Congress debated and passed the new farm bill. In testimony before Congress, he argued that the new legislation should include a permanently authorized disaster assistance program, covering both crops and livestock; payment limitations that close existing loopholes, such as the "three entity rule"; improved crop insurance, research, renewable energy and conservation programs; interstate shipment of state inspected meat products; and a livestock indemnity program.

Commissioner Johnson has long supported harmonization of U.S.-Canadian laws, regulations, labeling and pricing of pesticides. The department's pesticide staff worked closely with the U.S. Environmental Protection Agency, its Canadian equivalent and the state's congressional delegation in the development of a NAFTA label that would enable cross-border sales of pesticides. In February 2007, the Arizona-based Gowan Co. received the first NAFTA label for its Far-GO® herbicide that is used to control wild oats, foxtail and other grasses on cereal grains, lentils, sugar beets and peas.

Production of industrial hemp has been legal in North Dakota since the 1990s, but federal regulations prohibit growing the crop anywhere in the U.S. In 2006, Department staff developed rules and regulations to allow industrial hemp production. On February 5, 2007, the first industrial hemp grower licenses in the U.S. were issued to two North Dakota farmers. The licenses are contingent on U.S. Drug Enforcement Agency (DEA) approval.

INTERNATIONAL POLICY ISSUES

In July 2007, the North Dakota Department of Agriculture hosted two Cuban inspectors from Alimport and the Department of Plant Quarantine for purposes of discussing exporting potatoes into Cuba. In May 2008, Commissioner Johnson led a delegation to Cuba. Despite increasingly onerous federal trade restrictions, North Dakota has secured approximately \$32 million in contracts – mostly for dry peas – from the Cuban government. Negotiations continue among state and federal agencies to send the first shipment of North Dakota seed potatoes to Cuba. Cuba continues to offer new market opportunities for North Dakota exporters.

OTHER ISSUES

Commissioner Johnson has continued advocating for the development of new livestock industries in North Dakota to add value to grains and processing co-products. Such projects can be done in a fashion that protects the environment and addresses concerns of local citizens. These efforts have become critically important as local markets for biofuel co-products become key to the profitability of these new energy projects. Johnson has also worked to resolve local zoning issues legislatively and to implement new initiatives both administratively and legislatively to support and expand the livestock component of North Dakota's economy.

The department is also helping businesses and individuals obtain federal funding through such programs as the Market Access Program (MAP), the Federal-State Marketing Improvement Program (FSMIP), and the National Organic Certification Cost-Share Program and Specialty Crop Grants.

Other marketing efforts include using the Internet to help Pride of Dakota companies market North Dakota products directly to domestic and international customers. The department is also working to develop new markets for North Dakota products, especially in the Far East and the Caribbean.

The department offers many other programs and services, including:

- disposing of unusable pesticides – almost 2.3 million pounds since 1992 – through Project Safe Send,
- educating a new generation about farming, ranching and the industry of agriculture through Agriculture in the Classroom; and
- providing confidential negotiation and mediation services to producers with financial problems and assisting with loan restructuring and applications.

The three program areas of the North Dakota Department of Agriculture -- Executive Services, Livestock Services, and Plant Industries -- are committed to providing assistance and services to agricultural producers and the people of the State of North Dakota.

AGRICULTURE COMMISSIONER

In addition to overseeing the programs and activities of the North Dakota Department of Agriculture (NDDA), the Agriculture Commissioner serves on numerous boards, councils and commissions, including:

North Dakota Industrial Commission

North Dakota Water Commission

Board of Tax Equalization

Ag Products Utilization Commission

N.D. Dairy Promotion Commission

N.D. Barley Council

N.D. Seed Commission

N.D. Pesticide Control Board

N.D. Edible Bean Council

N.D. Soybean Council

Interstate Compact on Pest Control

N.D. Oilseed Council

N.D. Soil Conservation Committee

N.D. Agriculture in the Classroom Council

N.D. Potato Council

N.D. Seed Arbitration Board

N.D. Disaster Emergency Board

State Board of Agricultural Research & Education

N.D. Disaster Emergency Board

USDA Food and Agriculture Council

The following table summarizes and compares the department's total funding sources, appropriations and FTE's for the current biennium versus the governor's recommended budget for the 2009-2011 biennium.

Total Budget Funding Sources Comparison		
	2007-2009 Appropriation	2009-2011 Executive Budget
General Funds	\$ 5,816,667	\$ 6,934,306
Federal Funds	\$ 6,506,871	\$ 8,337,309
Special Funds	\$ <u>5,041,820</u>	\$ <u>5,530,321</u>
Total	\$17,365,358	\$20,801,936
FTE's	67.5	70.5

SIGNIFICANT BUDGET ISSUES

GENERAL

EMPLOYEE COMPENSATION. The department supports the governor's compensation package with the "five and five" raises and continued full payment of health insurance premiums by the state. The department also supports the equity funds provided in our budget. These equity funds will be directed primarily toward field inspection staff. Pesticide, dairy and meat inspection field staff salaries lag behind inspection staff in other states, and employee losses to the energy sector threaten additional depletion of experienced inspection staff.

RENT. Our staff is currently located on the 6th and 14th floors of the Capitol Building. We are extremely crowded and lack necessary laboratory space. The department requested an enhancement of \$200,000 in general funds to move all of our staff to an off campus location and to provide necessary animal, plant and meat laboratory work areas. The governor recognizes our space problems and recommends \$120,000 of general funds to move some staff to an off campus location. **However, the department requests that you consider fully funding the rent request enhancement due to inefficiencies and duplicate equipment needs of two locations. (See Attachment 1.)**

COST INCREASES. The governor's budget recommends \$92,724 of additional general funds for IT and other increased costs. This would provide funds to redesign the agency

web site to include e-commerce functions and to develop a database management system for the agency's electronic files. This also provides funds for an upgrade to Office 2007 and \$15,000 for projected increases in motor pool costs.

EXECUTIVE SERVICES

AG MEDIATION. The Home Quarter Fund was established by the 1985 Legislature to buy-down interest on home quarter purchases by the Credit Review Board and to retain fees generated by the Ag Mediation Program. The funds in the Home Quarter Fund are projected to be depleted during the coming biennium. The governor's budget provides an additional \$19,998 in general funds to maintain the Ag Mediation Program at current levels.

PRIDE OF DAKOTA FEES. The department currently collects about \$55,500 in Pride of Dakota membership fees from participating companies. The membership fees are currently deposited in the state general fund. **The department requests that you consider allowing the department to keep and expend these Pride of Dakota membership fees for the benefit of Pride of Dakota programs.**

PLANT INDUSTRIES

PLANT PROTECTION FTE. The governor's budget recommends funding for an additional FTE to deal with an overload of work in completing phytosanitary certificates. These phytosanitary certificates are required documentation by importing countries in order for North Dakota products to move into these markets. The added workload has been generated primarily by increased exports of peas and barley.

PESTICIDE OUTREACH FTE. This position would add an informational component to the pesticide enforcement program to increase awareness and compliance. This FTE would allow the department to provide improved information services and outreach to farmers, the crop protection industry, hospitals, schools and the general public.

LIVESTOCK SERVICES

MEAT INSPECTION FTE. The department anticipates continued growth in the small meat processing segment of our economy. There are several reasons for this including the ability for state inspected meat to move out-of-state because of changes in the new Farm Bill. The governor's budget recommends a new inspection position to help meet the demand for additional inspection services from existing and new state inspected meat processing plants.

BOARD OF ANIMAL HEALTH (BOAH). The governor's budget reduces Game and Fish financial support for the BOAH by \$51,051 and increases general fund support by \$51,051. **A miscalculation in the pay plan has resulted in underfunding the BOAH salaries by \$22,163.**

DAIRY COALITION. The governor's budget recommends adding \$75,000 for the Dairy Coalition to bring total state support to \$150,000. **The Dairy Coalition will be asking for an additional \$200,000.**

WILDLIFE SERVICES. The governor's budget recommends \$920,000 of base funding and recommends additional general funding of \$58,600 and an additional \$58,600 of Game and Fish money for wildlife problems, including blackbirds.

OTHER BUDGET-RELATED LEGISLATION

WEED SEED-FREE FORAGE. Legislation will be introduced to authorize the department to certify forage as "weed seed-free". This codifies a system that has been in place for a number of years to meet the demand for such products in state and national parks and other public boards for use on highway rights-of-way. The legislation will authorize the department to collect fees for work done by "authorized agents" across the state, and such fees will be deposited in the Environment and Rangeland Protection (EARP) Fund. If this legislation is approved, the EARP Fund appropriation in HB1009 needs to be increased to authorize expenditures through the program.

ORGANIC ADVISORY BOARD. The department understands that legislation is being drafted by legislators at the request of the organic industry to provide funding for and to authorize an FTE to assist with organic programs.

NORTH DAKOTA DEPARTMENT OF AGRICULTURE

Deputy Commissioner
Jeff Weispfenning

Agriculture Commissioner
Roger Johnson

Assistant to the Commissioner
Joanne Beckman

Executive Services

Jeff Knudson, Program Manager

Agricultural Mediation Service

Tom Silbernagel, Coordinator

Negotiators: (Vacant) Larry Smith

Tony Wixó

Betty Nelson, Administrative Officer

Non ETEs (2)

Marketing Services

Charles Fleming, Coordinator

Specialists: Sara Kelsch Stephanie Sinner

Bonnie Sundby, Administrative Assistant

Policy & Communications

Patrice Lahlum, Coordinator

Ted Quanrud, Public Information Specialist

Fiscal Management

Lynette Baumiller, Accounting/Budget Specialist

Jet Collins, Administrative Officer

Joanie Sanda, Accounting Technician

Information Technology

Roberta Tjaden, Computer & Network Specialist

Livestock Services

Wayne Carlson, Program Manager

State Board of Animal Health

Dr. Susan Keller, State Veterinarian

Dr. Beth Carlson, Deputy State Veterinarian

Dr. Deidre Qual, Emergency Program Coordinator

Dr. Jesse Vollmer, Assistant State Veterinarian

(Vacant)

Heather Schaan, Office Assistant

Tammy Celley, Administrative Assistant

Kerri Kraft, Office Assistant

Livestock Development

Bobbi Talmadge, Coordinator

Dairy/Poultry

John Ringsrud, Milk Surveillance Officer

Inspectors: Orville Payne Gary Molstad

Tracey Walth

Jason Wirtz, Livestock Pollution Prevention Specialist

Becky Gietzen, Administrative Assistant

State Meat & Poultry Inspection Program

Dr. Andrea Grondahl, Director

Vawnta Best, Senior Inspector

Cody Krefit, Senior Inspector

David Slack, Compliance Officer

Cami Metzger, Inspector/Grader

Inspectors: Holly Dalen Heather Andersen

Jacee Lund Shaun Quissell

Shawn Steffen Dustin Person

(Vacant)

Plant Industries

Ken Junkert, Program Manager

Pesticide, Feed & Fertilizer

Jim Gray, Team Leader

Feed & Fertilizer Registration

Garry Wagner, Coordinator

Nicole Weitzel, Registration/Licensing Assistant

Pesticide Enforcement

David Phillips, Coordinator

Angela Keller, Enforcement Specialist

Inspectors:

Kevin Demiers Ken MacDonald

Dave Harsche Kevin Coufal

(Vacant) Phil Jallo

Endangered Species Program

Jessica Orr, Environmental Scientist

Plant Protection

David Nelson, State Entomologist/Team Leader

Specialists: Carrie Larson Gwen Mars

Elaine Saylor, Administrative Assistant

Noxious Weeds/Apiary/Project

Safe Send/Waterbank Program

Judy Carlson, Coordinator/Apiary Director/Team Leader

Specialists: Blake Schaan Rachel Seifert-Spilde

James Hansen, GIS-GPS Specialist

EXECUTIVE SERVICES

Executive Services includes the policy and communications section, marketing services, agricultural mediation service, agriculture in the classroom program, organic and specialty crops programs, information services, fiscal management and reception service in the North Dakota Department of Agriculture (NDDA).

POLICY AND COMMUNICATIONS

Policy and Communications provides research and analysis of public issues for the agriculture commissioner, department staff and the public. Areas of research include state and federal farm policy, crop insurance, organic agriculture production and renewable energy and energy conservation.

Policy and Communications organizes and disseminates public information about the department and North Dakota agriculture through news releases, newsletters, pamphlets, other publications and online.

Policy and Communications administers a yearly agricultural photo contest and designs and publishes an annual publication highlighting North Dakota Agriculture. (See Attachment 2.)

Policy and Communications also coordinates the work of the Natural Areas Acquisition Advisory Committee and the North Dakota Centennial Farm Program.

MARKETING SERVICES

Marketing Services provides education, promotion and market enhancement programs to increase sales of North Dakota agricultural commodities and value-added agricultural products in international, domestic and local markets.

As a member of Food Export Midwest (FEM), the department receives additional staff support to help North Dakota food and agri-business companies with exporter education, export promotion, including expense reimbursement to companies entering foreign markets, customized export assistance and cost-share funding. The association also helps companies at overseas trade shows through Food Show Plus, which offers such services as language translation of materials, an interpreter during the show and scheduled meetings with buyers.

Marketing Services has developed a database of current and potential agriculture exporters in the state and is now offering them technical and financial assistance to

expand both domestic and international markets. A quarterly, electronic newsletter updates companies on exporting activities.

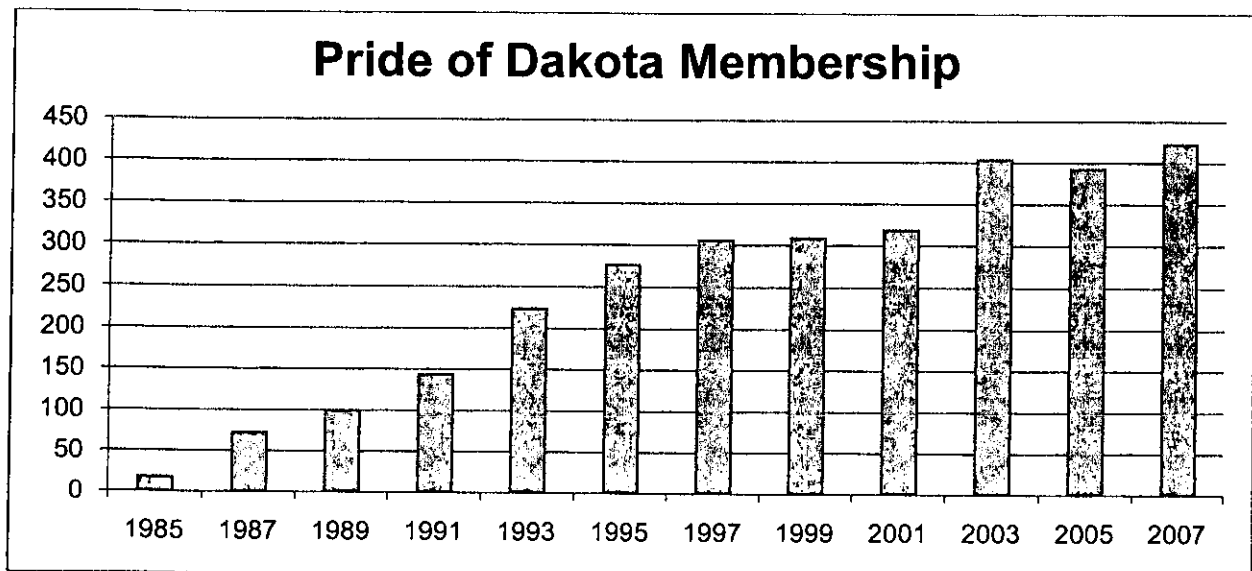
The department continues to focus on Cuba for sales of agricultural products. More than \$32 million of North Dakota agricultural products have been sold to Cuba since trade began in 2002. Also, the department conducted export work in Korea, Turkey, China and other countries through FEM, NASDA and the North Dakota Trade Office.

Marketing Services has aggressively pursued the development of farmers markets throughout the state. Three years ago, North Dakota had only 10 organized farmers markets. Now, there are more than 50 active markets. The department helped establish the North Dakota Farmers Market and Growers Association, a statewide organization that is working to grow this new industry.

The agriculture commissioner serves on many state commodity councils. Marketing Services works closely with these groups to promote their products.

Pride of Dakota is a major focus of Marketing Services. Created by former Commissioner of Agriculture Kent Jones in 1985, this program provides North Dakota companies with a recognizable state “brand” and provides opportunities for joint marketing efforts by the member companies. (See Attachment 3.)

Pride of Dakota membership is currently at 425 companies with no active recruitment by the department. The Pride of Dakota web site, www.prideofdakota.com, offers an Internet presence for all Pride of Dakota companies. Pride of Dakota Holiday Showcases are held in the state’s four largest cities each year. More than 25,000 people, a record number, attended the shows in 2008.



LOCAL FOODS. Marketing Services continues bringing together community leaders and others interested in promoting a comprehensive plan for a local food initiative in their communities through education, events, assessment tools and other resources. Successful 'local foods' plans will benefit North Dakota's rural communities by boosting local economies, improving the health and nutrition of our residents and fostering a renewed sense of community.

The department will also be working with local communities to help feed the hungry by growing more fresh produce for local food pantries. A 2008 report released by the "Creating a Hunger Free North Dakota" Task Force says that the state would need to nearly double its current food resources to 9.1 million pounds in order to eliminate hunger and food shortages in North Dakota.

A North Dakota Food Summit, was held the first day of Marketplace for Entrepreneurs, January 13, 2009. A draft strategy has been prepared as a working document outlining measurable objectives for supporting more local foods in the state.

SPECIALTY CROP GRANTS. Marketing Services continues to administer the federal specialty crop grant program. The program provides block grants to states for the purpose of *"Enhancing the competitiveness of specialty crops including, but not limited to: research, promotion, marketing, nutrition, trade enhancement, food safety, food security, plant health programs, education, buy local programs, increased consumption, increased innovation, improved efficiency and reduced costs of distribution systems, environmental concerns and conservation, product development and developing cooperatives."* (Federal Register/Vol. 71, No. 175/Monday, September 11, 2006)

Federal specialty crop block grants were first allocated in 2001. It wasn't until 2006 that funding was again appropriated to the program. Since then, the department has been allocated \$344,010 in three different grants.

The 2008 Farm Bill provided for increased funding of the specialty crop grant program. Based on the current allocation formula, the department's anticipated grant revenue during the 2009-2011 biennium is estimated to be \$905,000.

Some of the crops grown in North Dakota eligible for the program include fruits and vegetables (including organic), tree nuts, dried fruits, nursery crops (including floriculture), dry peas, lentils, chickpeas, dry edible beans, potatoes, Christmas trees, fruit grapes for wine, edible sunflower and honey.

The department has granted funds to the following entities through this program: Northarvest Bean Association, Northern Pulse Growers Association, Northern Plains Potato Growers Association, North Dakota Nursery Association, Minot State University-Entrepreneur Center for Horticulture and the North Dakota Farmers Market and Growers

Association. Funds from this program have also been used to start the Local Foods Initiative. These grants have been very beneficial for these organizations to pursue programs that otherwise would not have been possible.

Additional federal money in our budget includes \$280,000 for the organic reimbursement program, \$10,000 for re-usable bags and approximately \$22,000 for FSMIP (Federal, State Marketing Improvement Program).

LIVESTOCK FEED INITIATIVE. In June 2007, the department created a Livestock Feed Task Force. Members included representatives from entities interested in finding and developing markets for the growing number of livestock feed co-products that are being produced by North Dakota agriculture processing facilities. The objectives include developing a product line of premium feeds, determining interest in producing and selling those feed products, and assisting companies in developing marketing strategies for both domestic and foreign markets.

The result of this effort has been the formation of a Central Dakota Feeds Development Initiative under the leadership of the Carrington Job Development Authority and Forward Devils Lake. An advisory board has been guiding the project; the department is a member of the board.

Feeding trials are currently being conducted with these specialty feeds for cattle and swine, and trials for dairy will begin in the next few months. An outline of a marketing strategy has been developed and will be implemented when the trials are completed. Early indications show successful results.

Over \$200,000 has been raised to date from commodity groups and other sources for this initiative. Total project costs are estimated at \$450,000 by the time a site(s) specific business plan is completed. The department has committed \$30,000 towards this project and plans to continue support in the 2009-2011 biennium.

During the 2007-2009 biennium, Marketing Services helped promote the state's organic industry by assisting the Organic Advisory Board in developing a new website to help link organic producers to organic consumers and commodity buyers, and by providing informational materials to the public at trade shows.

AGRICULTURE IN THE CLASSROOM

Agriculture in the Classroom (AITC) helps elementary and secondary school students understand the importance of agriculture through the development of educational materials and training of teachers. AITC activities are overseen by the members of the AITC Council. (See Attachment 4.) Contracted activities include in-service training, for-

credit classes, teacher tours, classroom publications, mini-grants for student agricultural projects and interactive distance-learning classroom projects.

The department contracted with the North Dakota Geographic Alliance, North Dakota State University Agricultural Communications, the North Dakota Farm Bureau Foundation, the North Dakota FFA Foundation and EduTech Education Technology Services to conduct these programs.

In 2007, 55 teachers attended Project Food, Land, and People training and over 30 teachers attended North Dakota Agriculture Tours for Teachers. The Ag in the Classroom Mini-Grant Program funded 44 projects across the state. Three issues of the AgMag are distributed to more than 6,000 students each year. (See Attachment 4.)

AGRICULTURAL MEDIATION

The North Dakota Agricultural Mediation Service (AMS) offers negotiation and mediation services to resolve differences among creditors, farmers and others. (See Attachment 5.)

The six-member North Dakota Credit Review Board (CRB) establishes AMS operating policies. The governor and attorney general each appoint a farmer and a lender, and the agriculture commissioner appoints two farmers to the board. Current members are Ellen Linderman, Carrington; Elwood "Woody" Barth, Solen; Paul Burtman, Wildrose; Russ Erickson, Grand Forks; David Rustebakke, Grand Forks; and George Wald, Dickinson.

Mediation is a voluntary process for farmers and private creditors, but it is mandatory with the Farm Service Agency (FSA) and Farm Credit Services (FCS) and is requested as a matter of policy by the Bank of North Dakota on delinquent loans. Most USDA agencies also offer mediation of adverse determinations as a part of their appeal process. Mediation is less costly and faster than formal appeals and litigation. It produces greater levels of satisfaction for participants and allows the parties to deal with the entire problem.

AMS agreement rates, an important measure of mediation effectiveness, were 79 percent and 71 percent respectively for fiscal years 2007 and 2008. Successful mediation outcomes are those in which financial problems are resolved and/or adverse determinations are reversed or modified, or in which the producer accepts the determination and foregoes further administrative appeals and/or litigation.

Mediators are trained as impartial third parties who serve as intermediaries, outside the courtroom, between farmers and others to resolve disputes prior to formal appeals.

Negotiators help farmers and ranchers with financial problems, loan restructuring and loan applications. Negotiators help farmers prepare information for mediation of USDA non-credit adverse determinations and other disputes. Negotiators also assist beginning farmers with farm operating and finance plans and beginning farmer loan applications. During the past two fiscal years, 296 producers, including 19 beginning farmers, requested AMS services.

AMS networks with public, private and non-profit entities to provide services to farmers and their families. Presentations by service providers such as North Dakota Mental Health (211 line), North Dakota Vocational Rehabilitation, Job Service and others are scheduled as time permits.

Periodic educational seminars for AMS staff include farm credit and farm program training, as well as certified mediation training from the University of North Dakota Conflict Resolution Center.

USDA's Mediation Grants Program is seen as an efficient cost saving means of dispute resolution. Federal cost share is provided to certified state programs at 70 percent for under federal guidelines.

ORGANIC CERTIFICATION

The 2008 Farm Bill provides funding for the USDA national organic certification cost share program. The department expects to annually distribute nearly \$140,000 to organic producers for partial reimbursement of their certification costs during the 2009-2011 biennium. No state funds are involved.

Executive Services Budget Comparisons			
	2007-2009		2009-2011
Salaries	\$	2,647,654	\$ 3,146,681
Operating	\$	1,432,751	\$ 1,677,275
Grants	\$	60,000	\$ 1,005,600
Total	\$	4,140,405	\$ 5,829,556
General Funds	\$	2,439,372	\$ 2,947,766
Federal Funds	\$	924,013	\$ 1,990,622
Special Funds	\$	777,020	\$ 891,168

KEY ISSUES INCLUDED IN GOVERNOR'S BUDGET

EMPLOYEE COMPENSATION. The department supports the governor's compensation package.

COST INCREASES. The department supports the governor's recommendation for the redesign of the agency web site, a database management system and increases in motor pool costs.

AG MEDIATION. The department supports the governor's recommendation to provide an additional \$19,998 in general funds to maintain the Ag Mediation Program at current levels.

ADDITIONAL REQUESTS

RENT. The department requests that you consider increasing the governor's recommendation from \$120,000 to \$200,000 general funds.

PRIDE OF DAKOTA FEES. The department requests that you consider allowing the department to keep and spend Pride of Dakota membership fees.

LIVESTOCK SERVICES

Livestock Services includes Livestock Licensing, Dairy/Poultry, the State Board of Animal Health, the State Meat and Poultry Inspection Program and Wildlife Services. The main focus of the program area is regulating North Dakota's livestock industry.

LIVESTOCK LICENSING

The livestock industry is an important sector of North Dakota's economy. Current statewide livestock inventories include 1.81 million cattle, 95,000 sheep and 151,000 hogs with total livestock cash receipts of approximately \$850 million.

The Livestock Licensing section protects this industry by licensing livestock dealers and auction markets. Approximately 150 dealers and 16 auction markets are granted licenses after posting bond, filing financial statements and passing tests of financial responsibility. Field investigations are routinely carried out to monitor financial conditions of dealers and auction markets and to discover unlicensed dealers.

DAIRY

The Dairy Section protects and promotes North Dakota's dairy and poultry industries by helping them comply with federal and state laws and regulations.

Three dairy inspectors visit the state's 242 dairy farms, inspecting each farm for sanitation of equipment, facilities, proper usage and storage of drugs, and water purity.

The state's five dairy processing plants and three milk transfer stations are inspected four or more times annually. Distribution facilities, milk bulk trucks and samplers/haulers are also inspected.

A fourth inspector conducts the survey (audit) work of the Interstate Milk Shippers program (Grade A). This involves 38 milk producer groups, five plants, and three transfer/receiving stations. The same individual inspects manufacturing grade plants and transfer stations under contract with the U.S. Food and Drug Administration. The dairy inspectors conducted 140 inspections of non-traditional livestock for the state veterinarian's office this year.

Dairy personnel are also responsible for enforcing poultry regulations. North Dakota currently has 12 licensed commercial egg producers that are inspected once a year. All in-state and out-of-state hatcheries are licensed and bonded.

LIVESTOCK POLLUTION PREVENTION PROGRAM. The department is in the eighth year of the voluntary Livestock Pollution Prevention Program (LP3), formerly the Dairy Pollution Prevention Program. The LP3 program is funded by EPA 319 funds to help livestock producers manage manure. This program has provided cost-share assistance to 45 livestock producers to install manure containment systems, thereby preventing 760,500 pounds of nitrogen and 290,000 pounds of phosphorous from polluting North Dakota waters each year. The program has also advised 253 livestock producers on nutrient management, project planning, regulations and manure containment. (See Attachment 6.)

Since the program's inception, \$1,737,345 has been spent. EPA has committed an additional \$1,003,263 to the program through June 30, 2010. The department has requested an additional \$50,000 from the EARP Fund for 2009-2011. The program receives 60 percent of its funding through an EPA grant and is obligated to provide a 40 percent state/local match.

NORTH DAKOTA DAIRY COALITION. The North Dakota Dairy Coalition is a partnership with the dairy industry and government entities with the goal of increasing dairy production in North Dakota. After four years, the Coalition has proven that it should be state funded in order to continue growing the industry in tandem with our ethanol industry. The 2007 Legislature provided \$75,000 to fund the Dairy Coalition. All funds were spent by June 30, 2008, under a grant agreement with the Dairy Coalition.

STATE VETERINARIAN

The State Board of Animal Health (BOAH) establishes policy for the state veterinarian's office. Current members are Nathan Boehm, Mandan, president; Paula Swenson, Walcott, secretary; Melvin Leland, Sidney, MT; Ron Fraase, Buffalo; Dr. Dick Roth, Fargo; Dr. William Tidball, Beach; Dr. Kenneth Throlson, New Rockford; Shawn Schafer, Turtle Lake; and Joel Olson, Almont.

The BOAH is charged with all matters relating to the health and welfare of domestic animals and nontraditional livestock that are not specifically assigned by statute to another entity. The board also determines and employs the most efficient and practical means for the prevention, suppression, control, and eradication of dangerous, contagious diseases of domestic animals and nontraditional livestock. The BOAH also works to prevent the escape and release of animals injurious to or competitive with agriculture, horticulture, forestry, wild animals and other natural resources.

The BOAH and the North Dakota Game and Fish Department have a memorandum of understanding, allowing the BOAH to regulate non-traditional livestock. Game and Fish provided \$209,684 during the 2007-2009 biennium for these activities.

Voluntary disease control programs provide recognition of and certification for helping producers eliminate diseases from their herds. The board oversees a voluntary Johne's Disease Herd Status Program. A scrapie cooperative agreement assists sheep producers in North Dakota with the costs of genotyping to determine the susceptibility of their animals to scrapie. A mandatory statewide surveillance program for chronic wasting disease (CWD) has been in effect in North Dakota for ten years.

Global trade and the increasing international movement of people, animals and animal products have greatly increased the risk of the introduction of foreign animal diseases into the U.S. and North Dakota. The BOAH participates in a voluntary premise registration and animal identification program to meet the needs of animal health officials charged with tracing animals in disease investigations. Traceouts from tuberculosis-positive herds and brucellosis-infected herds have illustrated that need in recent years.

Avian Influenza (AI) type A viruses have been found in over 40 species of wild and domestic birds; and cases occur every year throughout the world. Low pathogenic AI occurs periodically in the U.S. High pathogenic avian influenza (HPAI) is an extremely infectious and fatal form of the disease that, once established, can spread rapidly from flock to flock. The BOAH secured federal funds through USDA and hired staff to educate farmers, ranchers and others regarding AI and to conduct AI testing in poultry flocks. Fortunately, to date, no evidence exists of AI in North Dakota.

The board has implemented an emergency response plan to survey and respond to foreign animal and emerging diseases, natural disasters, and bioterrorist events. A mobile emergency laboratory and cattle handling equipment are ready for use. The BOAH hired an emergency response coordinator and third veterinarian to assist in the development of the plan and to assist with training and equipping the Veterinary Reserve Corps. Twenty one veterinary practitioners currently participate in the North Dakota Veterinary Reserve Corps. They are updated and informed through electronic communication and trained annually to assist in emergency situations.

The Private Practitioner Portal (PPP), is a web-based system that allows veterinarians to report information regarding disease investigations and complaints of inhumane treatment of animals. State veterinarians frequently assist local law enforcement officers with complaints of inhumane treatment of animal. Private practitioners are contracted to conduct investigations when needed.

In the 2007-2009 biennium, federal funding was received for several programs including a voluntary Johnne's disease program, a Johnne's disease demonstration project, scrapie eradication, avian influenza surveillance, a National Animal Identification System, bioterrorism preparedness and continuing foreign animal disease surveillance.

MEAT AND POULTRY INSPECTION

The State Meat and Poultry Inspection Program was established within the North Dakota Department of Agriculture in 2000. Processors that are recognized as "official state establishments," may sell wholesale products throughout the state. They may also buy and slaughter local livestock or slaughter livestock for local producers and offer these products for sale. Selling directly to consumers helps processors and producers capture more of the consumer dollar. (See Attachment 7.)

Although the state laws and regulations closely resemble those of the federal program (Food Safety and Inspection Service-FSIS), the state programs offer certain advantages. They can offer more technical support and guidance and handle issues more effectively and efficiently than the large federal system.

As part of the cooperative agreement with the department, FSIS provides a 50 percent match for all inspection activity expenditures, excluding inspection of any non-amenable species, such as bison or elk.

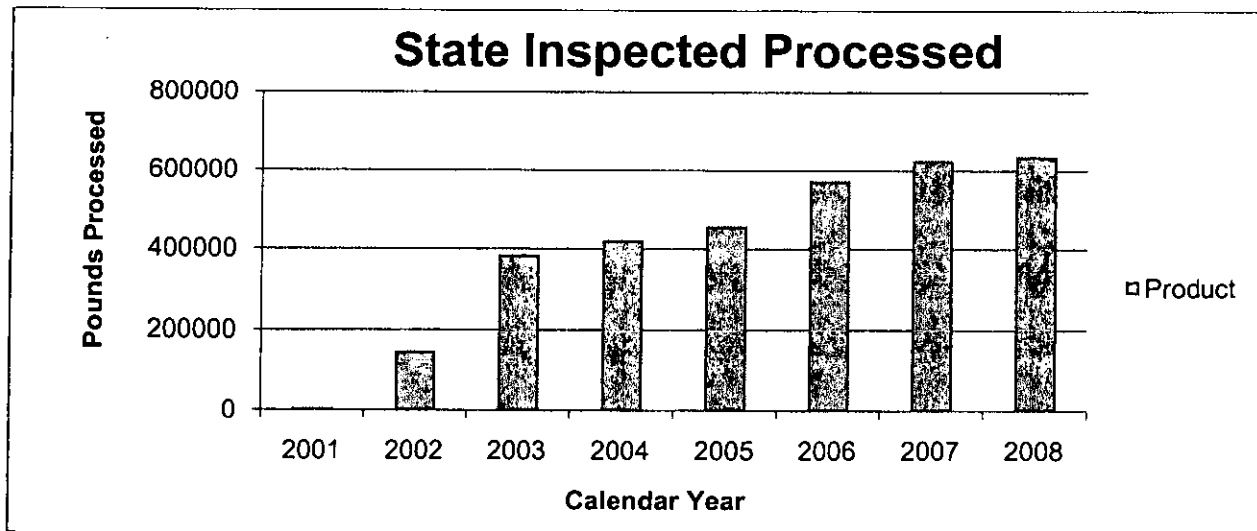
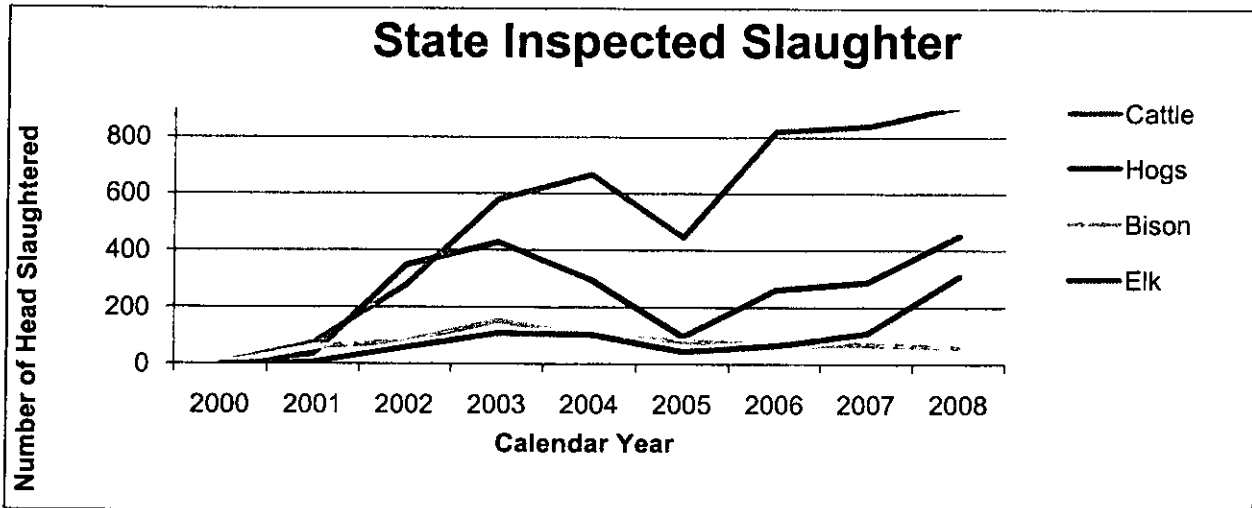
The program is administered by the director and a half-time administrative assistant located in Bismarck. A third position located in Bismarck is a relief inspector/assistant. Two senior inspectors/supervisors oversee the field operations of the relief inspector and six field inspectors, who currently inspect 15 official state establishments, monitoring slaughter and/or processing activities on a daily or weekly basis.

Inspectors also review the state's 90 custom-exempt plants at least four times per year. Custom exempt plants are 'exempt' from the inspection of the actual slaughter and processing activities but must meet sanitation and facility requirements. No product slaughtered or processed at these plants is eligible for sale.

One of the field inspectors also serves as a USDA grader and is able to provide beef grading service to any state or federally inspected establishment that requests and qualifies for it. Another field inspection position, located in Fargo, is the program's compliance officer. Compliance activities include random reviews of businesses selling meat products, enforcing labeling requirements, investigating violations of state or federal meat inspection regulations and handling consumer complaints.

In addition to inspection duties, the program staff offers education and consultation to plant personnel while reviewing facilities. The supervisors and director conduct regular oversight reviews to ensure consistent inspections throughout the state.

The amount of livestock slaughtered and meat processed under state inspection demonstrates the growth and benefits of the state meat inspection program and is shown in the following charts:



During the first year of state meat inspection (2001), there were a total of 181 animals slaughtered and 5,238 pounds of meat processed under state inspection. This number has steadily increased to approximately 1,734 animals and approximately 636,614 pounds in 2008.

The 2008 Farm Bill includes language to amend an outdated and unfair law from the 1960s that prohibited the sale of state-inspected meat products across state lines. This language will allow state-inspected plants to compete in the national marketplace if they meet criteria set by USDA, which must be in place by December 18, 2009. After this time, states will have the opportunity to adopt this new program. There are five meat processing establishments that are either currently state-inspected or plan to become state-inspected that have indicated interest in participating in this new program.

The governor's budget recommends an additional FTE. This FTE is needed to cover the additional workload created by expanded processing in existing plants and the increase in the number of plants that have expressed desire to come under state inspection. It is also needed to help implement the new interstate shipment program, set to be in place by December, 2009. This program will create additional opportunities for existing state plants, which will result in an increased workload for the program. (See Attachment 7.) for a map of existing and anticipated plants.

WILDLIFE SERVICES

The Wildlife Services (WS) program is administered by the Animal and Plant Health Inspection Service (APHIS) of the U.S. Department of Agriculture through cooperative agreements with the North Dakota agriculture commissioner and the North Dakota Game & Fish Department.

A combination of federal and state funds are used to mitigate wildlife conflicts caused by predators, beaver, and waterfowl. WS has assisted 483 landowners with the management of coyote depredation to livestock. Agency personnel have documented \$202,000 in livestock losses to predators with a control program in place. WS responded to beaver damage to trees, roadways, and crops by conducting work activities on 434 private and public properties. Documented beaver damage totals \$1 million. Certified explosive specialists used binary explosives to remove 81 beaver dams and restore normal water flow in streams and creeks. WS used frightening devices and special depredation permits to mitigate Canada geese damage, reported by 79 farmers.

Federal funding was used exclusively by WS to manage blackbird damage to sunflower crops. During the 2007 and 2008 growing seasons, WS identified 8,200 acres of cattail-choked wetlands that served as roost sites for blackbirds. An EPA-approved aquatic herbicide was applied to 252 roost sites. Dispersal of the birds from their roosts helped to minimize damage to surrounding sunflowers fields. The cattail management program benefited 77 landowners in 19 counties. Frightening devices such as propane cannons and pyrotechnics were also distributed free of charge to 421 sunflower producers.

A performance audit conducted by the Office of the State Auditor in 2008 provided 11 recommendations to improve the monitoring of the work conducted by APHIS/Wildlife Services through the cooperative wildlife damage management program. (See Attachment 8.)

The department, Wildlife Services, and North Dakota Game and Fish responded to audit recommendations in a new annual operating agreement developed in consultation with the State Auditor's Office. (See Attachment 8.) The most significant changes in the new agreement are limiting reimbursement to eligible salary costs for state reimbursement and identification of blackbird work as eligible for reimbursement with state general funds.

In addition, HB1125 has been introduced as an agency bill to clarify state law regarding animal species covered by the agreement with Wildlife Services.

All eleven audit recommendations have been addressed by these actions by the department, Wildlife Services and North Dakota Game and Fish.

Livestock Services Budget Comparisons			
	2007-2009		2009-2011
Salaries	\$	2,005,173	\$ 2,456,739
Operating	\$	1,551,939	\$ 2,262,939
Board of Animal Health	\$	2,387,268	\$ 2,378,325
Wildlife Services	\$	1,079,000	\$ 1,067,400
Grants	\$	75,000	\$ 150,000
Total	\$	7,098,380	\$ 8,315,403
General Funds	\$	2,772,066	\$ 3,225,362
Federal Funds	\$	3,256,993	\$ 3,939,577
Special Funds	\$	1,069,321	\$ 1,150,464

KEY ISSUES INCLUDED IN GOVERNOR'S BUDGET

MEAT INSPECTION FTE. The department supports the governor's recommendation for one FTE to provide additional inspection services for existing and new state inspected meat processing plants.

ADDITIONAL REQUESTS

BOARD OF ANIMAL HEALTH (BOAH). The department requests that you consider adding \$22,163 to the BOAH salaries to fully fund the BOAH pay plan.

DAIRY COALITION. The department requests that you consider adding additional funds to the governor's budget for the Dairy Coalition.

PLANT INDUSTRIES

The Plant Industries Program Area is comprised of the Pesticide, Feed and Fertilizer, Plant Protection, Noxious Weeds and Apiary sections.

PESTICIDE

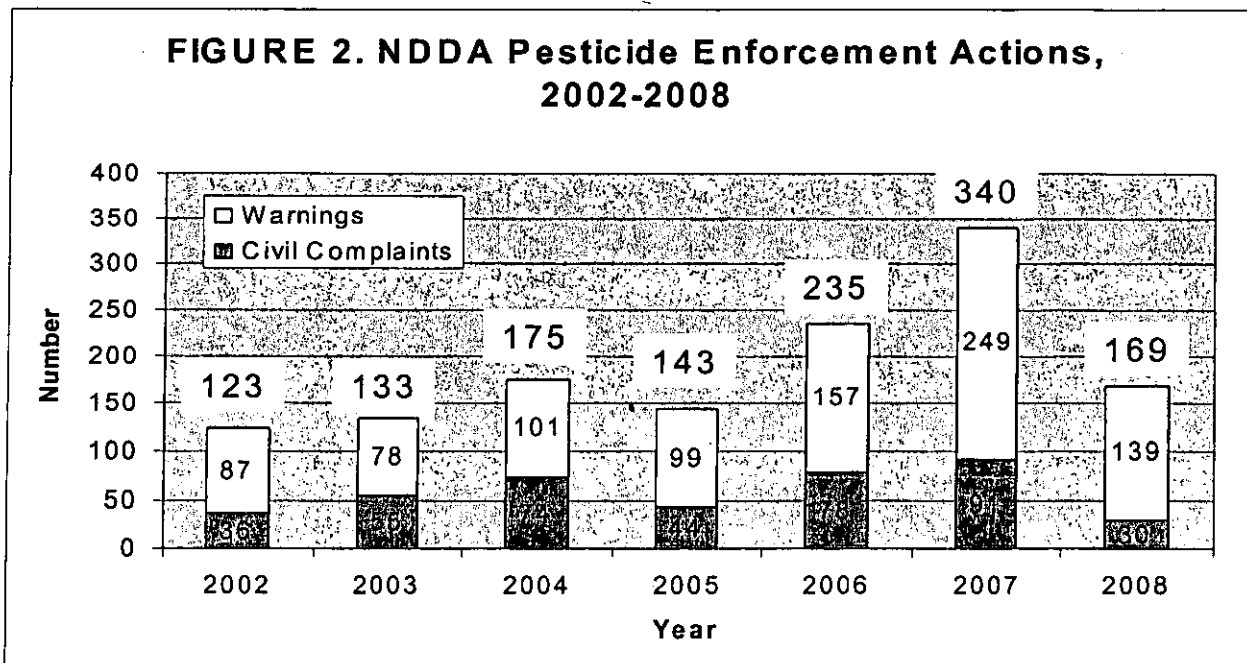
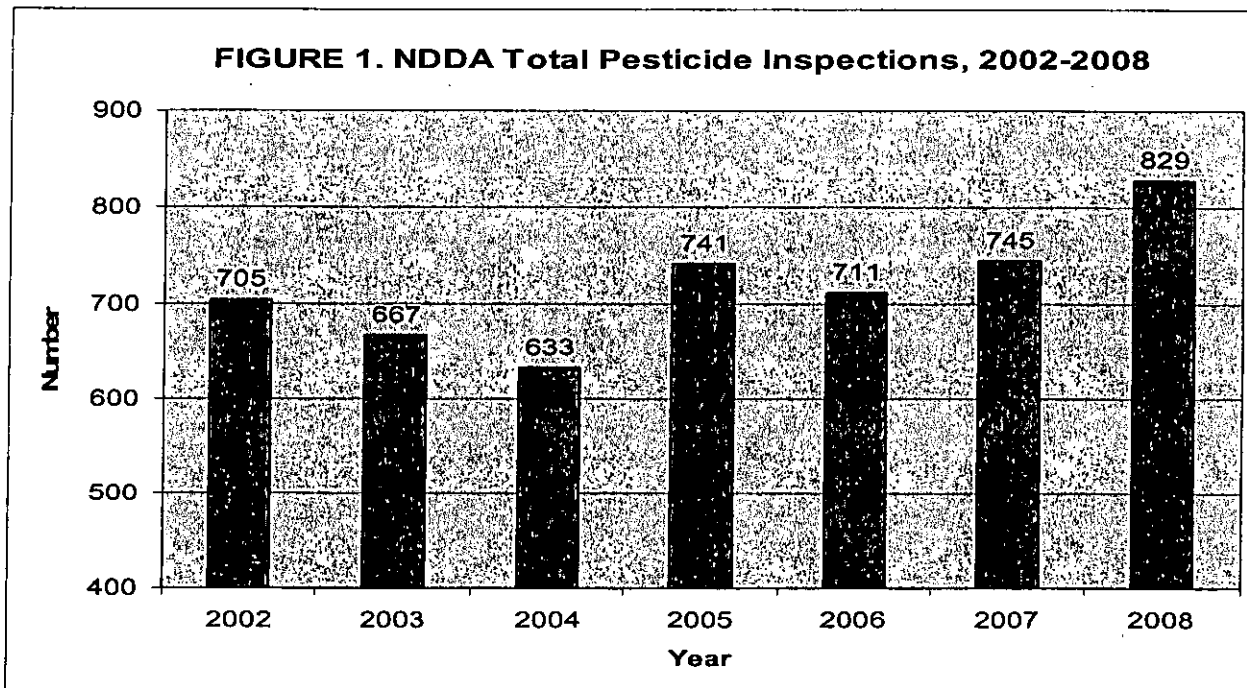
As the lead state pesticide agency in North Dakota, the department regulates the distribution, sale, storage, and use of pesticides under a cooperative agreement with the U.S. Environmental Protection Agency (EPA). Federal funds provide 85 percent of the funding for the pesticide program. It is anticipated that a reduction in federal funds for the program may require additional state funds to continue the program's activities, or it will require the department to limit certain program activities or rescind primacy for certain programs so that they are regulated primarily by the EPA.

PESTICIDE REGISTRATION. The pesticide registration program administers the registration of over 10,000 pesticide products, including herbicides, insecticides, fungicides, disinfectants, rodenticides, and other chemicals used to manage agricultural and non-agricultural pests. The pesticide registration program also works with growers and other stakeholders to ensure that they have access to effective pest management tools. In the 2007-09 biennium, the department obtained ten Section 18 emergency exemptions and issued seven Section 24(c) special local needs registrations to address local and regional pest problems. Crops and sites affected by these emergency exemptions and special registrations included soybeans, sugarbeets, flax, wheat, barley, beehives and rangeland.

The program is also involved with pesticide registration issues at the national and international level. Program staff members work with growers and the EPA to prioritize pesticide access needs and facilitate discussions to provide timely access to pesticide uses through full federal registrations. The pesticide registration section is also active in pesticide harmonization efforts, providing technical expertise in numerous meetings, including grower meetings, conferences with the NAFTA Technical Working Group and through participation on the NAFTA Technical Working Group Subcommittee on Pesticide Harmonization - NAFTA Labels.

PESTICIDE ENFORCEMENT. The pesticide enforcement section uses both regulatory and non-regulatory approaches to ensure compliance of pesticide dealers and users with state and federal laws and regulations. The program conducted 745 and 829 inspections in federal FY 07 and 08, respectively. The program significantly increased the use of outreach as a means to improve compliance, participating in over 36 public meetings in the past year alone. Staff communicated to over 1,200 citizens on how to comply with

state and federal pesticide laws. As a result of these efforts, the number of enforcement actions decreased 50 percent in the last federal fiscal year. This likely indicates that the renewed focus on compliance assistance and communication is improving compliance and changing behavior.



OTHER PESTICIDE PROGRAMS. The pesticide section manages several other initiatives through cooperative agreements with EPA. These include the Endangered Species Protection Program (ESPP), the Worker Protection Program, the Pesticide Water Quality Program, Integrated Pest Management (IPM) in Schools, and the Healthcare Initiative.

The last Legislature began the ESPP with an appropriation of \$250,000 and one and one half FTE's. The goal of the ESPP is to minimize the impact of pesticide use on the threatened and endangered species found in North Dakota. Staff evaluated the potential for all pesticide use allowed under Section 18 exemptions and new 24(c) registrations to impact listed species. The department also prepared and submitted to EPA a proposed Endangered Species Protection Program (ESPP) for Pesticides that would establish a framework to submit data and recommendations to enhance protection of North Dakota's listed species. This was submitted to EPA in June 2008, and EPA provided informal feedback and suggested revisions in September. The department is revising the proposed plan per EPA's feedback and hopes to have a final draft submitted to EPA by early 2009.

Also implemented in cooperation with ESPP is the Pesticide Water Quality Program, which is focused on protecting groundwater and surface water from pesticide contamination. The section worked with state and federal partners to design and implement a comprehensive surface water pesticide monitoring program in 2008 to identify areas and pesticides of concern, the first such monitoring program conducted in the state. Three watersheds (Souris River, Sheyenne River, and the Missouri/Yellowstone River confluence) were monitored from May through October for 186 different pesticides. Depending on available resources, a surface water monitoring program is also planned for 2009.

The Worker Protection Standard (WPS) is focused on mitigating the risk of pesticides to pesticide handlers and workers in farm, forest, nursery, and greenhouse settings. The section conducts inspections and distributes WPS educational materials to affected parties to help them comply with WPS.

The pesticide section accepted additional federal funds to initiate two new pesticide programs this biennium (IPM in Schools and the Healthcare Initiative). Under the IPM in Schools program, the section contacted over 400 principals of public and private elementary and secondary principals in North Dakota to introduce them to the IPM in Schools program and provide resources where they can obtain more information on how to safely and effectively manage pests in school settings. Under the Healthcare Initiative, the department sent informational materials to administrators of over 400 clinics, emergency rooms, and hospitals in North Dakota to create a dialog with the medical community and help medical providers better recognize symptoms of pesticide toxicity.

PROJECT SAFE SEND

Project Safe Send (PSS) helps farmers and others to dispose of unusable and old pesticides. PSS has collected more than 2.3 million pounds of hazardous and unusable pesticides from 6,413 participants. (See Attachment 9.)

FEED AND FERTILIZER

The section enforces the provisions of the North Dakota Commercial Feed Law (Ch. 19-13.1), Livestock Medicines (Ch. 19-14), and Fertilizer and Soil Conditioner Law (Ch. 19-20.1). These laws require registration, review and sampling of animal feeds and soil amendment products to ensure they meet label claims. The section is also responsible for enforcing the state's anhydrous ammonia inspection program.

The section manages the registration of more than 5,000 commercial feed products, 2,700 fertilizers, 500 livestock medicines, and 4,300 pet foods. The section also licenses certain facilities, including approximately 300 feed manufactures, 250 feed dealers, 475 fertilizer distributors, and 340 anhydrous ammonia facilities.

Under a contractual agreement with the US Food and Drug Administration (FDA), the feed program also inspects medicated feed mills to ensure that such feeds are properly formulated. Under FDA authority, the program also conducts inspections of farms, ranches, and dairies to ensure that ruminant feeds do not contain prohibited material capable of spreading bovine spongiform encephalopathy (BSE).

PLANT PROTECTION

The plant protection section issues phytosanitary export certificates and various other certificates required by importing countries or states to facilitate export of North Dakota agricultural commodities.

Phytosanitary Export Certificates Issued	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Federal & State Phytos	1,548	1,402	2,041	2,119
Other State Certificates	719	826	874	761
TOTALS	2,267	2,228	2,915	2,880

Phytosanitary certification services increased by 41 percent from 2005-2006 compared to 2007-2008. Five commodity products accounted for 71 percent of certificates issued in 2008. Individually, certificates issued for these products increased:

- Peas by 210 percent
- Barley by 230 percent
- Soybean by 160 percent
- Dry Bean by 20 percent
- Soybean seed by 10 percent

The number of countries exported to increased by 12 percent (from 71 to 80), resulting in additional regulations to interpret. In addition, foreign country regulations have become more complicated with additional certification requirements to satisfy.

This dramatic increase in phytosanitary certification activities and workload led the governor to recommend an additional FTE and \$116,614. Much of this increase is directly attributable to the increased exports resulting from North Dakota's increasing emphasis in international marketing.

Plant Protection also licenses, inspects, and certifies nurseries to prevent the spread of plant pests and to facilitate export of nursery stock.

LICENSED NURSERIES	2005	2006	2007	2008
Growers	28	21	22	20
Grower/Dealers	13	19	18	17
Dealers	162	162	168	164
TOTALS	203	202	208	201

The section conducts surveys for exotic plant pests considered to be threats to North Dakota agriculture and also conducts surveys to support export certification by demonstrating areas free of specific pests. Surveys are conducted under a cooperative agreement with USDA-APHIS. Surveys are conducted in cooperation with USDA-APHIS, NDSU, North Dakota Forest Service, North Dakota City Foresters, and the North Dakota State Seed Department.

PLANT PEST SURVEYS CONDUCTED	
Pest/Disease	Crops Affected
Exotic Nematodes	Potato, soybean, corn, canola, sunflower, wheat, barley, dry beans, peas
Exotic Wheat diseases	Wheat
Exotic Soybean Pests	Soybeans
Potato Cyst Nematode	Potato
Karnal Bunt	Wheat
Emerald Ash Borer	Ash Trees
Gypsy Moth	Trees
Exotic Wood Borers	Trees

NOXIOUS WEEDS

The department is working with local weed boards, partners and landowners to control the spread of noxious weeds. Millions of biocontrol agents have been collected and distributed to control leafy spurge and Canada thistle throughout the state.

The noxious weed team coordinates and facilitates Integrated Pest Management (IPM) of both noxious and invasive weeds. The team works closely with county and city weed boards and administers several programs. Most of the funding expended in this area is passed through to county and city governments as cost share with special efforts directed at noxious or invasive weed control. Most of the funds (70 percent) are used for a Landowner Assistance Program (LAP). As of December 2008, there were 4,317 landowners who participated in LAP this biennium.

The department recently implemented a new weed board cost-sharing program, the Targeted Assistance Grant (TAG) program. The TAG program targets noxious and invasive weed control needs. The TAG program combines and simplifies the previous cost sharing programs — saltcedar, invasives, non-LAP biocontrol and cooperative weed management. So far, 28 of 53 counties (53 percent) are participating in the program with \$270,697 dollars allocated this biennium and \$156,420 tentatively allocated out of the 2009-2011 biennium to fund 59 projects.

Biological control is an integral part of the IPM program for many weeds, including Canada thistle, leafy spurge, and yellow toadflax. (See Attachment 10.) The department continues to monitor Canada thistle biocontrol agents to assess their effectiveness and obtain additional information. County and city weed boards and the department work together to organize and support collections for leafy spurge flea beetle redistribution. Information and resources are readily available at the department for land managers wishing to deploy biocontrol agents. \$57,000 was received from the U.S. Forest Service to conduct a three-year, statewide IPM project. In 2008, these funds were used to

monitor 95 previous biocontrol sites, co-host five biocontrol field days, collect and redistribute 87,000 leafy spurge flea beetles, and purchase 1,500 additional biocontrol agents (Oberea), educational tools and other equipment.

Forty-eight counties and one city weed board have received grants for a weed monitoring system which includes a GPS (Global Positioning System), datalogger, and AllTopo software. In return, the counties and cities agree to supply the department with the weed data collected. Using this system, the participants will be able to monitor the spread and control of noxious and invasive weeds. As of December 2008, the department has received 1.7 million weed data points. (See Attachment 11.) Improvements to the program, such as density mapping, are now being explored.

Invasive weeds, such as houndstongue, yellow toadflax and black henbane, continue to be a threat to North Dakota. More effective means of control are being investigated. Early detection and rapid response are vital elements of the IPM program to minimize the spread of weeds and management costs.

WATERBANK

A cooperative effort of several state and federal agencies, the state Waterbank Program gives landowners financial incentives to preserve wetlands. The program has been very popular with landowners because it provides short-term leases that compensate them for the loss of agricultural acreage enrolled in the program.

No funds were allocated to the department for this program for the 2007-2009 biennium. The governor's 2009-2011 budget does not include funds for the program.

APIARY

The apiary section is responsible for the following services to the beekeeping industry:

- Annual licensing of beekeepers.
- Registration of bee locations.
- Inspection for diseases and parasites.

Nearly all of the bees in North Dakota are migratory and may go to California for almond pollination, Washington for apples or Florida for citrus. Previously, most North Dakota bees wintered in Texas, but with increased almond pollination needs, more colonies have been going to California. Inspections and health certificates are required for semi-loads of bees both going through and to other states.

In 2008, the department issued 177 beekeepers licenses and registered and mapped 9,935 apiary locations in the state.

INDUSTRIAL HEMP

The department issued licenses to two prospective industrial hemp growers in North Dakota in 2008. The ability to produce industrial hemp in North Dakota remains uncertain after a federal district judge ruled in favor of the Drug Enforcement Agency's motion to dismiss a case seeking to cultivate industrial hemp.

On Nov. 11, 2008, the *Monson, et al v. Drug Enforcement, et al* (Case No. 07-3837), was argued before Eighth Circuit Court of Appeals (St. Paul Division III). A ruling is expected sometime within the next few months. Also, on July 30, 2008, Dr. Burton Johnson, NDSU, signed a memorandum of agreement with the Drug Enforcement Administration to conduct industrial hemp research.

Plant Industries Budget Comparisons		
	2007-2009	2009-2011
Salaries	\$ 2,521,122	\$ 2,983,006
Operating	\$ 1,861,226	\$ 1,904,746
Capital Assets	\$ 5,000	\$ 5,000
Grants	\$ 1,714,225	\$ 1,714,225
Crop Harmonization	\$ 25,000	\$ 50,000
Total	\$ 6,126,573	\$ 6,656,977
General Funds	\$ 605,229	\$ 761,178
Federal Funds	\$ 2,325,865	\$ 2,407,110
Special Funds	\$ 3,195,479	\$ 3,488,689

KEY ISSUES INCLUDED IN GOVERNOR'S BUDGET

PLANT PROTECTION FTE. The department supports the governor's recommendation for one FTE related to phytosanitary certificates.

PESTICIDE OUTREACH FTE. The department supports the governor's recommendation for one FTE to increase awareness and compliance regarding pesticide regulatory compliance.

SUMMARY

This budget presentation was designed to help members of the North Dakota Legislature determine spending priorities for the 2009-2011 biennium. The work of the North Dakota Department of Agriculture is vital to our industry. Although the department is one of the smallest of its kind in the United States, its personnel administer and deliver a wide variety of programs and services for the benefit of the state's 30,000 family farmers and ranchers and all of our citizens.

My staff and I welcome the interest and questions of the Legislature and all North Dakota citizens, regarding the work of the North Dakota Department of Agriculture.

Sincerely,

A handwritten signature in black ink, appearing to read "Roger Johnson", with a stylized, cursive script.

Roger Johnson

NORTH DAKOTA SENATE

HB 1009

Senate Appropriations Committee

The Hon. Ray Holmberg, Chairman

North Dakota Department of Agriculture

Roger Johnson, Agriculture Commissioner

February 25, 2009

THE DEPARTMENT'S VISION

North Dakota will be the trusted provider of the highest quality food in the world with prosperous family farms, thriving communities and world class stewardship of resources.

THE DEPARTMENT'S MISSION

The North Dakota Department of Agriculture fosters the long-term well-being of North Dakota by promoting a healthy economic, environmental and social climate for agriculture and the rural community through leadership, advocacy, education, regulation and other services. To carry out its mission, the Department of Agriculture is committed to the following responsibilities:

- Serving as an advocate for family farmers and for the rural community.
- Providing services that ensure safe, high quality and marketable agricultural products.
- Developing and expanding markets for agricultural products.
- Reducing the risk of financial loss to agricultural producers and to buyers and sellers of agricultural commodities.
- Ensuring compliance with the law through understandable regulations, information, education and even-handed enforcement.
- Ensuring human safety and protecting the environment through proper use of pesticides.
- Providing services to reduce agricultural losses from noxious weeds, animal depredation, insects and diseases.
- Ensuring the quality and availability of pesticides, fertilizers, veterinary medicines and animal feeds through testing and registration.
- Protecting and improving the health, welfare, quality and marketability of livestock and other domestic animals.
- Gathering and disseminating information concerning agriculture to the general public.

INTRODUCTION

NORTH DAKOTA AGRICULTURE

A multi-billion dollar industry, North Dakota agriculture is the foundation of the state's economy and society. Farming, ranching and agriculture-related businesses account for almost one fourth of North Dakota's workforce and for the largest segment of the state's economic base. Nearly 90 percent of North Dakota's land area is in farms and grazing land.

The national leader in the production of durum and spring wheat, barley, oil and confectionary sunflowers, pinto beans, dry edible beans, flaxseed, canola, navy beans, dry edible peas, lentils, honey and oats, North Dakota is also a major producer of soybeans, sugarbeets, potatoes and rye. The quantity and quality of these commodities have earned North Dakota farmers and ranchers a national and worldwide reputation as some of the best agricultural producers in the world.

North Dakota agriculture generated \$5.8 billion in cash receipts in 2007, and it is projected to reach the same level in 2008. These impressive figures were not easily achieved. Volatile markets, unpredictable weather and the vagaries of federal farm policy are just some of the long-standing challenges facing producers. More recent worries include environmental concerns, changing consumer demands and rising costs for fuel, chemicals, equipment, labor and land.

While there are challenges, agriculture also offers tremendous opportunities. The demands of the growing renewable energy industry are likely to increase, providing a larger market for corn, canola and soybeans and new markets for crop residues and perennial grass production. The same industry also gives producers and others the opportunity to invest and partner in ethanol and biodiesel production plants. Cellulosic ethanol technology and other bioindustries utilizing agricultural feedstocks are becoming closer to reality.

Safeguarding and promoting this vital industry, the department provides leadership, resources and services "to make North Dakota the trusted provider of the highest quality food in the world with prosperous family farms, thriving communities and world-class stewardship of resources."

NATIONAL POLICY ISSUES

Agriculture Commissioner Roger Johnson chaired the Rural Development & Financial Security Policy Committee of the National Association of State Departments of Agriculture (NASDA) from 2001-2007. The committee led the development of farm policy recommendations to Congress by the agriculture commissioners, secretaries and directors of the 50 states.

As NASDA's 2007-08 President, Commissioner Johnson played a key role in successfully pushing for NASDA's Farm Bill priorities as Congress debated and passed the new Farm Bill. In testimony before Congress, he argued that the new legislation should include a permanently authorized disaster assistance program, covering both crops and livestock; payment limitations that close existing loopholes, such as the "three entity rule"; improved crop insurance, research, renewable energy and conservation programs; interstate shipment of state inspected meat products; and a livestock indemnity program.

Commissioner Johnson has long supported harmonization of U.S.-Canadian laws, regulations, labeling and pricing of pesticides. The department's pesticide staff worked closely with the U.S. Environmental Protection Agency, its Canadian equivalent and the state's congressional delegation in the development of a NAFTA label that would enable cross-border sales of pesticides. In February 2007, the Arizona-based Gowan Co. received the first NAFTA label for its Far-GO® herbicide that is used to control wild oats, foxtail and other grasses on cereal grains, lentils, sugar beets and peas.

Production of industrial hemp has been legal in North Dakota since the 1990s, but federal regulations prohibit growing the crop anywhere in the U.S. In 2006, department staff developed rules and regulations to allow industrial hemp production. On February 5, 2007, the first industrial hemp grower licenses in the U.S. were issued to two North Dakota farmers. The licenses are contingent on U.S. Drug Enforcement Agency (DEA) approval.

INTERNATIONAL POLICY ISSUES

In July 2007, the North Dakota Department of Agriculture hosted two Cuban inspectors from Alimport and the Department of Plant Quarantine for purposes of discussing exporting potatoes into Cuba. In February 2008, Commissioner Johnson led a delegation to Cuba. Despite increasingly onerous federal trade restrictions, North Dakota has secured approximately \$32 million in contracts – mostly for dry peas – from the Cuban government. Negotiations continue among state and federal agencies to send the first shipment of North Dakota seed potatoes to Cuba. Cuba continues to offer new market opportunities for North Dakota exporters. Commissioner Johnson has also participated in trade missions to China and South Korea during the current biennium.

OTHER ISSUES

Commissioner Johnson has continued advocating for the development of new livestock industries in North Dakota to add value to grains and processing co-products. Such projects can be done in a fashion that protects the environment and addresses concerns of local citizens. These efforts have become critically important as local markets for biofuel co-products are key to the profitability of these new energy projects. Johnson has also worked to resolve local zoning issues legislatively and to implement new initiatives both administratively and legislatively to support and expand the livestock component of North Dakota's economy.

The department is also helping businesses and individuals obtain federal funding through such programs as the Market Access Program (MAP), the Federal-State Marketing Improvement Program (FSMIP), and the National Organic Certification Cost-Share Program and Specialty Crop Grants.

Other marketing efforts include using the Internet to help Pride of Dakota companies market North Dakota products directly to domestic and international customers. The department is also working to develop new markets for North Dakota products, especially in the Far East and the Caribbean.

The department offers many other programs and services, including:

- disposing of unusable pesticides – almost 2.3 million pounds since 1992 – through Project Safe Send;
- educating a new generation about farming, ranching and the industry of agriculture through Agriculture in the Classroom; and
- providing confidential negotiation and mediation services to producers with financial problems and assisting with loan restructuring and applications.

The three program areas of the North Dakota Department of Agriculture – Executive Services, Livestock Services, and Plant Industries – are committed to providing assistance and services to agricultural producers and the people of the State of North Dakota.

AGRICULTURE COMMISSIONER

In addition to overseeing the programs and activities of the North Dakota Department of Agriculture (NDDA), the Agriculture Commissioner serves on numerous boards, councils and commissions, including:

North Dakota Industrial Commission

North Dakota Water Commission

Board of Tax Equalization

Ag Products Utilization Commission

N.D. Dairy Promotion Commission

N.D. Barley Council

N.D. Seed Commission

N.D. Pesticide Control Board

N.D. Edible Bean Council

N.D. Soybean Council

Interstate Compact on Pest Control

N.D. Oilseed Council

N.D. Soil Conservation Committee

N.D. Agriculture in the Classroom Council

N.D. Potato Council

N.D. Seed Arbitration Board

N.D. Disaster Emergency Board

State Board of Agricultural Research & Education

N.D. Disaster Emergency Board

USDA Food and Agriculture Council

The following table summarizes and compares the department's total funding sources, appropriations and FTE's for the current biennium to the governor's recommended budget and the House of Representatives' changes for the 2009-2011 biennium.

Total Budget Funding Sources Comparison				
	2007-2009 Appropriation	2009-2011 Executive Budget	House Changes	2009-2011 House
General Funds	\$ 5,816,667	\$ 6,934,306	\$ (83,182)*	\$ 6,851,124
Federal Funds	\$ 6,506,871	\$ 8,337,309	\$ (156,544)	\$ 8,180,765
Special Funds	\$ 5,041,820	\$ 5,530,321	\$ (181,598)	\$ 5,348,723
Total	\$17,365,358	\$ 20,801,936	\$ (421,324)	\$20,380,612
FTE's	67.5	70.5	-1.0	69.5

*The general fund reduction of \$83,182 does not accurately reflect the cuts by the House. The House added \$200,000 of general funds to the Board of Animal Health while removing the same amount of Game and Fish funds. In addition, the House added \$100,000 of general funds to be passed through to the Dairy Coalition. Therefore, the net result of the House actions is a **\$383,182 general fund cut** from the Governor's budget recommendation.

SIGNIFICANT BUDGET ISSUES

EMPLOYEE COMPENSATION

The department supports the governor's compensation package with the "five and five" raises and continued full payment of health insurance premiums by the state. The department also supports the equity funds provided by the governor. These equity funds will be directed primarily toward field inspection staff. Pesticide, dairy and meat inspection field staff salaries lag behind inspection staff in other states, and employee losses to the private sector threaten additional depletion of experienced inspection staff. The House removed these equity funds (\$180,901) and has directed OMB to develop market equity increases "for employees whose salaries are furthest from their respective salary range midpoints." The department's recommendations were based upon the inspection staff lagging behind regional averages for similar positions in other states. The House version may or may not address those problems.

The House also removed two percent (\$196,602) of the department's salary funding to create a new "critical position" bureaucracy. This reduction leaves the department with only enough funding to provide salary increases of 1.7 percent each year of the biennium. **The department requests that this salary funding of \$196,602 be restored.**

RENT

NDDA staff is currently located on the 6th and 14th floors of the Capitol Building. The offices and work areas are extremely crowded, and the department lacks necessary laboratory space. The department requested an enhancement of \$220,000 of general funds and \$180,000 of other funds (other funds included \$90,000 of EARP funds) to move all Bismarck staff to an off campus location and to provide necessary animal, plant and meat laboratory work areas. The governor recognized the space problems and recommended \$120,000 of general funds to move some staff to an off campus location. The House removed the funds for rental of additional space and said that the Department of Transportation (DOT) would be building a new facility and that the department should be able to use part of the old DOT space. **The department requests the full \$220,000 of general funds and \$180,000 of other funds (including \$90,000 of EARP funds) for the rent request due to inefficiencies and duplicate equipment needs of two locations. (See Attachment 1.)**

ORGANIC PROGRAMS

The department asked the Governor to consider funding an enhancement of \$30,000 of state funds to continue providing services to the organic industry in North Dakota, which began with a \$30,000 appropriation by the 2007 Legislature. This was not in the Executive Budget. The organic industry secured sponsors and introduced legislation to increase state support for this program. HB1465 would have provided an FTE and \$225,414 for organic agriculture. **The department requests the addition of at least \$30,000 of general funds to provide organic services at the level funded by the 2007 Legislature.**

MEAT INSPECTION

The department anticipates continued growth in the small meat processing segment of the economy. There are several reasons for this, but the primary purpose is to serve the demand for additional inspection services from existing and new state-inspected meat processing plants. The department believes demand will be particularly high in the next biennium because of changes in the new Farm Bill that will include the ability for state-inspected meat to move out of state. The governor's budget recommends this new position to help meet all of these upcoming needs. The House has removed this new position. Consequently, the future growth of the small processing industry in the state would be put on hold for two years. **The department requests \$78,821 of general funding for the new FTE removed by the House to provide additional inspection services for existing and new state-inspected meat processing plants.**

BOARD OF ANIMAL HEALTH (BOAH)

The governor's budget reduces Game and Fish financial support for the BOAH by \$51,051 and increases general fund support by \$51,051. A miscalculation in the pay plan has resulted in underfunding the BOAH salaries by \$22,163. **The department requests an additional \$22,163 to fully fund the BOAH salaries.**

OTHER BUDGET-RELATED LEGISLATION

HB1270 (WEED SEED-FREE FORAGE). HB1270 authorizes the department to certify forage as "weed seed-free". This codifies a system that has been in place for a number of years to meet the demand for such products on state and federal lands. The legislation authorizes the department to collect fees for work done by "authorized agents" across the state, and such fees will be deposited in the Environment and Rangeland Protection (EARP) Fund. However, it provides no appropriation authority. Without adjustments in HB1009, the expenditures on the program will be made to the detriment of noxious weed funding in the department budget. **If this legislation is approved, the EARP Fund appropriation and the EARP Fund income in HB1009 need to be increased to authorize expenditures through the program.**

SB2342 (JOHNE'S FUNDING) SB2342 provides \$275,500 of general funds to testing assistance, technical assistance and education to producers regarding the voluntary control of Johne's disease in livestock herds.

EXECUTIVE SERVICES

Executive Services includes the policy and communications section, marketing services, agricultural mediation service, agriculture in the classroom program, organic and specialty crops programs, information services, fiscal management and reception service in the North Dakota Department of Agriculture (NDDA).

POLICY AND COMMUNICATIONS

Policy and Communications provides research and analysis of public issues for the agriculture commissioner, department staff and the public. Areas of research include state and federal farm policy, crop insurance, organic agriculture production and renewable energy and energy conservation.

Policy and Communications organizes and disseminates public information about the department and North Dakota agriculture through news releases, newsletters, pamphlets, other publications and online.

Policy and Communications administers a yearly agricultural photo contest and designs and publishes an annual publication highlighting North Dakota Agriculture. (See **Attachment 2.**)

Policy and Communications also coordinates the work of the Natural Areas Acquisition Advisory Committee and the North Dakota Centennial Farm Program.

MARKETING SERVICES

Marketing Services provides education, promotion and market enhancement programs to increase sales of North Dakota agricultural commodities and value-added agricultural products in international, domestic and local markets.

As a member of Food Export Midwest (FEM), the department receives additional staff support to help North Dakota food and agri-business companies with exporter education, export promotion, including expense reimbursement to companies entering foreign markets, customized export assistance and cost-share funding. The association also helps companies at overseas trade shows through Food Show Plus, which offers such services as language translation of materials, an interpreter during the show and scheduled meetings with buyers.

Marketing Services has developed a database of current and potential agriculture exporters in the state and is now offering them technical and financial assistance to

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expand both domestic and international markets. A quarterly, electronic newsletter updates companies on exporting activities.

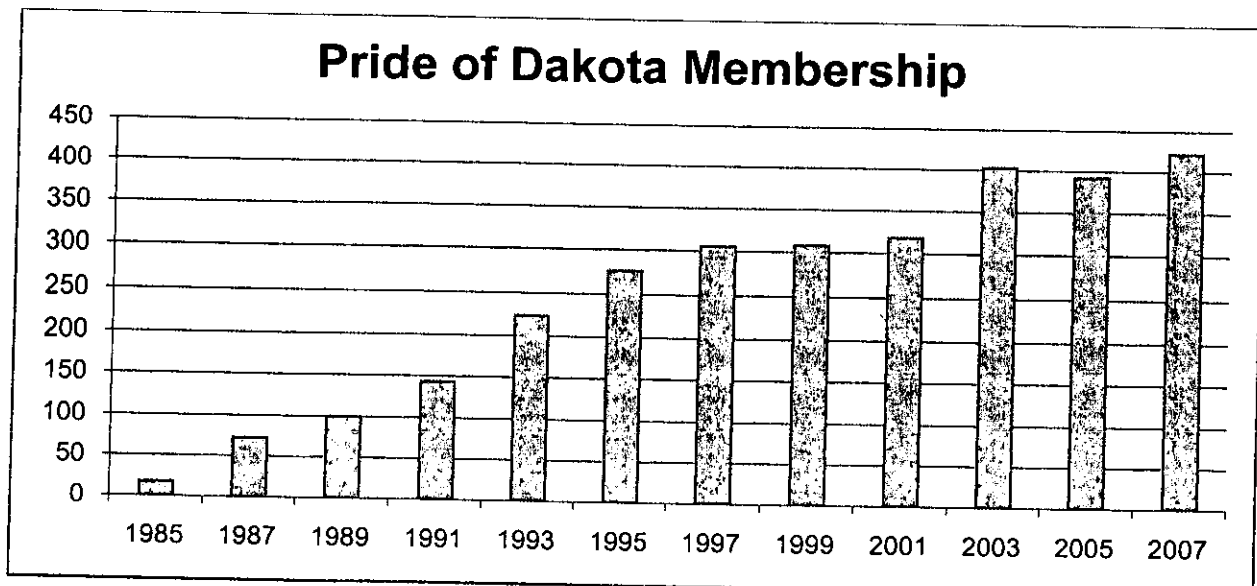
The department continues to focus on Cuba for sales of agricultural products. More than \$32 million of North Dakota agricultural products have been sold to Cuba since trade began in 2002. Also, the department conducted export work in Korea, Turkey, China and other countries through FEM, NASDA and the North Dakota Trade Office.

Marketing Services has aggressively pursued the development of farmers markets throughout the state. Three years ago, North Dakota had only 10 organized farmers markets. Now, there are more than 50 active markets. The department helped establish the North Dakota Farmers Market and Growers Association, a statewide organization that is working to grow this new industry.

The agriculture commissioner serves on many state commodity councils. Marketing Services works closely with these groups to promote their products.

Pride of Dakota is a major focus of Marketing Services. Created by former Commissioner of Agriculture Kent Jones in 1985, this program provides North Dakota companies with a recognizable state "brand" and provides opportunities for joint marketing efforts by the member companies. (See Attachment 3.)

Pride of Dakota membership is currently at 425 companies with no active recruitment by the department. The Pride of Dakota web site, www.prideofdakota.com, offers an Internet presence for all Pride of Dakota companies. Pride of Dakota Holiday Showcases are held in the state's four largest cities each year. More than 25,000 people, a record number, attended the shows in 2008.



LOCAL FOODS. Marketing Services continues bringing together community leaders and others interested in promoting a comprehensive plan for a local foods initiative in their communities through education, events, assessment tools and other resources. Successful 'local foods' plans will benefit North Dakota's rural communities by boosting local economies, improving the health and nutrition of residents and fostering a renewed sense of community.

The department will also be working with local communities to help feed the hungry by growing more fresh produce for local food pantries. A 2008 report released by the "Creating a Hunger Free North Dakota" Task Force says that the state would need to nearly double its current food resources to 9.1 million pounds in order to eliminate hunger and food shortages in North Dakota.

A North Dakota Food Summit, was held the first day of Marketplace for Entrepreneurs, January 13, 2009. A draft strategy has been prepared as a working document outlining measurable objectives for supporting more local foods in the state.

SPECIALTY CROP GRANTS. Marketing Services continues to administer the federal specialty crop grant program. The program provides block grants to states for the purpose of *"Enhancing the competitiveness of specialty crops including, but not limited to: research, promotion, marketing, nutrition, trade enhancement, food safety, food security, plant health programs, education, buy local programs, increased consumption, increased innovation, improved efficiency and reduced costs of distribution systems, environmental concerns and conservation, product development and developing cooperatives."* (Federal Register/Vol. 71, No. 175/Monday, September 11, 2006)

Federal specialty crop block grants were first allocated in 2001. It wasn't until 2006 that funding was again appropriated to the program. Since then, the department has been allocated \$344,010 in three different grants.

The 2008 Farm Bill provided for increased funding of the specialty crop grant program. Based on the current allocation formula, the department's anticipated grant revenue during the 2009-2011 biennium is estimated to be \$905,000.

Some of the crops grown in North Dakota eligible for the program include fruits and vegetables (including organic), tree nuts, dried fruits, nursery crops (including floriculture), dry peas, lentils, chickpeas, dry edible beans, potatoes, Christmas trees, fruit grapes for wine, edible sunflower and honey.

The department has granted funds to the following entities through this program: Northarvest Bean Association, Northern Pulse Growers Association, Northern Plains Potato Growers Association, North Dakota Nursery Association, Minot State University-Entrepreneur Center for Horticulture and the North Dakota Farmers Market and Growers

Association. Funds from this program have also been used to start the Local Foods Initiative. These grants have been very beneficial for these organizations to pursue programs that otherwise would not have been possible.

Additional federal money in the budget includes \$280,000 for the organic reimbursement program, \$10,000 for re-usable bags and approximately \$22,000 for FSMIP (Federal, State Marketing Improvement Program).

LIVESTOCK FEED INITIATIVE. In June 2007, the department created a Livestock Feed Task Force. Members included representatives from entities interested in finding and developing markets for the growing number of livestock feed co-products that are being produced by North Dakota agriculture processing facilities. The objectives include developing a product line of premium feeds, determining interest in producing and selling those feed products, and assisting companies in developing marketing strategies for both domestic and foreign markets.

The result of this effort has been the formation of a Central Dakota Feeds Development Initiative under the leadership of the Carrington Job Development Authority and Forward Devils Lake. An advisory board has been guiding the project; the department is a member of the board.

Feeding trials are currently being conducted with these specialty feeds for cattle and swine, and trials for dairy will begin in the next few months. An outline of a marketing strategy has been developed and will be implemented when the trials are completed. Early indications show successful results.

Over \$200,000 has been raised to date from commodity groups and other sources for this initiative. Total project costs are estimated at \$450,000 by the time a site(s) specific business plan is completed. The department has committed \$30,000 toward this project and plans to continue support in the 2009-2011 biennium.

During the 2007-2009 biennium, Marketing Services helped promote the state's organic industry by assisting the Organic Advisory Board in developing a new website to help link organic producers to organic consumers and commodity buyers, and by providing informational materials to the public at trade shows.

AGRICULTURE IN THE CLASSROOM

Agriculture in the Classroom (AIRC) helps elementary and secondary school students understand the importance of agriculture through the development of educational materials and the training of teachers. AIRC activities are overseen by the members of the AIRC Council. (See Attachment 4.) Contracted activities include in-service training,

for-credit classes, teacher tours, classroom publications, mini-grants for student agricultural projects and interactive distance-learning classroom projects.

The department contracted with the North Dakota Geographic Alliance, North Dakota State University Agricultural Communications, the North Dakota Farm Bureau Foundation, the North Dakota FFA Foundation and EduTech Education Technology Services to conduct these programs.

In 2007, 55 teachers attended Project Food, Land, and People training and more than 30 teachers attended Agriculture Tours for Teachers. The Ag in the Classroom Mini-Grant Program funded 44 projects across the state. Three issues of the AgMag are distributed to more than 6,000 students each year. (See Attachment 4.)

AGRICULTURAL MEDIATION

The North Dakota Agricultural Mediation Service (AMS) offers negotiation and mediation services to resolve differences among creditors, farmers and others. (See Attachment 5.)

The six-member North Dakota Credit Review Board (CRB) establishes AMS operating policies. The governor and attorney general each appoint a farmer and a lender, and the agriculture commissioner appoints two farmers to the board. Current members are Ellen Linderman, Carrington; Elwood "Woody" Barth, Solen; Paul Burtman, Wildrose; Russ Erickson, Grand Forks; David Rustebakke, Grand Forks; and George Wald, Dickinson.

Mediation is a voluntary process for farmers and private creditors, but it is mandatory with the Farm Service Agency (FSA) and Farm Credit Services (FCS) and is requested as a matter of policy by the Bank of North Dakota on delinquent loans. Most USDA agencies also offer mediation of adverse determinations as a part of their appeal process. Mediation is less costly and faster than formal appeals and litigation. It produces greater levels of satisfaction for participants and allows the parties to deal with the entire problem.

AMS agreement rates, an important measure of mediation effectiveness, were 79 percent and 71 percent respectively for fiscal years 2007 and 2008. Successful mediation outcomes are those in which financial problems are resolved and/or adverse determinations are reversed or modified, or in which the producer accepts the determination and foregoes further administrative appeals and/or litigation.

Mediators are trained as impartial third parties who serve as intermediaries, outside the courtroom, between farmers and others to resolve disputes prior to formal appeals.

Negotiators help farmers and ranchers with financial problems, loan restructuring and loan applications. Negotiators help farmers prepare information for mediation of USDA non-credit adverse determinations and other disputes. Negotiators also assist beginning farmers with farm operating and finance plans and beginning farmer loan applications. During the past two fiscal years, 296 producers, including 19 beginning farmers, requested AMS services.

AMS networks with public, private and non-profit entities to provide services to farmers and their families. Presentations by service providers such as North Dakota Mental Health (211 line), North Dakota Vocational Rehabilitation, Job Service and others are scheduled as time permits.

Periodic educational seminars for AMS staff include farm credit and farm program training, as well as certified mediation training from the University of North Dakota Conflict Resolution Center.

USDA's Mediation Grants Program is seen as an efficient cost saving means of dispute resolution. A 70 percent federal cost share is provided to USDA certified state programs.

ORGANIC CERTIFICATION

The 2008 Farm Bill provides funding for the USDA national organic certification cost share program. The department expects to annually distribute nearly \$140,000 to organic producers for partial reimbursement of their certification costs during the 2009-2011 biennium. No state funds are involved.

Executive Services Budget Comparison				
	2007-2009	Executive 2009-2011	House Changes	House 2009-2011
Salaries	\$ 2,647,654	\$ 3,146,681	\$ (67,247)	\$ 3,079,434
Operating	\$ 1,432,751	\$ 1,677,275	\$ (65,000)	\$ 1,612,275
Grants	\$ 60,000	\$ 1,005,600	-	\$ 1,005,600
Total	\$ 4,140,405	\$ 5,829,556	\$ (132,247)	\$ 5,697,309
General Funds	\$ 2,439,372	\$ 2,947,766	\$ (165,068)	\$ 2,782,698
Federal Funds	\$ 924,013	\$ 1,990,622	\$ (18,435)	\$ 1,972,187
Special Funds	\$ 777,020	\$ 891,168	\$ 51,256	\$ 942,424
FTE's	19.5	19	0	19

KEY BUDGET ISSUES

COST INCREASES. The department supports the governor's recommendation for the redesign of the agency web site, a database management system and increases in motor pool costs.

AG MEDIATION. The department supports the governor's recommendation to provide an additional \$19,998 in general funds to maintain the Ag Mediation Program at current levels.

PRIDE OF DAKOTA FEES. The department supports the House amendment that allows the department to keep and spend \$55,000 of special funds for Pride of Dakota membership fees.

ADDITIONAL REQUESTS

EMPLOYEE COMPENSATION. The department supports the governor's compensation package.

RENT. The department requests full funding for the move of NDDA out of the Capitol by providing \$220,000 of general funds and \$180,000 of other funds (other funds include \$90,000 of EARP funds).

ORGANIC SERVICES. The department requests the addition of at least \$30,000 of general funds to provide organic services at the level funded by the 2007 Legislature.

LIVESTOCK SERVICES

Livestock Services includes Livestock Licensing, Dairy/Poultry, the State Board of Animal Health, the State Meat and Poultry Inspection Program and Wildlife Services. The main focus of the program area is regulating North Dakota's livestock industry.

LIVESTOCK LICENSING

The livestock industry is an important sector of North Dakota's economy. Current statewide livestock inventories include 1.81 million cattle, 95,000 sheep and 151,000 hogs with total livestock cash receipts of approximately \$850 million.

The Livestock Licensing section protects this industry by licensing livestock dealers and auction markets. Approximately 150 dealers and 16 auction markets are granted licenses after posting bond, filing financial statements and passing tests of financial responsibility. Field investigations are routinely carried out to monitor financial conditions of dealers and auction markets and to discover unlicensed dealers.

DAIRY

The Dairy Section protects and promotes North Dakota's dairy and poultry industries by helping them comply with federal and state laws and regulations.

Three dairy inspectors visit the state's 242 dairy farms, inspecting each farm for sanitation of equipment, facilities, proper usage and storage of drugs, and water purity.

The state's five dairy processing plants and three milk transfer stations are inspected four or more times annually. Distribution facilities, milk bulk trucks and samplers/haulers are also inspected.

A fourth inspector conducts the survey (audit) work of the Interstate Milk Shippers program (Grade A). This involves 38 milk producer groups, five plants, and three transfer/receiving stations. The same individual inspects manufacturing grade plants and transfer stations under contract with the U.S. Food and Drug Administration. The dairy inspectors conducted 140 inspections of non-traditional livestock for the state veterinarian's office this year.

Dairy personnel are also responsible for enforcing poultry regulations. North Dakota currently has 12 licensed commercial egg producers that are inspected once a year. All in-state and out-of-state hatcheries are licensed and bonded.

LIVESTOCK POLLUTION PREVENTION PROGRAM. The department is in the eighth year of the voluntary Livestock Pollution Prevention Program (LP3), formerly the Dairy Pollution Prevention Program. The LP3 program is funded by EPA 319 funds to help livestock producers manage manure. This program has provided cost-share assistance to 45 livestock producers to install manure containment systems, thereby preventing 760,500 pounds of nitrogen and 290,000 pounds of phosphorous from polluting North Dakota waters each year. The program has also advised 253 livestock producers on nutrient management, project planning, regulations and manure containment. (See Attachment 6.)

Since the program's inception, \$1,737,345 has been spent. EPA has committed an additional \$1,003,263 to the program through June 30, 2010. The department requested an additional \$50,000 from the EARP Fund for 2009-2011. The program receives 60 percent of its funding through an EPA grant and is obligated to provide a 40 percent state/local match.

NORTH DAKOTA DAIRY COALITION. The North Dakota Dairy Coalition is a partnership with the dairy industry and government entities with the goal of increasing dairy production in North Dakota. After four years, the Coalition has proven that it should be state funded in order to continue growing the industry in tandem with the state's ethanol industry. The 2007 Legislature provided \$75,000 to fund the Dairy Coalition. All funds were spent by June 30, 2008, under a grant agreement with the Dairy Coalition.

STATE VETERINARIAN

The State Board of Animal Health (BOAH) establishes policy for the state veterinarian's office. Current members are Nathan Boehm, Mandan, president; Paula Swenson, Walcott, secretary; Melvin Leland, Sidney, MT; Ron Fraase, Buffalo; Dr. Dick Roth, Fargo; Dr. William Tidball, Beach; Dr. Kenneth Throlson, New Rockford; Shawn Schafer, Turtle Lake; and Joel Olson, Almont.

The BOAH is charged with all matters relating to the health and welfare of domestic animals and nontraditional livestock that are not specifically assigned by statute to another entity. The board also determines and employs the most efficient and practical means for the prevention, suppression, control, and eradication of dangerous, contagious diseases of domestic animals and nontraditional livestock. The BOAH also works to prevent the escape and release of animals injurious to or competitive with agriculture, horticulture, forestry, wild animals and other natural resources.

The BOAH and the North Dakota Game and Fish Department have a memorandum of understanding, allowing the BOAH to regulate non-traditional livestock. Game and Fish provided \$209,684 during the 2007-2009 biennium for these activities.

Voluntary disease control programs provide recognition of and certification for helping producers eliminate diseases from their herds. The board oversees a voluntary Johne's Disease Herd Status Program. A scrapie cooperative agreement assists sheep producers in North Dakota with the costs of genotyping to determine the susceptibility of their animals to scrapie. A mandatory statewide surveillance program for chronic wasting disease (CWD) has been in effect in North Dakota for ten years.

Global trade and the increasing international movement of people, animals and animal products have greatly increased the risk of the introduction of foreign animal diseases into the U.S. and North Dakota. The BOAH participates in a voluntary premise registration and animal identification program to meet the needs of animal health officials charged with tracing animals in disease investigations. Traceouts from tuberculosis-positive herds and brucellosis-infected herds have illustrated that need in recent years.

Avian Influenza (AI) type A viruses have been found in over 40 species of wild and domestic birds; and cases occur every year throughout the world. Low pathogenic AI occurs periodically in the U.S. High pathogenic avian influenza (HPAI) is an extremely infectious and fatal form of the disease that, once established, can spread rapidly from flock to flock. The BOAH secured federal funds through USDA and hired staff to educate farmers, ranchers and others regarding AI and to conduct AI testing in poultry flocks. Fortunately, to date, no evidence exists of AI in North Dakota.

The board has implemented an emergency response plan to survey and respond to foreign animal and emerging diseases, natural disasters, and bioterrorist events. A mobile emergency laboratory and cattle handling equipment are ready for use. The BOAH hired an emergency response coordinator and third veterinarian to assist in the development of the plan and to assist with training and equipping the Veterinary Reserve Corps. Twenty one veterinary practitioners currently participate in the North Dakota Veterinary Reserve Corps. They are updated and informed through electronic communication and trained annually to assist in emergency situations.

The Private Practitioner Portal (PPP), is a web-based system that allows veterinarians to report information regarding disease investigations and complaints of inhumane treatment of animals. State veterinarians frequently assist local law enforcement officers with complaints of inhumane treatment of animals. Private practitioners are contracted to conduct investigations when needed.

The state funded Animal Tracking Database (ATD) was implemented during the 2007-2009 biennium and is fully functional. The program is gathering data related to animal health investigations and testing. Data is also voluntarily provided by programs, such as the CHAPS, that wish to have their identification information held on the state's ATD. Monthly maintenance of the ATD is now included in the Board's operating budget.

In the 2007-2009 biennium, federal funding was received for several programs including a voluntary Johnne's disease program, a Johnne's disease demonstration project, scrapie eradication, avian influenza surveillance, a National Animal Identification System, bioterrorism preparedness and continuing foreign animal disease surveillance.

The House has added language "to initiate and implement a program to provide for health permit inspections on livestock entering the state" without any funding. This language is unnecessary because duties and responsibilities of a program are already spelled out in the current law. The House discussed adding \$158,500 of general funds and an FTE to facilitate this and to assist with other animal health related issues. The House also considered a proposal to add \$30,000 of general fund operating authority to allow the department to conduct these inspections using dairy inspectors, current Board of Animal Health employees and the North Dakota Highway Patrol (NDHP). In the end, no additional funds were provided. As a part of these discussions, the NDHP has agreed, if officers are provided training and a simple checklist, to conduct inspections of health permits as a part of routine stops by weight enforcement and traffic enforcement personnel.

MEAT AND POULTRY INSPECTION

The State Meat and Poultry Inspection Program was established within the North Dakota Department of Agriculture in 2000. Processors that are recognized as "official state establishments," may sell wholesale products throughout the state. They may also buy and slaughter local livestock or slaughter livestock for local producers and offer these products for sale. Selling directly to consumers helps processors and producers capture more of the consumer dollar. (See Attachment 7.)

Although the state laws and regulations closely resemble those of the federal program (Food Safety and Inspection Service-FSIS), the state programs offer certain advantages. They can offer more technical support and guidance and handle issues more effectively and efficiently than the large federal system.

As part of the cooperative agreement with the department, FSIS provides a 50 percent match for all inspection activity expenditures, excluding inspection of any non-amenable species, such as bison or elk.

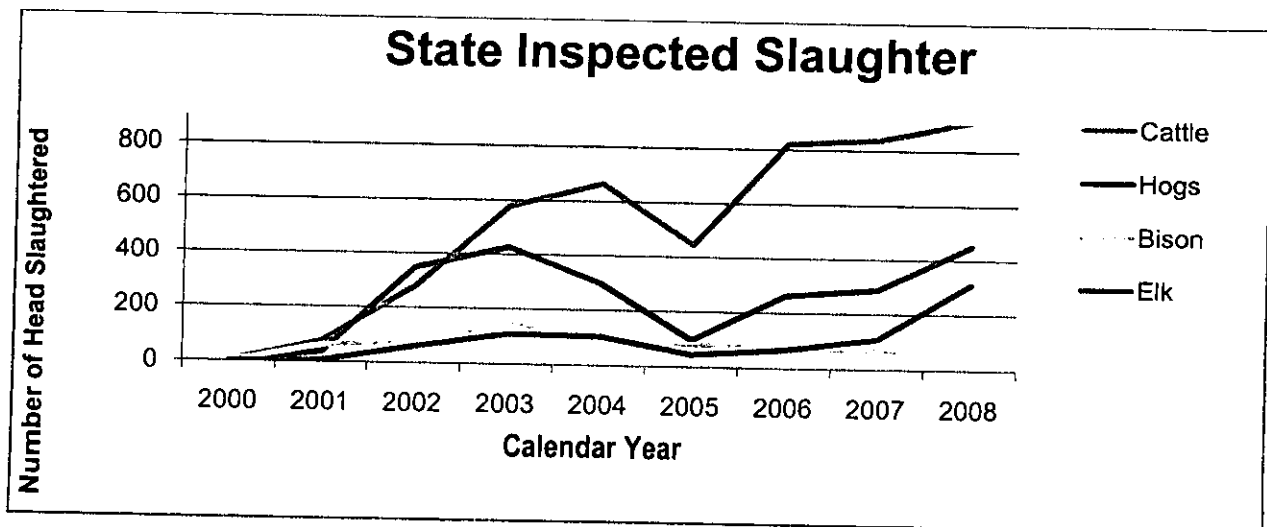
The program is administered by the director and a half-time administrative assistant located in Bismarck. A third position located in Bismarck is a relief inspector/assistant. Two senior inspectors/supervisors oversee the field operations of the relief inspector and six field inspectors, who currently inspect 15 official state establishments, monitoring slaughter and/or processing activities on a daily or weekly basis.

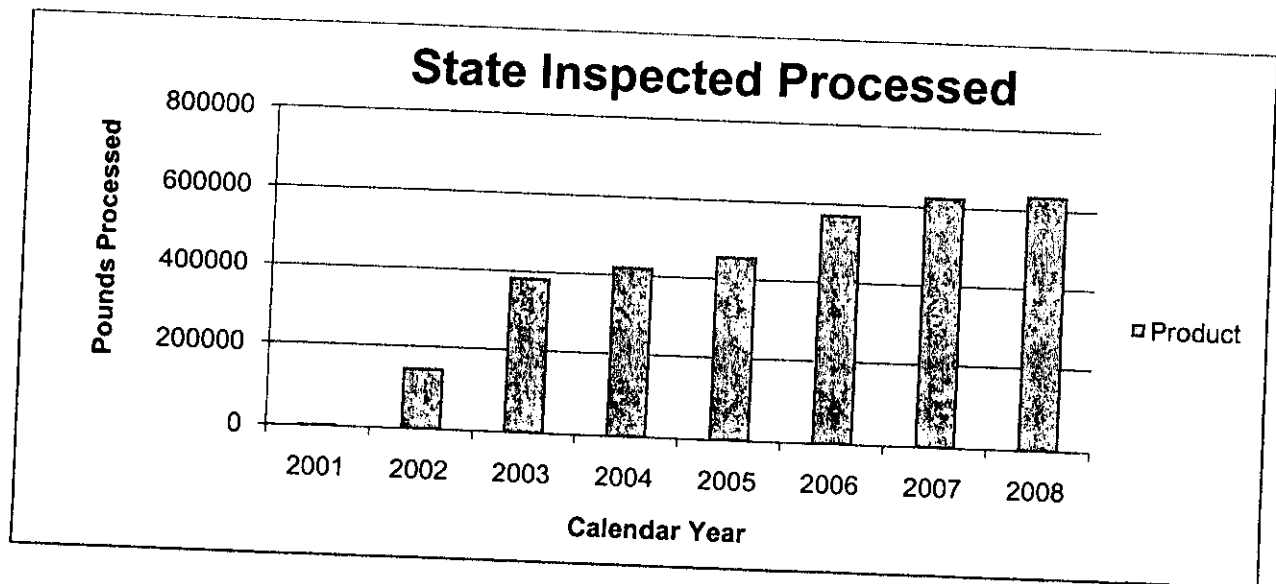
Inspectors also review the state's 90 custom-exempt plants at least four times per year. Custom exempt plants are 'exempt' from the inspection of the actual slaughter and processing activities but must meet sanitation and facility requirements. No product slaughtered or processed at these plants is eligible for sale.

One of the field inspectors also serves as a USDA grader and is able to provide beef grading service to any state or federally inspected establishment that requests and qualifies for it. Another field inspection position, located in Fargo, is the program's compliance officer. Compliance activities include random reviews of businesses selling meat products, enforcing labeling requirements, investigating violations of state or federal meat inspection regulations and handling consumer complaints.

In addition to inspection duties, the program staff offers education and consultation to plant personnel while reviewing facilities. The supervisors and director conduct regular oversight reviews to ensure consistent inspections throughout the state.

The amount of livestock slaughtered and meat processed under state inspection demonstrates the growth and benefits of the state meat inspection program and is shown in the following charts:





During the first year of state meat inspection (2001), there were a total of 181 animals slaughtered and 5,238 pounds of meat processed under state inspection. This number has steadily increased to approximately 1,734 animals and approximately 636,614 pounds in 2008.

The 2008 Farm Bill includes language to amend an outdated and unfair law from the 1960s that prohibited the sale of state-inspected meat products across state lines. This language will allow state-inspected plants to compete in the national marketplace if they meet criteria set by USDA, which must be in place by December 18, 2009. After this time, states will have the opportunity to adopt this new program. There are five meat processing establishments that are either currently state-inspected or plan to become state-inspected that have indicated interest in participating in this new program.

The governor's budget recommends an additional FTE. This FTE is needed to cover the additional workload created by expanded processing in existing plants and the increase in the number of plants that have expressed desire to come under state inspection. The FTE is also needed to help implement the new interstate shipment program, set to be in place by December, 2009. This program will create additional opportunities for existing state plants, which will result in an increased workload for the program. (See Attachment 7 for a map of existing and anticipated plants.)

WILDLIFE SERVICES

The Wildlife Services (WS) program is administered by the Animal and Plant Health Inspection Service (APHIS) of the U.S. Department of Agriculture through cooperative agreements with the North Dakota agriculture commissioner and the North Dakota Game & Fish Department.

A combination of federal and state funds are used to mitigate wildlife conflicts caused by predators, beaver, and waterfowl. WS has assisted 483 landowners with the management of coyote depredation to livestock. Agency personnel have documented \$202,000 in livestock losses to predators with a control program in place. WS responded to beaver damage to trees, roadways, and crops by conducting work activities on 434 private and public properties. Documented beaver damage totals \$1 million. Certified explosive specialists used binary explosives to remove 81 beaver dams and restore normal water flow in streams and creeks. WS used frightening devices and special depredation permits to mitigate Canada geese damage, reported by 79 farmers.

Federal funding was used exclusively by WS to manage blackbird damage to sunflower crops. During the 2007 and 2008 growing seasons, WS identified 8,200 acres of cattail-choked wetlands that served as roost sites for blackbirds. An EPA-approved aquatic herbicide was applied to 252 roost sites. Dispersal of the birds from their roosts helped to minimize damage to surrounding sunflowers fields. The cattail management program benefited 77 landowners in 19 counties. Frightening devices such as propane cannons and pyrotechnics were also distributed free of charge to 421 sunflower producers.

A performance audit conducted by the Office of the State Auditor in 2008 provided 11 recommendations to improve the monitoring of the work conducted by APHIS/Wildlife Services through the cooperative wildlife damage management program. (See **Attachment 8.**)

The department, Wildlife Services, and North Dakota Game and Fish responded to audit recommendations in a new annual operating agreement developed in consultation with the State Auditor's Office. (See **Attachment 8.**) The most significant changes in the new agreement are limiting reimbursement to eligible salary costs for state reimbursement and identification of blackbird work as eligible for reimbursement with state general funds.

In addition, HB1125 has been introduced as an agency bill to clarify state law regarding animal species covered by the agreement with Wildlife Services.

All eleven audit recommendations have been addressed by these actions by the department, Wildlife Services and North Dakota Game and Fish.

The House added language regarding a potential study of Wildlife Services programs in other states, especially South Dakota. South Dakota has a one-of-a-kind program where the federal government reimburses the state for its program, unlike the remaining states (including North Dakota) that reimburse the federal Wildlife Services. South Dakota is transitioning to the model used by all other states.

Livestock Services Budget Comparisons				
	2007-2009	Executive 2009-2011	House Changes	House 2009-2011
Salaries	\$ 2,005,173	\$ 2,456,739	\$ (283,479)	\$ 2,173,260
Operating	\$ 1,551,939	\$ 2,262,939		\$ 2,262,939
Board of Animal Health	\$ 2,387,268	\$ 2,378,325		\$ 2,378,325
Wildlife Services	\$ 1,079,000	\$ 1,067,400		\$ 1,067,400
Grants	\$ 75,000	\$ 150,000	\$ 100,000	\$ 250,000
Total	\$ 7,098,380	\$ 8,315,403	\$ (183,479)	\$ 8,131,924
General Funds	\$ 2,772,066	\$ 3,225,362	\$ 93,783	\$ 3,319,145
Federal Funds	\$ 3,256,993	\$ 3,939,577	\$ (71,442)	\$ 3,868,135
Special Funds	\$ 1,069,321	\$ 1,150,464	\$ (205,820)	\$ 944,644
FTE's	27.0	28.5	-1.0	27.5

KEY BUDGET ISSUES

DAIRY COALITION. The Governor's budget recommended adding \$75,000 for the Dairy Coalition to bring total state support to \$150,000. The House added an additional \$100,000 of general funds, bringing the total funding to \$250,000. The department supports this initiative; however, we question the logic of funding this independent entity by reducing funding for critical needs in the Ag Department.

ADDITIONAL REQUESTS

MEAT INSPECTION FTE. The department requests funding for one new FTE removed by the House to provide additional inspection services for existing and new state inspected meat processing plants.

BOARD OF ANIMAL HEALTH (BOAH). The department requests adding \$22,163 to the BOAH salaries to fully fund the BOAH pay plan.

PLANT INDUSTRIES

The Plant Industries Program Area is comprised of the Pesticide, Feed and Fertilizer, Plant Protection, Noxious Weeds and Apiary sections.

PESTICIDE

As the lead state pesticide agency in North Dakota, the department regulates the distribution, sale, storage, and use of pesticides under a cooperative agreement with the U.S. Environmental Protection Agency (EPA). Federal funds provide 85 percent of the funding for the pesticide program. It is anticipated that a reduction in federal funds for the program may require additional state funds to continue the program's activities, or it will require the department to limit certain program activities or rescind primacy for certain programs so that they are regulated primarily by the EPA.

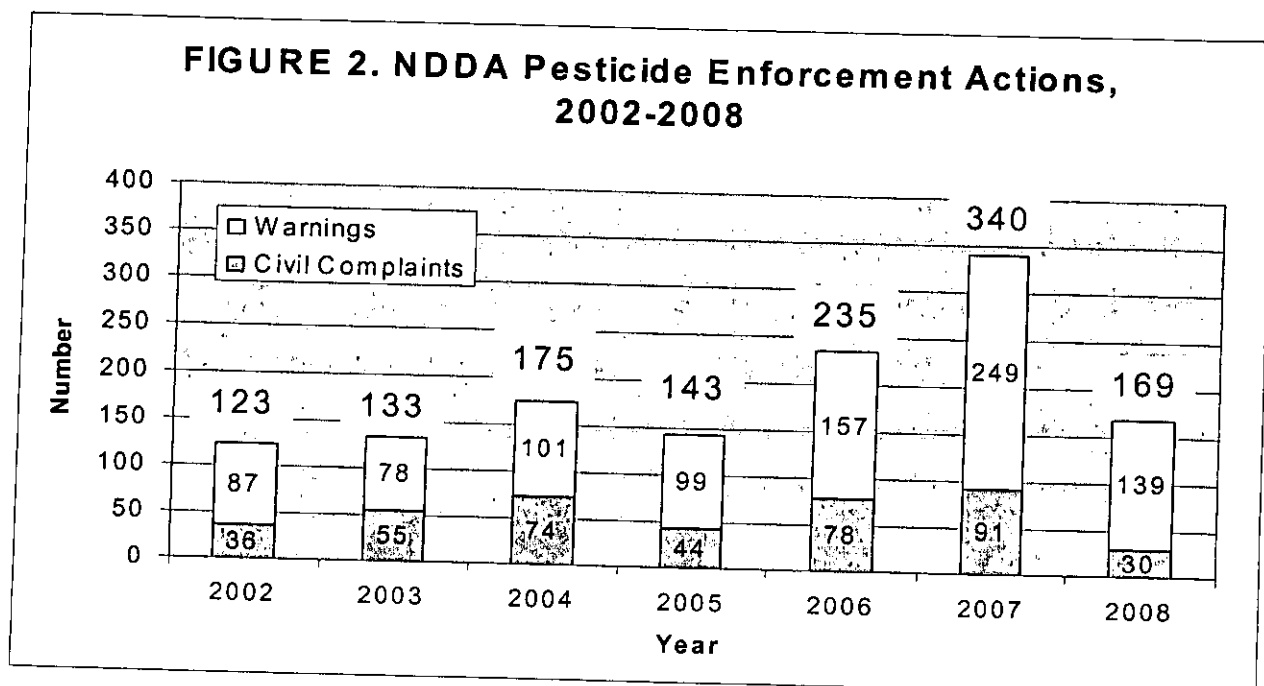
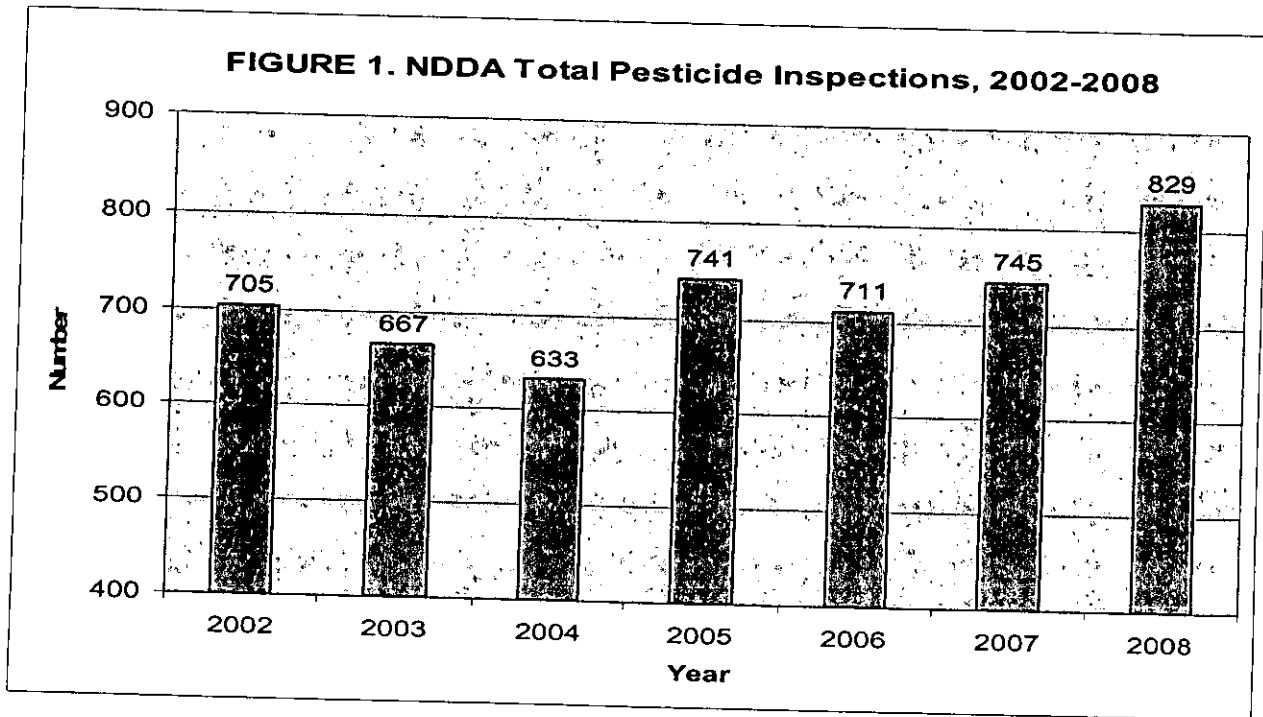
PESTICIDE REGISTRATION. The pesticide registration program administers the registration of over 10,000 pesticide products, including herbicides, insecticides, fungicides, disinfectants, rodenticides, and other chemicals used to manage agricultural and non-agricultural pests. The pesticide registration program also works with growers and other stakeholders to ensure that they have access to effective pest management tools. In the 2007-09 biennium, the department obtained ten Section 18 emergency exemptions and issued seven Section 24(c) special local needs registrations to address local and regional pest problems. Crops and sites affected by these emergency exemptions and special registrations included soybeans, sugarbeets, flax, wheat, barley, beehives and rangeland.

The program is also involved with pesticide registration issues at the national and international level. Program staff members work with growers and the EPA to prioritize pesticide access needs and facilitate discussions to provide timely access to pesticide uses through full federal registrations. The pesticide registration section is also active in pesticide harmonization efforts, providing technical expertise in numerous meetings, including grower meetings, conferences with the NAFTA Technical Working Group and through participation on the NAFTA Technical Working Group Subcommittee on Pesticide Harmonization - NAFTA Labels.

PESTICIDE ENFORCEMENT. The pesticide enforcement section uses both regulatory and non-regulatory approaches to ensure compliance of pesticide dealers and users with state and federal laws and regulations. The program conducted 745 and 829 inspections in federal FY 07 and 08, respectively. The program significantly increased the use of outreach as a means to improve compliance, participating in over 36 public meetings in the past year alone. Staff communicated to over 1,200 citizens on how to comply with

state and federal pesticide laws. As a result of these efforts, the number of enforcement actions decreased 50 percent in the last federal fiscal year. This likely indicates that the renewed focus on compliance assistance and communication is improving compliance and changing behavior.

However, flat federal funding through EPA has resulted in the long term vacancy of a field inspector in the northwest region of the state. The department is not optimistic about increased federal funds and being able to fill this position. Were the state to fully fund this position, \$127,500 of state funds would be required.



OTHER PESTICIDE PROGRAMS. The pesticide section manages several other initiatives through cooperative agreements with EPA. These include the Endangered Species Protection Program (ESPP), the Worker Protection Program, the Pesticide Water Quality Program, Integrated Pest Management (IPM) in Schools, and the Healthcare Initiative.

The last Legislature expanded the ESPP with an appropriation of \$250,000 and one and one half FTE's. The goal of the ESPP is to minimize the impact of pesticide use on the threatened and endangered species found in North Dakota. Staff evaluated the potential for all pesticide use allowed under Section 18 exemptions and new 24(c) registrations to impact listed species. The department also prepared and submitted to EPA a proposed Endangered Species Protection Program (ESPP) for Pesticides that would establish a framework to submit data and recommendations to enhance protection of North Dakota's listed species. This was submitted to EPA in June 2008, and EPA provided informal feedback and suggested revisions in September. The department revised the proposed plan per EPA's feedback and submitted a final draft to EPA in early 2009.

Also implemented in cooperation with ESPP is the Pesticide Water Quality Program, which is focused on protecting groundwater and surface water from pesticide contamination. The section worked with state and federal partners to design and implement a comprehensive surface water pesticide monitoring program in 2008 to identify areas and pesticides of concern, the first such monitoring program conducted in the state. Three watersheds (Souris River, Sheyenne River, and the Missouri/Yellowstone River confluence) were monitored from May through October for 186 different pesticides. Ten different pesticides were detected from June through October; one of which was found at concentrations that may negatively impact aquatic ecosystems. Depending on available resources, a surface water monitoring program is also planned for 2009.

The Worker Protection Standard (WPS) is focused on mitigating the risk of pesticides to pesticide handlers and workers in farm, forest, nursery, and greenhouse settings. The section conducts inspections and distributes WPS educational materials to affected parties to help them comply with WPS.

The pesticide section accepted additional federal funds to initiate two new pesticide programs this biennium (IPM in Schools and the Healthcare Initiative). Under the IPM in Schools program, the section contacted over 400 principals of public and private elementary and secondary principals in North Dakota to introduce them to the IPM in Schools program and provide resources where they can obtain more information on how to safely and effectively manage pests in school settings. Under the Healthcare Initiative, the department sent informational materials to administrators of over 400 clinics,

emergency rooms, and hospitals in North Dakota to create a dialog with the medical community and help medical providers better recognize symptoms of pesticide toxicity.

PROJECT SAFE SEND

Project Safe Send (PSS) helps farmers and others to dispose of unusable and old pesticides. PSS has collected more than 2.3 million pounds of hazardous and unusable pesticides from 6,413 participants. (See Attachment 9.)

FEED AND FERTILIZER

The section enforces the provisions of the North Dakota Commercial Feed Law (Ch. 19-13.1), Livestock Medicines (Ch. 19-14), and Fertilizer and Soil Conditioner Law (Ch. 19-20.1). These laws require registration, review and sampling of animal feeds and soil amendment products to ensure they meet label claims. The section is also responsible for enforcing the state's anhydrous ammonia inspection program.

The section manages the registration of more than 5,000 commercial feed products, 2,700 fertilizers, 500 livestock medicines, and 4,300 pet foods. The section also licenses certain facilities, including approximately 300 feed manufactures, 250 feed dealers, 475 fertilizer distributors, and 340 anhydrous ammonia facilities.

Under a contractual agreement with the US Food and Drug Administration (FDA), the feed program also inspects medicated feed mills to ensure that such feeds are properly formulated. Under FDA authority, the program also conducts inspections of farms, ranches, and dairies to ensure that ruminant feeds do not contain prohibited material capable of spreading bovine spongiform encephalopathy (BSE).

PLANT PROTECTION

The plant protection section issues phytosanitary export certificates and various other certificates required by importing countries or states to facilitate export of North Dakota agricultural commodities.

Phytosanitary Export Certificates Issued	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Federal & State Phytos	1,548	1,402	2,041	2,119
Other State Certificates	719	826	874	761
TOTALS	2,267	2,228	2,915	2,880

Phytosanitary certification services increased by 41 percent from 2005-2006 compared to 2007-2008. Five commodity products accounted for 71 percent of certificates issued in 2008. Individually, certificates issued for these products increased:

- Peas by 210 percent
- Barley by 230 percent
- Soybeans by 160 percent
- Dry Beans by 20 percent
- Soybean seed by 10 percent

The number of countries exported to increased by 12 percent (from 71 to 80), resulting in additional regulations to interpret. In addition, foreign country regulations have become more complicated with additional certification requirements to satisfy.

This dramatic increase in phytosanitary certification activities and workload led the governor to recommend an additional FTE and \$116,614. Much of this increase is directly attributable to the increased exports resulting from North Dakota's increasing emphasis in international marketing.

Plant Protection also licenses, inspects, and certifies nurseries to prevent the spread of plant pests and to facilitate export of nursery stock.

LICENSED NURSERIES	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Growers	28	21	22	20
Grower/Dealers	13	19	18	17
Dealers	162	162	168	164
TOTALS	203	202	208	201

The section conducts surveys for exotic plant pests considered to be threats to North Dakota agriculture and also conducts surveys to support export certification by demonstrating areas free of specific pests. Surveys are conducted under a cooperative agreement with USDA-APHIS. Surveys are conducted in cooperation with USDA-APHIS, NDSU, North Dakota Forest Service, North Dakota City Foresters, and the North Dakota State Seed Department.

PLANT PEST SURVEYS CONDUCTED	
Pest/Disease	Crops Affected
Exotic Nematodes	Potato, soybean, corn, canola, sunflower, wheat, barley, dry beans, peas
Exotic Wheat diseases	Wheat
Exotic Soybean Pests	Soybeans
Potato Cyst Nematode	Potato
Karnal Bunt	Wheat
Emerald Ash Borer	Ash Trees
Gypsy Moth	Trees
Exotic Wood Borers	Trees

NOXIOUS WEEDS

The department is working with local weed boards, partners and landowners to control the spread of noxious weeds. Millions of biocontrol agents have been collected and distributed to control leafy spurge and Canada thistle throughout the state.

The noxious weed team coordinates and facilitates Integrated Pest Management (IPM) of both noxious and invasive weeds. The team works closely with county and city weed boards and administers several programs. Most of the funding expended in this area is passed through to county and city governments as cost share with special efforts directed at noxious or invasive weed control. Most of the funds (70 percent) are used for a Landowner Assistance Program (LAP). As of December 2008, there were 4,317 landowners who participated in LAP this biennium.

The department recently implemented a new weed board cost-sharing program, the Targeted Assistance Grant (TAG) program. The TAG program targets noxious weed control needs. The TAG program combines and simplifies the previous cost sharing programs — saltcedar, invasives, non-LAP biocontrol and cooperative weed management. So far, 28 of 53 counties (53 percent) are participating in the program with \$270,697 dollars allocated this biennium and \$156,420 tentatively allocated out of the 2009-2011 biennium to fund 59 projects.

Biological control is an integral part of the IPM program for many weeds, including Canada thistle, leafy spurge, and yellow toadflax. (See Attachment 10.) The department continues to monitor Canada thistle biocontrol agents to assess their effectiveness and obtain additional information. County and city weed boards and the department work together to organize and support collections for leafy spurge flea beetle redistribution. Information and resources are readily available at the department for land managers wishing to deploy biocontrol agents. \$57,000 was received from the U.S. Forest Service to conduct a three-year, statewide IPM project. In 2008, these funds were used to

monitor 95 previous biocontrol sites, co-host five biocontrol field days, collect and redistribute 87,000 leafy spurge flea beetles, and purchase 1,500 additional biocontrol agents (Oberea), educational tools and other equipment. Currently, 22 people are signed up to receive an additional 50,000 biocontrol insects in 2009.

Forty-eight counties and one city weed board have received grants for a weed monitoring system which includes a GPS (Global Positioning System), datalogger, and AllTopo software. In return, the counties and cities agree to supply the department with the weed data collected. Using this system, the participants will be able to monitor the spread and control of noxious and invasive weeds. As of December 2008, the department has received 1.7 million weed data points. (See **Attachment 11.**) Improvements to the program, such as density mapping, are now being explored.

Invasive weeds, such as houndstongue, yellow toadflax and black henbane, continue to be a threat to North Dakota. More effective means of control are being investigated. Early detection and rapid response are vital elements of the IPM program to minimize the spread of weeds and management costs.

WATERBANK

A cooperative effort of several state and federal agencies, the state Waterbank Program gives landowners financial incentives to preserve wetlands. The program has been very popular with landowners because it provides short-term leases that compensate them for the loss of agricultural acreage enrolled in the program.

No funds were allocated to the department for this program for the 2007-2009 biennium. The governor's 2009-2011 budget does not include funds for the program.

APIARY

The apiary section is responsible for the following services to the beekeeping industry:

- Annual licensing of beekeepers.
- Registration of bee locations.
- Inspection for diseases and parasites.

Nearly all of the bees in North Dakota are migratory and may go to California for almond pollination, Washington for apples or Florida for citrus. Previously, most North Dakota bees wintered in Texas, but with increased almond pollination needs, more colonies have

been going to California. Inspections and health certificates are required for semi-loads of bees both going through and to other states.

In 2008, the department issued 177 beekeepers licenses and registered and mapped 9,935 apiary locations in the state.

The department requested \$30,000 general funds as an enhancement in the budget request to the Governor for additional summer apiary inspectors. The Governor did not fund this request. These funds could be used very efficiently to help conduct weed seed free forage inspections, should HB1270 become law.

INDUSTRIAL HEMP

The department issued licenses to two prospective industrial hemp growers in North Dakota in 2008. The ability to produce industrial hemp in North Dakota remains uncertain after a federal district judge ruled in favor of the Drug Enforcement Agency's motion to dismiss a case seeking to cultivate industrial hemp.

On Nov. 11, 2008, the Monson, et al v. Drug Enforcement, et al (Case No. 07-3837), was argued before Eighth Circuit Court of Appeals (St. Paul Division III). A ruling is expected sometime within the next few months. Also, on July 30, 2008, Dr. Burton Johnson, NDSU, signed a memorandum of agreement with the Drug Enforcement Administration to conduct industrial hemp research.

Plant Industries Budget Comparisons				
	2007-2009	Executive 2009-2011	House Changes	House 2009-2011
Salaries	\$ 2,521,122	\$ 2,983,006	\$ (105,598)	\$ 2,877,408
Operating	\$ 1,861,226	\$ 1,904,746	\$ -	\$ 1,904,746
Capital Assets	\$ 5,000	\$ 5,000	\$ -	\$ 5,000
Grants	\$ 1,714,225	\$ 1,714,225	\$ -	\$ 1,714,225
Crop Harmonization	\$ 25,000	\$ 50,000	\$ -	\$ 50,000
Total	\$ 6,126,573	\$ 6,656,977	\$ (105,598)	\$ 6,551,379
General Funds	\$ 605,229	\$ 761,178	\$ (11,897)	\$ 749,281
Federal Funds	\$ 2,325,865	\$ 2,407,110	\$ (66,667)	\$ 2,340,443
Special Funds	\$ 3,195,479	\$ 3,488,689	\$ (27,034)	\$ 3,461,655
FTE's	21.0	23	0	23

KEY BUDGET ISSUES

PLANT PROTECTION FTE. The department supports the governor's recommendation for one FTE related to phytosanitary certificates.

PESTICIDE OUTREACH FTE. The department supports the governor's recommendation for one FTE to increase awareness and compliance regarding pesticide regulatory compliance.

SUMMARY

This budget presentation was designed to help members of the North Dakota Legislature determine spending priorities for the 2009-2011 biennium. The work of the North Dakota Department of Agriculture is vital to the state's agriculture industry. Although the department is one of the smallest of its kind in the United States, its personnel administer and deliver a wide variety of programs and services for the benefit of the state's 33,000 family farmers and ranchers and all North Dakota citizens.

My staff and I welcome the interest and questions of the Legislature and all North Dakota citizens, regarding the work of the North Dakota Department of Agriculture.

Sincerely,



Roger Johnson



Pesticide Program Specialist Angela Keller removes intestinal samples from a fish (above) and a bird (below) on her desk in the North Dakota Department of Agriculture, located on the 6th floor of the State Capitol. The samples are tested for traces of pesticides.

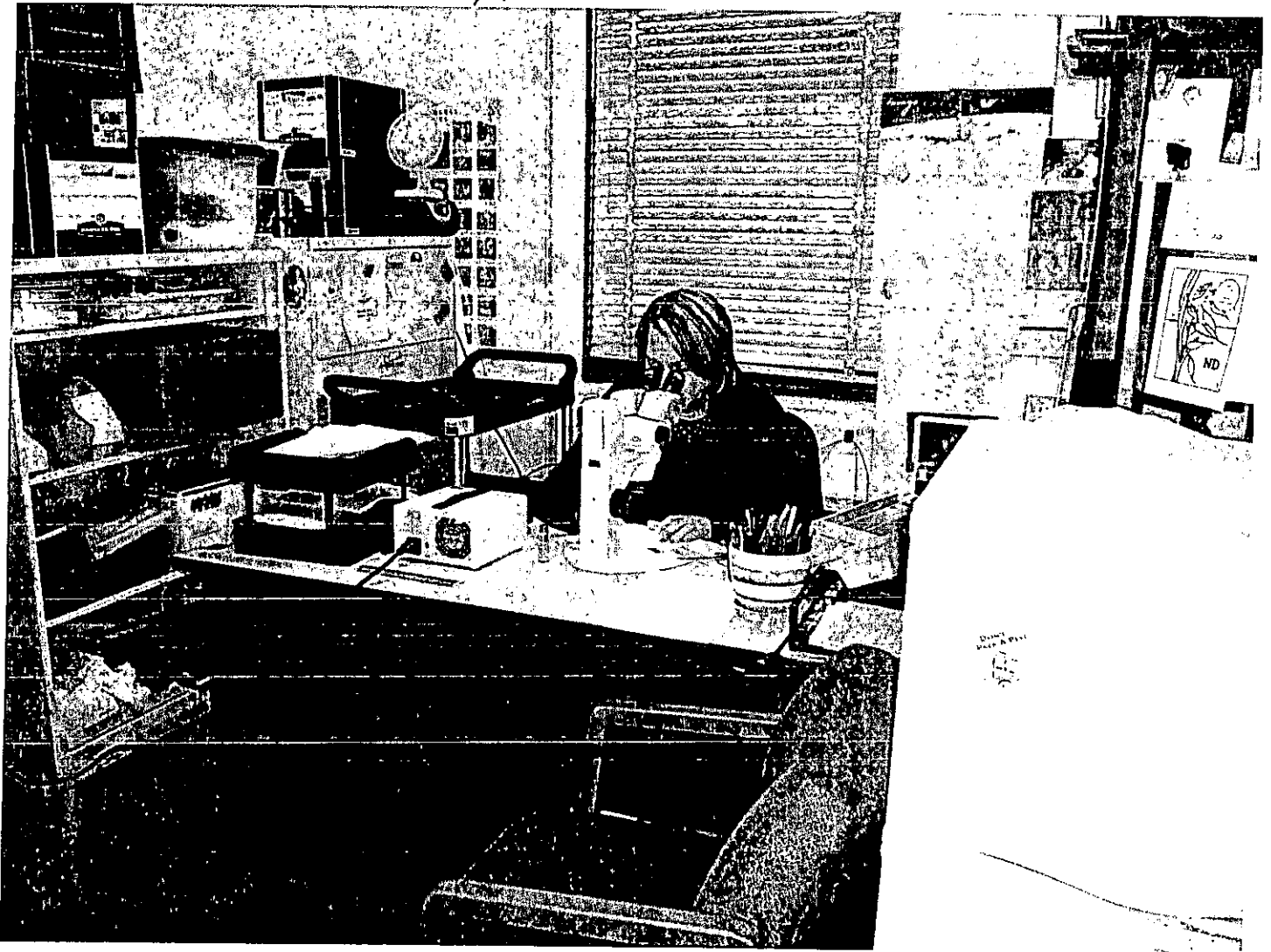




Dr. Andrea Grondahl, director of the State Meat and Poultry Inspection Program, inoculates a petri dish with a bacteria-laden swab and a swab from kidneys and other offal on her desk. At right, the inoculated petri dish is kept in an incubator. Her office is on the 6th floor of the State Capitol.

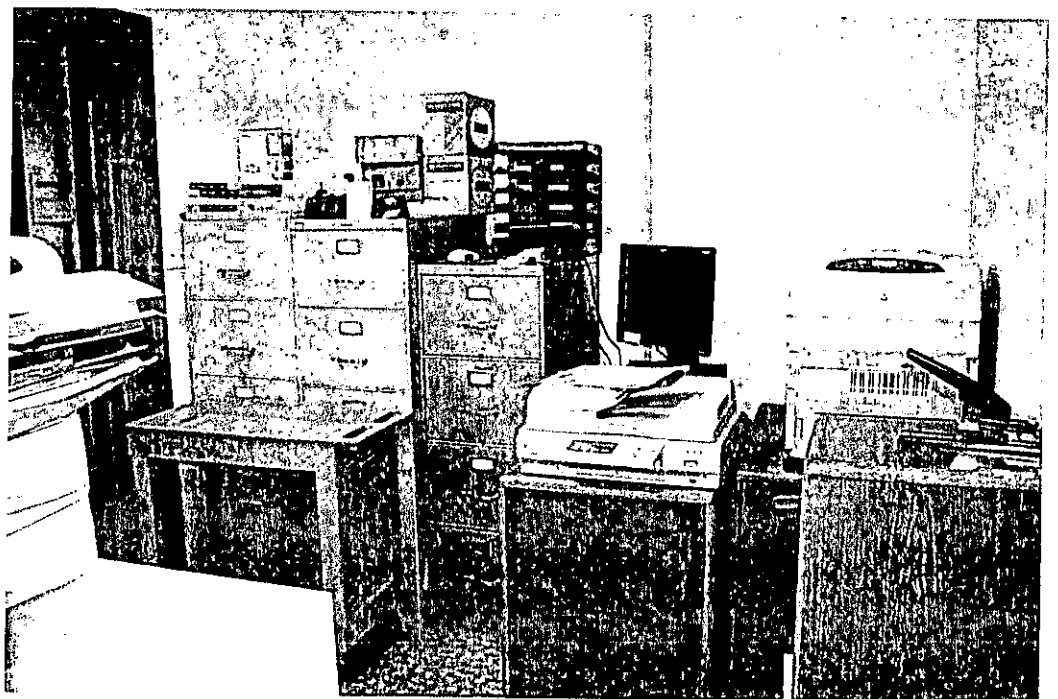


Supplement #3

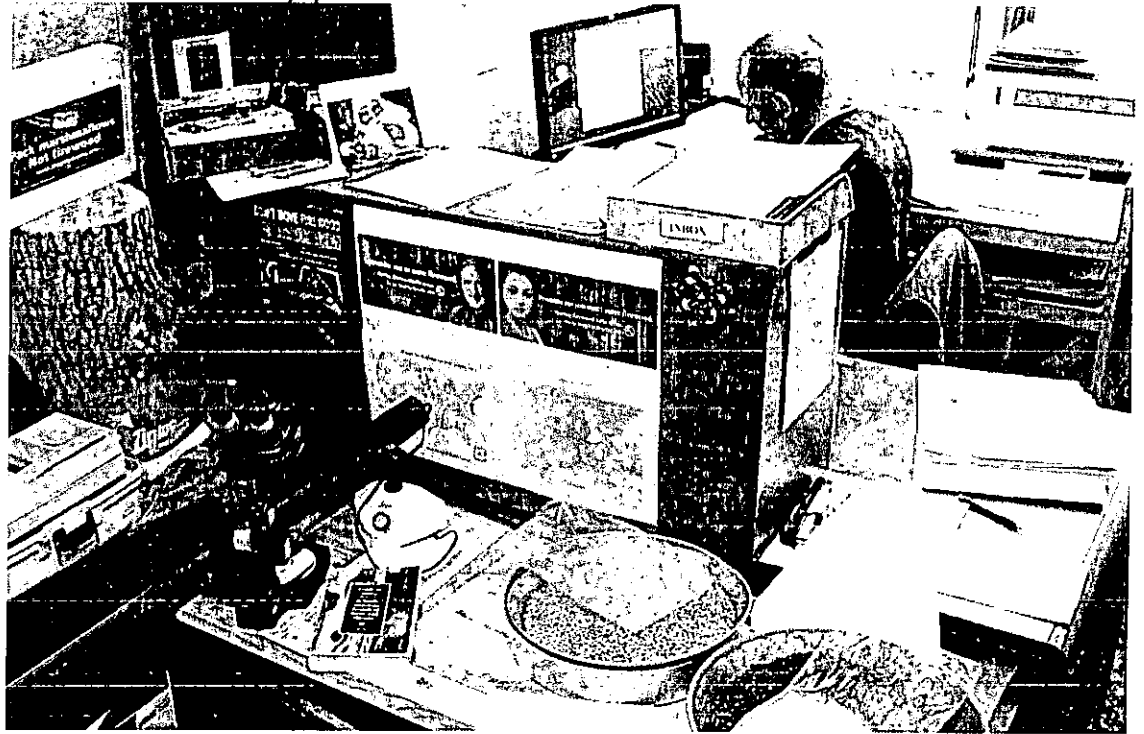


Plant Protection Specialist Carrie Larson uses her 14th floor office for a laboratory, conducting examinations of plant material for insects and diseases.

Printers, fax machines and files crowd a former office on the 14th floor.



Supplement #5



State Entomologist Dave Nelson keeps grain samples in open pans on any available space prior to inspecting them for phytosanitary certification.

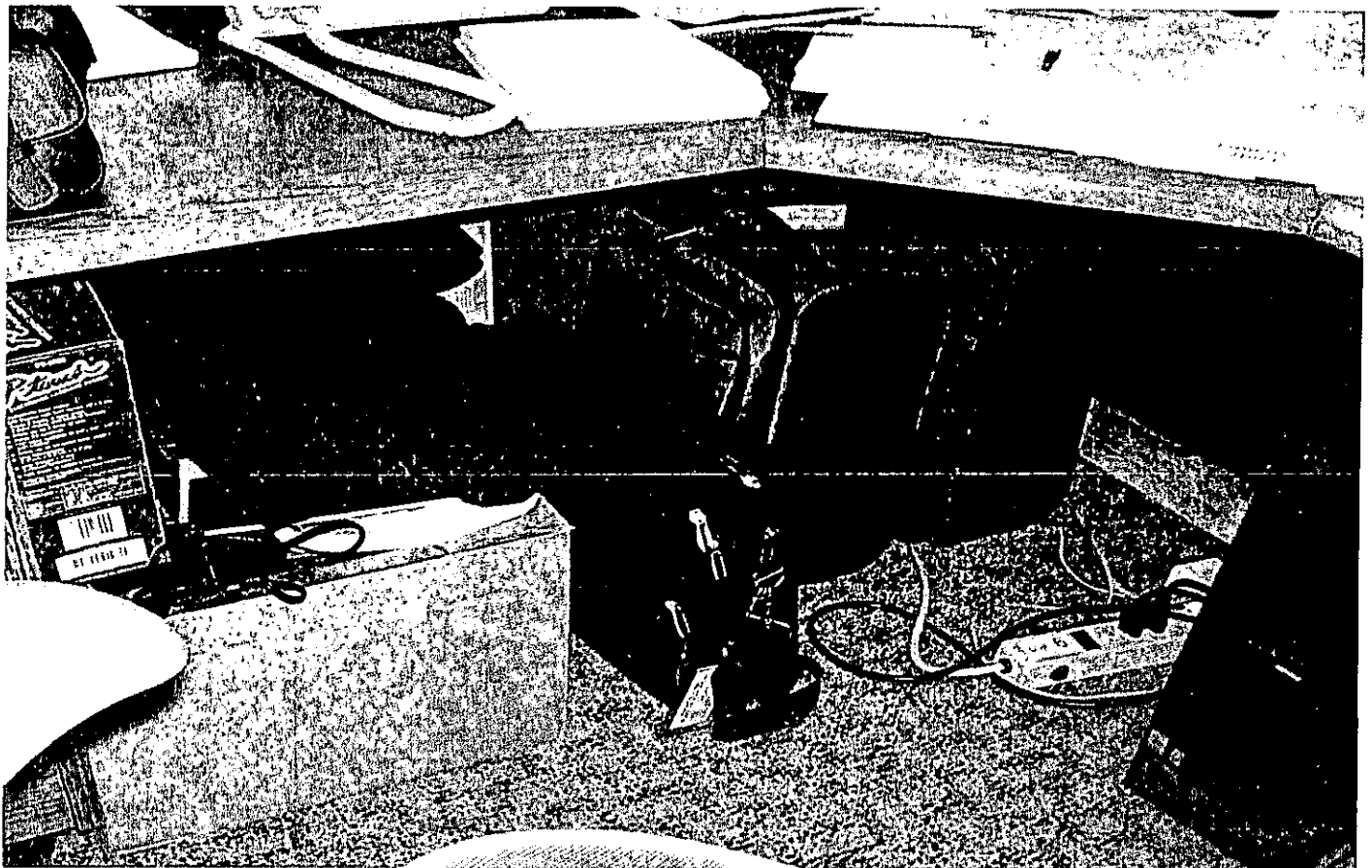


Computer equipment and supplies have long overflowed available storage on the 6th floor.

Supplement #6



Because the department's 6th floor storage vault was converted into three small offices, many NDDA staff keep their equipment, supplies and records under their desks.



*#B 1009 January 15, 2009
Attachment #10*



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January 15, 2009

HB 1009
House Appropriations Committee

Chairman Skarphol and members of the committee,

My name is Woody Barth; I am here representing the members of North Dakota Farmers Union. I am here to testify in support of House Bill 1009.

North Dakota Farmers Union supports the North Dakota Agriculture Department and its work for North Dakota's family farmers and ranchers.

Specifically, we support:

North Dakota Ag Mediation Service. We favor the continuation of North Dakota's Ag Mediation Services. We believe this agency should be the primary vehicle of state-funded or sponsored credit programs for producers with financial difficulties.

Project Safe Send. We believe that farmers should be involved in finding solutions to the disposal of crop protection containers. We support the disposal of old, unused and unlabeled crop pesticides under this program.

Pride of Dakota. NDFU supports maintaining the Pride of Dakota program, which is best managed by the State Agriculture Department. This program is an important tool for promoting and selling North Dakota products.

We strongly urge favorable consideration of Senate Bill 2009.

Thank you Chairman Skarphol and members of the committee. I will answer any questions at this time.



Steps Towards Success

1. Request mediation by contacting the Agricultural Mediation Service.
2. Prepare yourself and set goals you want to achieve.
3. Come to mediation with a willingness to participate.
4. Bridge the conflict and reach common ground.
5. Develop and implement an agreement to resolve issues in dispute.

To request mediation or to learn more about the program, please contact us at:

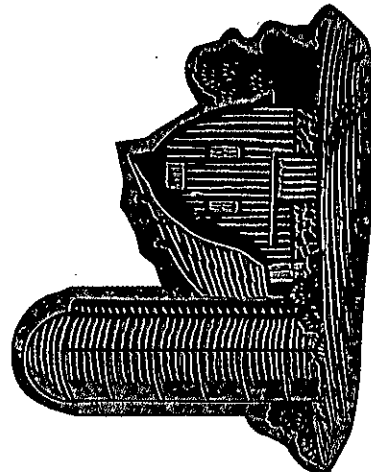
Toll free in North Dakota: 800-642-4752

Phone: 701-328-4158

Fax: 701-328-4567

Web: www.agdepartment.com

Email: ndda@nd.gov



Roger Johnson
Commissioner of Agriculture
North Dakota Department of Agriculture
Agricultural Mediation Service
600 East Boulevard Avenue, Dept. 602
Bismarck, ND 58505-0020

7/07



Ag Mediation

North Dakota
Agricultural
Mediation Service

What is Mediation?

Mediation is a voluntary, confidential process in which a neutral mediator guides parties, who are involved in a dispute, through a thorough discussion of the issues and helps them identify and carefully consider possible resolutions.

Mediators do not make any decisions about who is right or wrong, and they have no authority to require anyone to do anything. The parties themselves are responsible for devising a resolution to their dispute and for following through with it.

Agricultural Mediation Services (AMS) annually provides mediation and negotiation services, counseling and other assistance to several hundred farmers on a broad range of subjects, including:

- Finances
- Beginning farmer loan applications
- Farm planning
- Farm production practices
- Seed disputes
- Disputes with federal and state agencies

Why Mediate?

- Avoid litigation
- Resolve issues
- Communicate your real needs
- Save time and money
- Bridge conflict and reach common ground
- Disputes can have negative impacts on both the parties and the community as a whole
- Mediation can help alleviate these problems by creating a bridge that connects parties and strengthens communities

Confidentiality

The mediation process allows the parties to speak openly about the issues in a confidential manner. North Dakota law provides, with some limitations, that mediations are confidential and privileged.

If I Choose to Mediate,

What is My Role?

Your role is to:

- Prepare for mediation by exploring all options for resolutions
- Negotiate in good faith

Who May Participate?

Any farmer, creditor, person dealing with a farmer, or other person eligible for mediation with an agency of the United States Department of Agriculture may request assistance from the administrator.

What is Negotiation?

Negotiation is a less formal and often longer process than mediation. The negotiator acts as a representative of the farmer or ranchers. They help farmers and ranchers prepare financial statements, cash flow projections, loan applications and other paperwork. Negotiators will also meet with farm creditors and/or other government agencies to help farmers with financial management and other issues.

Is There Any Cost?

If you have never worked with an AMS negotiator, the first ten hours of negotiation assistance are free of charge. After that, a modest hourly fee is assessed. Mediation fees are charged to farmers, major creditors and other parties for time spent "at the table." A waiver of fees may be granted to those who are unable to pay.

**Testimony of Gary Doll
House Bill 1009
Senate Appropriations Committee
Harvest Room
February 25, 2009**

Good afternoon Mr. Chairman and members of the Committee.

I thank you for allowing me time in your busy schedule to ask for your continued funding for the Ag Mediation Program as part of the State's Ag budget in House Bill 1009. I have witnessed this program work and recently used it myself to a very satisfactory conclusion. My name is Gary Doll and I am involved in family farm operations in southern Kidder County.

I should perhaps take a minute to cite just a couple of examples in how the program has been helpful and consequently make the case as to why its continued support is vital.

I left the family farm shortly after high school but stayed involved on a part-time basis. I obtained an accounting and business degree and over a period of thirty years worked for Bobcat in Bismarck and the North Dakota National Guard. I am currently working part-time for an out of state nonprofit organization that does some work in North Dakota.

After being mandatory retired from the National Guard in 2001, I moved from Devils Lake and purchased a small farm adjacent to the family farm I grew up on. My aging and ill father wanted to farm until the bitter end and I was focused on making that happen. When he passed away I was left with a dilemma. Get serious about agriculture or get out and take full-time off farm employment.

That dilemma recently reached critical mass when an adjacent farm/rancher decided to get out of the business and offered to sell his cattle herd to me and offered to rent me all of his real-estate, increasing the size of my operation by 150 to 200 percent. My wife and I looked at each other and asked, "Do we want to do this?" Input costs are up, commodity prices are floundering and weather patterns are unpredictable.

I also recognized I was suffering from an addiction that I think most farms and ranchers in the upper Midwest suffer from, called addiction to farming.

With my formal training in accounting, I felt I could make the numbers say anything I wanted them to. The problem I had was I being objective. I called a banker friend for information on how to assess my thinking and my projections and was advised to try North Dakota Ag Mediation Service. At that time I was not aware that the service was available beyond serving distressed farmers. I wrote to Ag Mediation and within days a gentlemen by the name of Tony Wixo from that office made a contact call and showed up at my door to assess my numbers and use his experience and tools to access my

projections. By tapping his experience and utilizing his tools and computer programs, he did in a few hours what would have taken me days to grind through by longhand.

After Tony's assessment he determined the expansion was feasible and would turn a small hobby like operation that was being subsidized with off farm income, into what should be a profitable operation notwithstanding a collapse of the economy. Tony's report also gave my bank a level comfort in providing the funds to buy the neighbors operations. In my case, after a certain number of hours, I am asked to pay a fee for the service but it is very affordable and was not available to me from any other source.

I have had further observations of the Ag Mediation Service when the program worked with distressed farmers in the eighties. If you remember, the eighties were a period during which it was impossible to turn a profit no matter what you did. Ag Mediation brought outside objectivity to the table, helping producers make rational decisions based on objectivity rather than emotion. Farmers and ranchers get very emotionally invested in their operations and often find it difficult to be objective. Ag Mediation brings in objectivity and gives the distressed farm family a partner in reaching a decision.

One case in particular, Ag Mediation Service was working with a family in the Devils Lake area when I worked at Camp Grafton. I remember the solution being selling a portion of the ranch to reduce debt and improve cash flow. Some of the property sold was sold to Camp Grafton as a training area and the former owner was able to lease it for agricultural purposes when not used for training. To my knowledge, that farmer is still farming that part of the farm he salvaged. Without the mediation, I am convinced the entire farm could have been sacrificed. People become so focused on the problem they cannot be objective in resolving the situation and lose perspective in seeking a solution. Sometimes an outside influence needs to reaffirm a decision that a person knows they need to make but without that reassurance are paralyzed from taking the action. At times you simply need to hear its "OK".

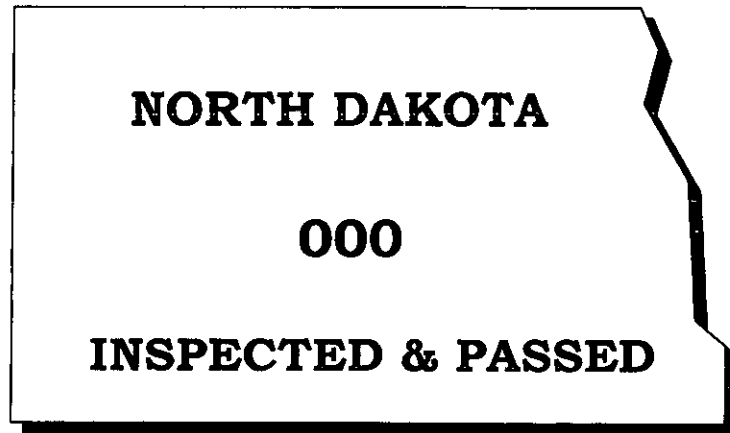
During the last few years the farm economy has been relatively vibrant and the need and funding for Ag Mediation can reasonably be questioned. I would raise a caution in that nothing is utopia forever. As proof I cite, the stock market, the job market, the real-estate market and the economy in general. The farm economy will take a pause again at some time. There is a good foundation in place to quickly and professionally respond to when the situation arises. As a minimum, I feel it important that the foundation be kept in place so that the response can be quick, professional and address situations that may be manageable if addressed in time. When required, the state will be better equipped and more proactive in aiding the ag community by expanding an existing program than by trying to ramp up a new program to meet the challenge. In my opinion, the farm economy will tank again. Everything is cyclic and it not a matter of if, but when. We just need to be ready for it. It is for those reasons I ask your continued support for the Ag Mediation Service.

I thank you for your time.

NORTH

DAKOTA

*Same
Given to the
Senate*



STATE MEAT

&

POULTRY

INSPECTION PROGRAM

The State Meat Inspection Program was enacted by the 1999 Legislature to increase the opportunities for meat processors and livestock producers in the state of North Dakota. Prior to this enactment, federal inspection, or Food Safety and Inspection Service (FSIS), a division of USDA, regulated all meat processors in the state. The Federal Meat Inspection Act (FMIA) grants authority to an appropriate State agency to develop and administer a State meat inspection program. The program must have laws, regulations and procedures that are "at least equal to" the FMIA. Once a state is approved of by FSIS, they will receive federal funds of up to 50% of the total cost of the program. North Dakota gained approval from FSIS on October 19, 2000, and became the 26th state to have a program. In June, 2005, North Dakota gained approval to also provide state inspection service for poultry and became the State Meat *and Poultry* Inspection Program (SMPIP).

State programs are desirable to the industry and state government alike because they can focus on regulating small and medium-sized businesses. State inspection personnel are generally more accessible and more flexible than the USDA. The state programs also provide more practical information and technical assistance. North Dakota's program is designed to make it easier for the state's meat producers to sell their homegrown beef, pork and or other livestock directly to consumers in state.

The mission of the SMPIP is to provide consumers with a wholesome, unadulterated product that is properly labeled and safe. The Meat Inspection division's function is to ensure that meat and meat products slaughtered, processed and/or stored in North Dakota meet state and federal requirements. This function is accomplished through product and site inspections, registering, product labeling and laboratory testing done in cooperation with other state and federal agencies. Our staff consists of: a director/veterinarian, a relief inspector/assistant and a half-time administrative assistant, all located in Bismarck; two senior inspectors, one in Streeter and one in Watford City; one compliance officer/field inspector in Fargo and six additional field inspectors located in Bismarck, Cooperstown, Jamestown, Langdon, Dickinson and Grenora. An additional FTE is expected to be filled in early 2009 in the Lisbon/Wahpeton area.

The Meat Inspection division of the North Dakota Department of Agriculture (NDDA) currently regulates approximately 110 slaughter and/or processing plants that are located throughout North Dakota. Fifteen of these plants are classified as "State Inspected" or "Official State Establishments". These are plants where livestock is slaughtered and/or processed under regulated inspection. To maintain 'equal to' requirements of USDA, the SMPIP is obligated to perform continuous inspection on inspected slaughter days (performing antemortem and postmortem examination on each animal) and be physically present at least once daily at plants on inspected processing days.

An inspector will perform duties at each establishment anywhere from four hours one day a week to 8 hours five days a week, depending on the amount of work the plant does. The final product carries the state mark of inspection, which is a stamp in the shape of North Dakota and reads, "North Dakota Inspected and Passed" along with the establishment

number. The mark allows a meat processing business to wholesale their products to various retailers within the state, greatly expanding their market.

Official State Establishments are similar to “federally inspected” plants in regards to the facility requirements and how the plants operate. Most of the federal laws governing meat inspection were actually adopted by the state to help facilitate the “equal to federal” requirement. State programs are regularly monitored and audited by the federal government to ensure the program is continuing to maintain the requirements set forth in the FMIA.

The remainder of the plants (95) regulated by the meat inspection program are classified as Custom Exempt establishments and are inspected two to four times per year for sanitation and facility requirements. Requirements for custom plants must also be enforced by the state program in order to maintain “equal to” requirements.

A "Custom Operation" is one in which a person or entity offers slaughter and/or processing services to the public for a fee. The animal to be slaughtered or the meat to be processed belongs to the customer, not the establishment. After the services are rendered, all of the products derived from the custom operations must be returned to the owner of the animal.

Custom exempt plants may also carry retail exempt products for sale to the public. The owner/operator of the plant buys “boxed meat” from a federally or state inspected plant and further processes it for retail sale. Since the additional processing is not done under regulated inspection, the products may only be sold at the retail counter within the plant. Most grocery stores and/or meat markets in North Dakota operate under this retail exemption. The boxed meat products are normally purchased from large packing plants, which are the most economical, and are not products from locally raised livestock.

While the laws and regulations of a state or federal program are very similar, there are many benefits in operating a state program. State programs are organized in a way that allows them to deal with small businesses more effectively and efficiently than can a large federal system such as USDA, which now caters almost exclusively to large processors. One major advantage of a state program is the ease of access for plants to obtain the “Grant of Inspection” status that allows them to expand their market base through wholesaling. Throughout the process of gaining a grant, a state program will offer much more technical support and guidance, making what could be a complicated process much easier. Any disputes are handled at the state and local level and elected state officials have a say in how the small business person is regulated.

Another tremendous benefit of state programs is in providing non-traditional livestock producers and processors more equal marketing opportunities. USDA classifies bison and elk as non-amenable, meaning these species or their products are not subject to the FMIA. Because they need not be inspected to be sold, these species are considered “voluntary” and any person slaughtering or processing these animals must pay an hourly fee. Although inspection is not required at the federal level, most states (including North

Dakota) do require inspection. This means non-traditional producers/processors without a state program face an unfair marketing advantage. The SMPPIP does not charge for the slaughter or processing of non-traditional livestock and therefore allows these individuals to once again compete in the market with cattle and hog growers or processors.

The SMPPIP has grown significantly since it's onset in 2000. In October of 2000, the NDDA assumed all regulatory responsibility for custom exempt plants in the state and provided information to all meat processors on how to become an official state establishment. Two plants met the requirements and obtained grants of inspection by January of 2001. These plants were Barton Meats in Carrington and Siouxland Buffalo in Grand Forks. Barton Meats was newly built in 2000 to meet federal facility requirements. With the advent of the state program they decided to come under state inspection because it suited their needs better. Siouxland Buffalo had operated for many years slaughtering and processing buffalo on their own because at the time inspection was not required for buffalo. However, in 1997 the Department of Health passed a law that required all wild game or non-traditional meat to be inspected in order to be sold. The plant was unable to afford USDA's hourly fees and had to cease their processing activities until the state program's inception.

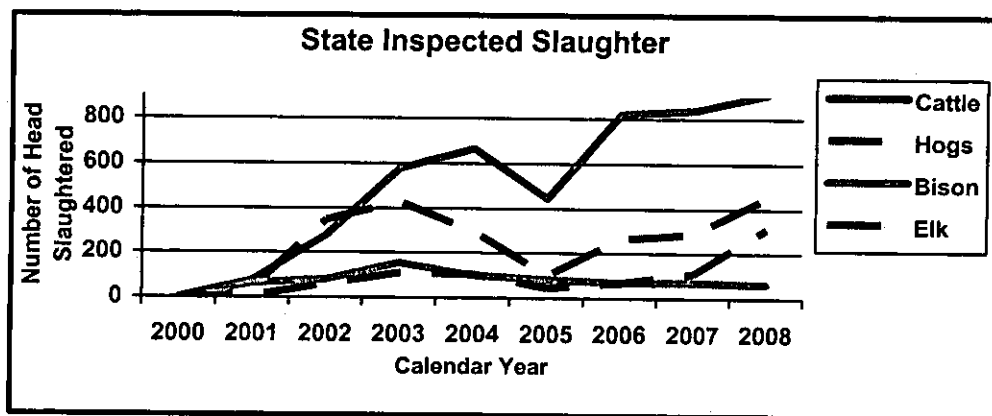
The other meat processing establishments currently operating under a grant of inspection, including the date the grant was issued are;

➤ Hickory Hut, Langdon	October 31, 2001
➤ Edgeley Meat Processing Plant, Edgeley	November 1, 2001
➤ Garrison Custom Meats, Garrison	March 21, 2002
➤ Butcher Block, Oakes	March 27, 2002
➤ The Wurst Shop, Dickinson	June 19, 2002
➤ Devore Custom Meats, Steele	March 8, 2004
➤ L & M Meats, Grand Forks	May 20, 2004
➤ Bridgemart Meats, Wyndmere	June 6, 2005
➤ Maple Valley Locker, Enderlin	March 27, 2006
➤ Reister Meats, Streeter	May 18, 2006
➤ Next Door Pizza	May 31, 2007
➤ Dakota Sausage Kitchen	September 29, 2008
➤ Firehouse Ribs	January 7, 2009

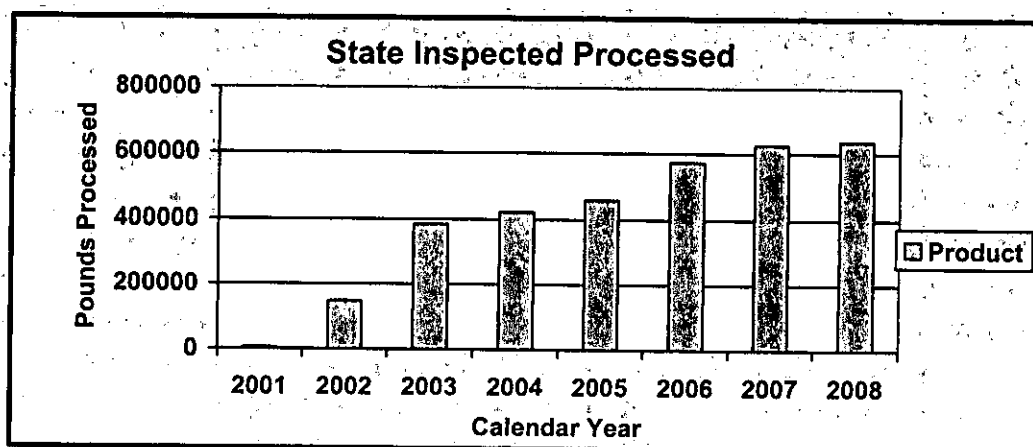
These plants have personally experienced the benefits of a state meat inspection program by being able to greatly expand their once limited market. Many livestock producers are also benefiting because they now have more outlets. They can either sell livestock to the

plants or develop their own brand name and market their products directly to the consumers. The SMPIP is a great tool to boost the state's economy, especially in rural areas where most of the plants are located, because it makes it easier for small livestock producers and processors to sell directly to the consumer and capture more of the consumer dollar.

The amount of livestock slaughtered and meat processed under state inspection demonstrates the growth and benefits of the state meat inspection program and is shown in the following charts;

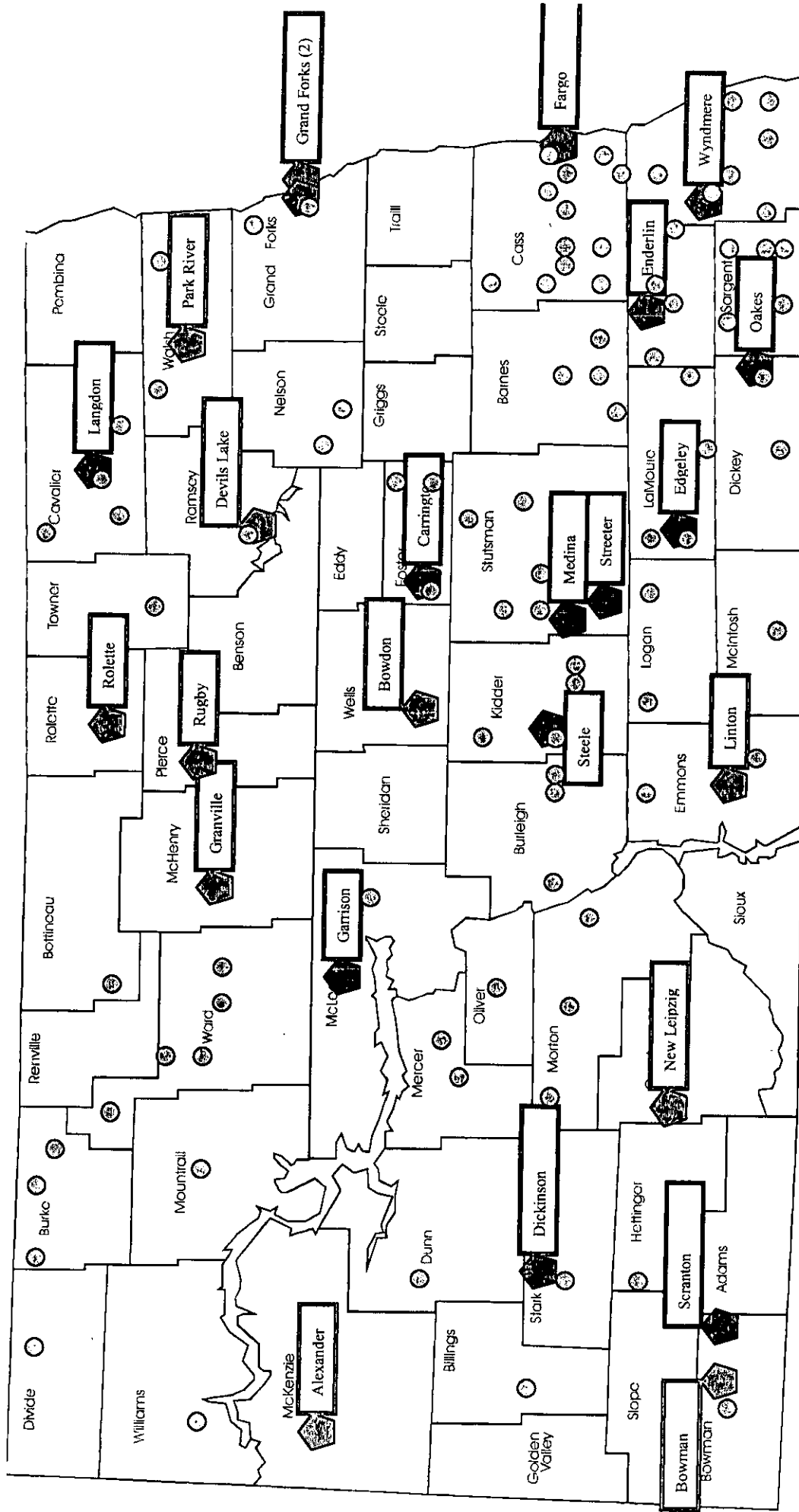


During the first year of state meat inspection (2001), there were a total of 181 animals slaughtered. This has increased to approximately 1734 animals in 2008.



There were 5,238 pounds of meat processing under state inspection during the first year of state meat inspection (2001). This increased to approximately 636,614 pounds in 2008.

NORTH DAKOTA OFFICIAL STATE SLAUGHTER AND PROCESSING ESTABLISHMENTS



Current Official Establishment



Existing plants or plants in construction that are or intend to pursue state-inspection



Location of Outlets of State Inspected Products

House Bill 1009

Thursday, January 15, 2009

House Appropriations Committee

Education and Environmental Division

Sakakawea Room

Representative Skarphol and members of the committee, my name is Nathan Boehm and I am a dairy farmer from Mandan and the chairman and dairy representative to the State Board of Animal Health.

I am here today to testify in support of the Agriculture Department Budget, but will talk specifically to the current funding or increased funding for the Board of Animal Health budget.

As a board member for the past 9 ½ years I have been a part of passing necessary rules that in the back of my mind, I know our Board staff might have trouble enforcing or following up on. One such action is the waiver for importation of non- vaccinates for Brucellosis. We quarantine them for three years, and during that time, they can only be sold for slaughter. It is very hard for our state veterinarians to check on these cattle to make sure they are still there and that the waiver has been followed due to time constraints, distances and daily workload.

We have relied on the use of several veterinarians in the past several years who are working on federal grant money for programs such as Johne's, Scrapie and NAIS (National Animal Identification System). They have sometimes been able to help out when we need to get some additional and unforeseen work done. In this war time budget we know that some of the grants have and will continue to be cut. Without funding, these

"grant-funded veterinarians" will not be at our disposal and we will end up back where we were with the added workload of the federal programs being taken care of by our state veterinarians. Two years ago we asked for a third fulltime veterinarian to be added to the staff and I want to thank the legislature for granting that request. Now we need to make sure that we are able to keep our veterinarians and their support staff. Some of the salaries for our veterinarians have been paid out of federal grant monies. As these dollars dry up we need to be able to fund our current staff and keep them working for us.

Most of you know about the recent TB case we had in the state. That "small" incident stretched the staff to the limit. What would happen if we had a major disease outbreak in our state in the future? I am not asking for more staff today, but given the current situation in the United States, with Bovine Tuberculosis, we might need additional veterinarians and staff soon, maybe even during the current legislative session. I do need to know however, that we can keep staff we already have, in place.

The department budget has the salary increases already figured in, however, the payment to our budget that we receive from the ND State Game and Fish Department for carrying out the duties of regulating the non-traditional livestock, is being switched to come directly from the general fund. While this switch is suitable to me there is a \$22,000 shortfall in this switch that will make a large difference to our working budget. We need to put that money back in, so we are not over stretching our budget before we even start the biennium.

We have a billion dollar plus industry in animal agriculture in North Dakota. This has a significant economic multiplier impact on our state. Our state vets are not only responsible for animal diseases, but zoonotic diseases as well. Please don't hinder the

regulatory efforts of our state veterinarians by withholding the funding they need to perform their jobs adequately.

Thank-you.

TB Inspection Proposal:

- 1) Use existing Ag Department staff to conduct spot checks of rodeo to address "Mexican roping steer" issue. Board of Animal Health, dairy, livestock and other staff would be trained in order to check documentation of rodeo stock, especially during summer. Estimated cost for travel and other out-of-pocket expenses is \$15,000.
- 2) Contract with another entity such as North Dakota Stockmen's Association for spot checks of rodeos and other checks. A contract would be developed with the Stockmen's Association to conduct routine examinations of rodeo stock and other livestock in transit. Estimated cost would be \$15,000.
- 3) Develop an "understanding" with North Dakota Highway Patrol. The Board of Animal Health would provide training to Highway Patrol personnel and develop a simple checklist to be used by North Dakota Highway Patrol personnel in the regular course of business. Highway Patrol weight enforcement personnel are federally funded at a level of 80%. These mobile locations are used to conduct complete vehicle and driver checks. Approximately 17,000 such inspections are conducted annually. This would check mainly over-the-road trucks but will also result in the inspection of fifth wheel trailers. This effort could be initiated as soon as February 19th as a part of already-scheduled in-service training. The estimated costs of this are minimal, because the inspections would be done in the normal course of business.

Highway Patrol traffic enforcement personnel could also conduct similar checks as a normal course of regular traffic stops. Traffic enforcement personnel are involved in about 180,000 contacts with motorists annually. This effort could be initiated as soon as April, 2009 as a part of regular training for troopers. Again, estimated costs are minimal.

- 4) Develop an "understanding" with North Dakota county sheriffs. Col. Nelson of the North Dakota Highway has explored the potential for a similar arrangement between the Board of Animal Health and county sheriffs in North Dakota, and the president of the sheriff's organization has indicated an interest in assisting with the effort.



Northern Veterinary Service

(701) 254-5453

DR. LYLE KENNER, DVM
751 Highway 13 SE
Linton, ND 58552

February 25, 2009

Chairman Holmberg and members of the Senate Appropriations Committee, I am Dr. Lyle Kenner from Linton, North Dakota. I am here to speak in support of necessary and adequate funding of the North Dakota Board of Animal Health.

I have practiced veterinary medicine in Linton for a little over 3 years, having previously practiced in Thief River Falls, MN for 25 years. In addition, I am also a livestock producer and therefore have experienced the interaction of veterinary medicine for livestock production as well as for protection of public health and as a regulatory entity.

In 2005 I had planned to move to Linton, ND in the fall. These plans were delayed when Bovine Tuberculosis was discovered in my own beef cattle. This is a disease that we have worked for decades to eradicate because it affects livestock, humans and, as we are beginning to experience, wildlife.

Finding the disease in my herd was a big surprise. I had no reason to suspect tuberculosis because we had excellent production and, by industry standards, a very healthy herd. Because of one infected cow my whole herd was depopulated, along with my herdsman cattle and the cattle he had recently leased. In total about 1,000 cattle – cows, young calves, pregnant heifers and herd bulls all went to slaughter. Bovine Tuberculosis ended a herd that had started 42 years earlier with a heifer calf given to me by my parents.

How does this story relate to the ND Board of Animal Health, today? It is relevant because I believe the loss of my herd and several neighbor herds (who in most cases were clients), was due to illegal movement of cattle.

The common reservoir of infection for all these herds was the native deer population. The genetic typing of the tuberculosis bacteria in both cattle and deer showed that it came from the southwest United States or Mexico. My belief is that this entire problem began with illegal importation to Minnesota of Mexican cattle which infected the deer population in a small area of Roseau County. This in turn was a source of infection to the cattle. When this illegal importation occurred is uncertain because tuberculosis is a slow developing disease – it may have been within a one to two year time frame or perhaps one to two decades. The point is that regulation and efforts to prevent disease transmission may not be realized immediately while, conversely, failure to prevent disease transmission may not be known until the epidemic is in process.



Northern Veterinary Service

(701) 254-5453

DR. LYLE KENNER, DVM
751 Highway 13 SE
Linton, ND 58552

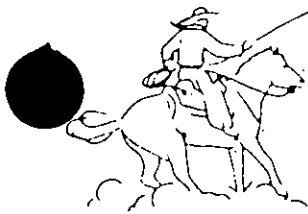
We, of course, do not want Bovine Tuberculosis, Bovine Brucellosis or any other disease to become endemic in North Dakota. It is the function and duty of the ND Board of Animal Health to prevent this from happening and to stop it if it does occur. This important responsibility protects our industry and public health and requires resources to accomplish. These resources are highly educated and trained personnel as well as funds in order for these people to accomplish the task before them. This is not a simple task because it is unpredictable making it difficult to foresee the cost of accomplishment.

I must add that my experience in working with the ND Board of Animal Health has been very positive. These people have good common sense combined with excellent scientific education.

In closing, I urge this committee to provide the funding needed for the ND Board of Animal Health to protect not only our livestock industry but also public health and our wildlife population.

Lyle Kenner, D.V.M.

North Dakota



STOCKMEN'S ASSOCIATION

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HB 1009

Good afternoon, Mr. Chairman and Senate Appropriations Committee members.

My name is Julie Ellingson, and I represent the North Dakota Stockmen's Association. The Stockmen's Association has a strong working relationship with the North Dakota Agriculture Department and appreciates its people and programs that support the state's hardworking cattle producers.

Programs of specific importance to North Dakota Stockmen's Association members are the Board of Animal Health, wildlife services, noxious weed control, the Livestock Division and state meat inspection. These programs help protect our operations against disease, depredation, weeds and fraudulent purchases and offer additional marketing channels for our producers and others in the beef supply chain.

The idea of an additional staffer for the State Board of Animal Health to help increase surveillance of animal health certificates was discussed in the House, and while funding for this position was not included in the first chambers, our association requests that this committee be creative in its thinking and consider funding for such a position in addition to the regular appropriations already included in HB 1009. Right now, North Dakota is flanked on both its eastern and

western sides by neighbors who are dealing with economically devastating livestock diseases. Our state animal health officials and producers alike have done a great job of protecting the health of our state's domestic herd, and we want to keep it that way. That's why our members support an additional team member to help with a proactive, multi-pronged approach to disease mitigation and to complement the other critical team members and programs provided by our strong Department of Agriculture that you are hearing about today.

We ask for your favorable consideration of this budget.

LP3 Success Story



*Ole Johnson,
Destiny Dairy*

"We moved here three years ago from Washington State and bought a dairy farm. We've grown it to 280 milk cows and 200 heifers; and as a result, we needed to expand our waste management system," Johnson says. "We heard about LP3 from an engineering firm in Mandan and from people at the agriculture department and decided to look into it."

Johnson said that working with the North Dakota Department of Agriculture in planning and building the new waste management system for his farm has been an entirely positive experience.

"They're very easy to work with, and they guide you through the entire process from the initial discussions, through the planning, organizing and financing of your project," he says.

Oliver County dairy farmer Ole Johnson is a 2006 winner of the U.S. Environmental Protection Agency's Environmental Stewardship Award and a LP3 Program success story.

Johnson urges all livestock producers to look into LP3.

"As producers, we have a responsibility to be good stewards of the land, and to do this right, you need other people to help you," he says. "LP3 gives you the help to do what you need to do. I highly recommend it."



Construction phase of Ole Johnson's livestock waste containment system.

Livestock Pollution Prevention Program



For more information contact:

North Dakota Livestock Pollution
Prevention Program

Jason Wirtz, Coordinator

North Dakota Dept of Agriculture
600 E. Boulevard Ave., Dept. 602

Bismarck, ND 58505

(800) 242-7535 or (701) 328-2231

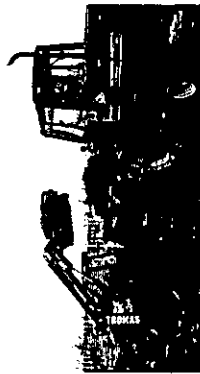
jwirtz@nd.gov

www.agdepartment.com



North Dakota
Department of
Agriculture

North Dakota Livestock Pollution Prevention Program (LP3)



This program, established in 2000, was called the Dairy Pollution Prevention Program (DP3) because it served only dairy producers. The DP3 program helped more than 300 producers with technical and financial assistance to achieve environmental regulation compliance.

Recently, however, this voluntary program was renamed the Livestock Pollution Prevention Program (LP3) to reflect its new mission of assisting all livestock producers in meeting environmental compliance and increasing the productivity and profitability of livestock operations. The program is funded by EPA 319 funds. Producers are reimbursed for 60 percent of their approved expenses.

Benefits include:

- Environmental compliance.
- Feeding efficiency through bunkline feeding, access roads, and cattle aprons.
- Effective use of manure.
- Improved herd health with higher gains.
- Cost sharing for fencing and water tanks.
- Reduced amount of commercial fertilizer needed.

LP3 Process:

1. Contact program coordinator and schedule an on-site farm visit.
2. Program coordinator evaluates site and provides environmental management recommendations.
3. Coordinator may assist producer with cost-share contracts, providing funds from LP3, ND Stockmen's Association, 319 Watershed and/or EQIP programs.
4. Cost-share assistance may be available for lagoons, run-off ponds, clean water diversions, lot sloping, fencing, waterers, stacking pads, heavy use cement cattle aprons, piping, manure pumps, and construction of the containment system.

Livestock Waste Containment System Structural Components



9



- 1) Lots are sloped to industry standards and provide ample space for the cattle.

- 2) Fenceline Feeding System allows cattle to stay dry, healthy and provides increased gains, which can be cost shared through the LP3 Program.



- 3) Access Road acts as a dike for the lots and is utilized for fenceline feeding.



- 4) Clean Water Diversion reduces runoff and sometimes is the only management practice needed in small operations.



- 5) Runoff Evaporation Pond collects dirty water running off lots and is designed to evaporate a large portion of the incoming water.



- 6) Solid Separator separates solids from lot run-off water and allows dirty water to run into the evaporation pond.



HB 1009
January 15, 2009 Attachment # 3

HB 1009
Sakakawea Room
January 15, 2009

Good Morning, Chairman Skarphol and Committee members.

My name is Gary Hoffman; I'm the executive director of the North Dakota Dairy Coalition. I'm here today to support HB1009. The Coalition has an interest in the Department of Agriculture budget because it contains funding for the Coalition. We would urge this committee to include \$340,000.00 for Coalition activities for the next biennium. During the first four years of our existence we were funded by APUC, NDDA, ND Milk Producers, industry partners, ND Corn Growers, ND Soybean Growers, Farm Credit Services, ND Farm Bureau, ND Farmers Union, ND Rural Electrics, and ND Association of Rural Electrics. These organizations have been very supportive but they have put us on notice that they do not have the funds to continue their support. In short, those funding sources have gone away. The intent from the beginning was to prove that there is value in growing the dairy industry in North Dakota and then transition to state funding. We've proven that.

The flyer I distributed will show you what I mean. The economic impact dairy cows have on a community is huge but the people factor is even bigger. We've helped ND farmers expand and recruited out of state producers.

Six families moved to ND. They brought with them 25 children and about 3700 cows.

We are at a critical point, we've laid the groundwork for additional growth but without state funding all our efforts could disappear. Our competitors are states like South Dakota, Minnesota, Wisconsin, Iowa, and Kansas. All have state funded programs that include numerous employees and programs to grow their dairy industries. The \$340,000.00 we are requesting is a pretty bare bones budget compared with the states we compete with.

Again, we urge you to fund the Coalition at \$340,000.00 Don't let what we've accomplished go by the wayside. Let's continue building one of the economic engines of rural North Dakota. The Dairy Industry.

Thank you..... Gary Hoffman, executive director, North Dakota Dairy Coalition

HB 1009 January 15, 2009
attachment # 4

Slime
given to
Senate

Good morning,

I am Andrew Holle a fourth generation dairy farmer and one of the partners of Northern Lights Dairy located outside of Mandan. I am here today to talk to you about the North Dakota Dairy Coalition and the element that I believe it has in expanding the Dairy Industry in North Dakota. The item on the table being discussed is to raise the dollar amount of \$170,000 in the budget currently, back to the original \$340,000. I want to explain the role of expanding Dairies and the effect that it has on you and the communities in which you live.

At Northern Lights Dairy we are currently milking 550 cows, 3X a day, 365 days a year producing on average 40,000 lbs. everyday. This is the equivalent of 4,650 gallons or serving 75,000 glasses of milk to North Dakotans each and every day. While that sounds like a pretty awesome connection to begin with, the real relationship that we build is in the communities in which we live. Each year we spend hundred's of thousands of dollars on feed, repairs, services and supplies, most of which is bought within a 15 mile radius. The crops include Alfalfa hay, alfalfa haylage, corn grain, corn silage, straw, barley just to name the main ones. In exchange for the crops we are paid by the farmers for supplying them with an organic form of nitrogen known as manure. In addition to farmers, we support many other businesses such as veterinary clinics, hardware stores, automotive stores, tractor shops, truck shops, gas and diesel purchases and the list just goes on, believe me. A lot of the times I wish it wouldn't, but my point is that we spend our money in the community and others benefit from it.

As I talk with people that I meet it always astonishes me the number of people that have a family member that was involved in the dairy industry in one way or another. I bet if you look at your family tree you had someone too, whether it was your parents that got out of farming because the free high school labor moved out and went to college, or an uncle or a cousin, most people have a connection to the dairy industry.

So why if it is all part of our family history is there so little effort put on sustaining or even growing the dairy industry in North Dakota?

Without higher numbers of dairy farms the infrastructure of the industry suffers, we unfortunately have to turn to states like Minnesota and South Dakota to get some of our supplies and equipment because there is not a dealer in our area. Without more producers we will not attract more processing plants, without plants we cannot attract more producers. Fortunately right now there are plants that are always looking to source in more milk.

Dairy farming is not as glamorous as the new ethanol technology or the new oil fields, but it has proven over time to sustain itself since the beginning of our state until today and hopefully continue on. It could be as glamorous as the other industry if more emphasis was put on it. If the Coalition was given the amount of money that they requested they could do their job and get the word out that North Dakota is an awesome place to live and to have a dairy farm. You can see the results that South Dakota has from having the foresight to see that industry needs to be developed. I believe it could be much more because we are from North Dakota and have more to offer, BUT WE HAVE TO OFFER IT. If we are only allotted half of the money requested the coalition will be able to only do half of their job. Marketing is an expense of time and money, but I think it will pay big dividends in the end for the communities of North Dakota.

Today the state currently produces 444 million lbs of milk each year, half of what we produced in 1980 at 939 million lbs. What will it be in another 20 years? Half again?

In closing, if the coalition is not fully funded I fear that it will dissolve eventually and the chance of attracting farmers to the state without the proper marketing and people is probably very slim. Much of the money in the past for the coalition has come from other companies understanding the importance of dairy towards their businesses and giving in the form of a donation, but the State of North Dakota needs to step up and allow the Dairy Coalition the chance to prove themselves with a properly funded budget. I want to leave you with a quote by, Jeff Olson, author of the "Slight Edge" that I believe sums up the dairy industry and the struggle in maintaining our numbers. "Part of the difficulty is the confusion of perfection with excellence. Perfection tends to limit us in what we can accomplish. Excellence brings us satisfaction for our efforts. It is not likely that work done poorly or half heartedly will be rewarding. Work done well more than compensates for tired and weary body and mind."

Thank You

HB 1009
January 21, 2009

MEMORANDUM

TO: House Education and Environment Appropriation Committee

FROM: Gary Hoffman, Dairy Coalition, Wayne Carlson NDDA

DATE: January 21, 2009

RE: Dairy Coalition

Attached are Dairy Coalition's budgets for the coming biennium, revenue and expense documents for the last two years and REC contribution to Coalition document.

The last two years Dairy coalition has receive monies from three major sources: APUC, North Dakota Department of Agriculture, and contribution/dues. From January 1, 2007 to December 31 2008, the Dairy Coalition has received \$119,000 from APUC, \$75,000 from NDDA and \$57,360 from contributions /dues. In addition to cash contributions, the REC's have provided \$54,002 of contributions.

The Soybean and Corn Councils have contributed \$30,000 of the \$57,000 and indicated that there would be no more future contributions. APUC also indicated that they can no longer fund this project.

Next biennium's budget is close to \$350,000. The governor's budget has \$150,000 in it for the Coalition. Coalition feels it will be able to raise \$12,000/year from dues and contribution from the milk industry partners. The REC is willing to support the coalition with another \$54,000.

In regards to providing funds through a check off program, there are three types of check offs on dairy production in North Dakota. Two are mandatory check offs and one is voluntary.

Dairy Promotion Commission (NDCC 4-24-10) has a ten cent/ hundred weight assessment on all raw milk produced in the state. It is projected that it will bring in \$741,000 next biennium. The assessment goes to the

promotion of dairy products and is restricted by USDA as to what it can be used for. Money goes to the Midwest Dairy Association which is a regional check off organization that performs contract promotion services for the Midwest. In addition there is a five cent /hundred weight assessment that goes to National Dairy Promotion Board for national promotion programs. The assessment is deducted from milk produced by farmers by their milk buyer and they forward it to a lock box account at BND.

Milk Market Board (NDCC 4-24-10) has a ten cent/ hundred weight assessments on all fluid milk produced by processors in the state. They have the legal authority to assess as much as fourteen cents. The money collected goes to staffing and operating of the board. The Board regulates the distribution and pricing of fluid milk. This assessment brought in \$416,550 for fiscal years 2007-2008.

The ND Milk Producers have a voluntary/membership check off of a penny / hundred weight of those that belong. The maximum is \$500 per producer. Most of its money goes to dairy convention, state dairy show and other activities. They have contributed to the Coalition in the past and have pledged a \$2000.00 for 2009. Total revenues generated are around \$9,000. They have 35-40 participating producers.

In discussions with the dairy industry, the low milk prices and increased costs occurred this winter would make it very hard to assess any additional check off to the producers. The Coalition would be willing to do an interim study of the various check off organizations to see if an assessment at the retail level might be appropriate to fund future development activities.

We compared the amount of state monies spent in other state for dairy development programs.

South Dakota, has an annual budget of \$120,000.00. They have one staff person employed by the SDDA. Additional secretarial and support staff assist at trade shows and promotion events. South Dakota has two processors who contribute and sponsor recruitment tours. They also have a state agency which funds recruitment trips to Immigraria. Immigraria is a large farm show in Holland.

In addition, SD has a group called Ag United. Ag United has an annual budget of \$300,000.00 This group has two people on staff. Most of their funding comes from SD Pork Producers and SD Farm Bureau.

Their main function is to respond to the anti animal ag groups. They do farm tours and press releases to counter negative publicity about large animal operations.

Minnesota has 4 full time staff people working to develop their animal ag sector with primary emphasis on dairy. Annual wages and benefits are \$250,000.00 with an additional annual expense of \$300,000.00 for travel, booth space and promotional supplies at farm shows. Minnesota has a grant program to assist dairy farmers with expansion plans or upgrades.

Iowa has numerous groups that promote and work on rural development. They include the Iowa Area Development Group, Iowa State Dairy Association, North East Iowa Dairy Foundation, and the Western Iowa Dairy Association. IADG has one staff person with an annual budget of \$135,000.00. The other three groups use their executive directors to assist in development efforts but don't actually charge towards development programs.

[illegible]

**NORTH DAKOTA DAIRY COALITION
STATEMENT OF ACTIVITY
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008**

	Jan.	Feb.	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.	TO DATE
REVENUES:													
Contributions	\$ -	\$ 1,800	\$ -		\$ 1,850	\$ 1,925	\$ 250		\$ 1,000	\$ 150	\$ 150	\$ 350	\$ 6,675
Fundraising	-	-	33,000		15,000		33,000					37,000	118,000
Grants	-	-	-		-	-	-					-	-
Miscellaneous	-	-	-		50		183					39	272
Total revenues	-	1,000	33,000	-	16,900	1,925	33,433	-	1,000	150	150	37,389	124,947

EXPENSES:
Contract fees - salary & benefits of Exec. Director
Support staff
Supplies
Postage
Travel
Equipment maintenance
Telephone
Marketing costs
Advertising and promotional
Legal and accounting
Depreciation
Office space
Total expenses

	8,810	9,250	8,990	8,725	9,005	8,171	8,110	9,229	8,331	9,214	8,738	8,190	104,763
	49	19	385	64	23	20	270	284	54	116	109	38	1,431
	1,577	2,353	995	1,633	537	927	1,277	676	824	2,345	732	1,710	15,586
	189	184	191	270	210	193	205	183	193	186	180	190	2,374
	1,316	-	-	400	1,620	1,182	1,024	269		6	860		6,677
	57	57	57	57	57	57	57	57	57	57	57	57	684
	11,998	11,853	12,116	11,166	11,466	10,585	10,945	11,086	9,462	12,036	10,920	10,219	133,852

REVENUES OVER (UNDER) EXPENSES
\$ (11,998) \$ (10,853) \$ 20,884 \$ (11,166) \$ 5,434 \$ (8,660) \$ 22,488 \$ (11,086) \$ (8,462) \$ (11,886) \$ (10,770) \$ 27,170 \$ (8,905)

February Contributions:
Cass Clay Creamery 1,000
March Fundraising: 20,000
Dairy Farmers of America 50
Terry Kohler 10,000
Stearns Veterinary 300
May Contributions: 2,500
Mor-Gram-Son 200
Land O Lakes 100
Farmers Union
June Contributions: 250
Terry Kohler
Darrel Entzinger
Rocky Acres Farm
October Contributions: 50 ND Dept of Commerce
50 Soybean Council
50 Farm Credit Serv.
December Fundraising: 20,000

[illegible]

**NORTH DAKOTA DAIRY COALITION
STATEMENT OF ACTIVITY**

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007

	Jan.	Feb.	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.	YEAR TO DATE	ACTUAL
REVENUES:														
Contributions	\$ 100	\$ 250	\$ -	\$ 300	\$ 50	\$ 100	\$ 1,800					\$ 150	\$ 2,750	
Fundraising	-	-	33,000				1,000	4,000	10,000	75,000	500		123,500	
Grants	-	-											-	
Miscellaneous	-	44			96							599	739	
Total revenues	100	294	33,000	300	146	100	2,800	4,000	10,000	75,000	500	749	126,989	

EXPENSES:												
Contract fees - salary & benefits of Exec. Director												
8,658	8,804	8,690	7,663	8,658	8,672	8,169	8,048	8,869	8,869	8,606	8,639	102,345
-												-
367	786	8	251	108	438	28	1,351	44	430	186	167	4,164
2,222	2,210	560	1,675	1,615	1,225	2,045	1,189	1,856	2,380	1,335	3,525	21,837
-												-
178	194	179	186	200	199	187	196	199	196	182	204	2,300
-												-
1,153	250	-	25	1,940		52					72	3,492
-										399		399
56	56	56	56	57	57	57	57	57	57	57	57	680
-				954								954
-												-
12,634	12,300	9,493	9,856	13,532	10,591	10,538	10,841	11,025	11,932	10,765	12,664	136,171
Total expenses												

REVENUES OVER (UNDER) EXPENSES

[illegible]

NDAREC SUPPORT SERVICES to NDDC

2007-2008

		Hrs/year	Rate	Extended
Arvid	distributes mail, services van, bundles mail, handles mailings when ne	35		
Carmen	proofing of newsletter articles	4		
Clarice	develops, maintains, updates NDDC web site; prepares PowerPoint presentations when needed	96		
Debby	prepares payments to vendors, audits and pays expense vouchers, inputs timesheets	104		
Dennis	legislative assistance; administrative review; board support	60		
Drew	technical assistance	240		
Gretchen	prepares purchase orders, orders equipment and supplies, orders promotional items,	40		
Harlan	provides legal expertise when required; amendments to bylaws	8		
Jane	reviews and signs checks; prepares and distributes payroll, reviews and administers benefit plans, prepares statements of financial activity, prepares monthly billings as per contract, reviews general ledger activity, compiles information for tax return, compiles information for reporting agencies i.e. APUC, Dept. of Ag., etc.	120		
J.C.	production of articles related to dairy in ND Living, developed booth backdrop; developed logo; produces artwork for letterhead, promotional, etc.	60		
Kent	articles in magazine related to dairy	20		
Lori	technical support to NDDC - reporting on grant funds; arranging meetings; recordkeeping; grant writing and presentations; develop promotional materials; research; organizing and fundraising for dairy socials; promoting the dairy coalition's efforts to other entities; attending trade shows;	240		
Pat	technical assistance - research immigration issues, state statistics;	120		
Patti	IT support, administrative and secretarial support	48		
Tammy	secretarial support; mailings; proofing;	96		
		1,291		52,702
Office space, use of equipment, use of meeting rooms, etc.				1,300
				54,002

North Dakota Dairy Coalition activity report for the North Dakota Department of Agriculture

May 2, 2008

Coalition activities include the following; Since our inception we have helped several ND producers expand their operations, we've filled several vacant farms and we expect a couple dairies will be breaking ground for new facilities during 2008. Listed in this summary are highlights of our activities.

- Work we did in the previous years is starting to pay off.
 - Organized an anaerobic digester tour for state leaders and dairy producers to make them aware of the renewable energy potential in the dairy industry.
- The dairy tour has created a couple of potential digester projects in North Dakota.

We did numerous tours for producers from New York, Canada, South Dakota, Wisconsin, Ohio, New Zealand, Georgia, and Holland.

- Identified twenty additional sites that may be available for dairy development. We also did onsite visits to determine if sites are environmentally suited for livestock operations.
- Finalized a deal with Craig and Lisa Miller on a farm near Linton, ND. The Millers moved to North Dakota and started a dairy in Emmons County.
- Blaine and Joy Mehlhoff, Wisconsin Dairy producers, moved to a farm near Kensal, ND
- Mike O Handly, dairy producer from New York, was in North Dakota several times to look at potential sites. Mike closed a deal on a farm near Napoleon, ND. Mike and his family plan on moving to ND during the summer of 2008.
- A North Dakota farmer has been permitted for 2000 head and is planning on building a new dairy near Denbigh, ND.
- A Canadian dairy producer has been in North Dakota several times and is working on permitting a site in McIntosh County for a 400 cow dairy.
- The Coalition set up tours in the Carrington area for Corne and Conny Van Bedaf, Canadian dairy producers. They have an option on property near Carrington. This family has started the permitting process for a 1500 head dairy and hopes to break ground in 2008. We are helping the Van Bedaf's with their permitting and visa applications.
- We continue attending and having a booth at World Dairy Expo in Madison WI, World Ag Expo in Tulare CA, and Central Plains Dairy Expo in Sioux Falls SD. These are major dairy shows in the U.S. and provide a forum for us to meet dairy producers who are looking for relocation sites.
- We recently attended the World Ag Expo in California and got numerous solid contacts who are interested in visiting ND to check out possible opportunities. One of our California contacts plans on visiting ND to look at Parshall Dairy.
- We did a second run of Dairy Coalition brochures and will have to revise and do a third printing in the near future.
- We have had discussions with several North Dakota dairy producers who are considering on farm cheese processing. We're working on a RFP to identify markets and products that would be suitable for these producers.
- We also had discussions with in-state processors to determine future processing plans to accommodate increased milk production.

Future Activities of the Coalition:

- We will continue building awareness of Coalition activities in North Dakota and across the nation to attract dairies that want to relocate.
- Continue fundraising efforts with industry related organizations, commodity groups and state organizations that recognize that dairy has a huge impact on the economy of rural North Dakota.
- Work with legislators during next legislative session to secure funding for the Dairy Coalition.
- We will continue working with state officials and dairy producers to develop a digester project which will contribute to our renewable energy portfolio
- Continually follow up with dairy producers who have been to North Dakota and have shown an interest in locating in the state. We'll also continue working with ND producers who want to expand their operations.
- Organize tours for out-of-state producers and show them the opportunities for dairy production in North Dakota.
- Target specific communities in our state for development.
- Work with communities to make permitting a new facility easier.
- Continue working with producers and economic development groups to identify potential dairy sites.
- Work with North Dakota processors and state agencies to develop and possibly recruit additional processing to North Dakota.
- Focus on three areas of ND to develop dairies. These include irrigation areas, the Hwy 281 corridor and ethanol/biodiesel zones.
- We are working with a couple producers who want to build dairy heifer feedlots.

Dairy development is a slow process but it has been exciting and rewarding. We have laid the groundwork, and now are seeing the success of our efforts. North Dakota is on the verge of some major expansion projects in the future. Many dairy producers and processors are taking notice of what we've accomplished to date. As we move ahead we will need additional funding and additional processing capacity in North Dakota. The growth of North Dakota's ethanol industry makes it even more important that ND focus on developing animal agriculture. Growth in our dairy industry will create jobs, create markets for our forages and grains and create many spin-off Ag related opportunities. We continue talking to many dairy producers who are considering North Dakota as a place to move to. Feel free to contact me if you have any questions about this report and thanks for the assistance and financial support you have provided with this effort.

Gary Hoffman, ND Dairy Coalition
701-374-5611, ghoffman@ndarec.com

PEOPLE & PROGRESS

In only four years the Dairy Coalition has recruited six new dairy families who moved to North Dakota. These six families will raise and educate at least 25 children in this state. Collectively, these six families have brought about 3,700 dairy cows into production in the state so far. This has resulted in increased milk sales by more than \$11 million adding in excess of \$33 million of economic activity to North Dakota.

Meet three of the families:



Craig and Lisa Miller moved from their dairy farm in Pennsylvania to an Emmons County dairy farm. The Millers operate a 75-cow dairy. They have two children.



Ole and Jessica Johnson moved from their dairy farm in Washington to Center. There, the Johnsons and their eleven children operate a 400-cow dairy. They recently got permitted for 2000 cows.

Corne and Conny vanBedaf are in the process of building a new 1500-cow dairy near Carrington. They have three children.



Several communities throughout the state are seeking to recruit

dairy producers to their area including Ashley, Cando, Carrington, Ellendale, Fairmount, Hazelton, Jamestown, Linton, McVie, New Rockford, Underwood, Washburn, Williston and Wishek.

COLLECTIVELY, THESE SIX RECRUITED DAIRY FAMILIES HAVE BROUGHT MORE THAN 3,700 DAIRY COWS INTO PRODUCTION INCREASING ANNUAL MILK SALES BY MORE THAN \$11 MILLION AND ADDING IN EXCESS OF \$33 MILLION OF ECONOMIC ACTIVITY TO NORTH DAKOTA.

REVITALIZING THE DAIRY INDUSTRY IN NORTH DAKOTA



NORTH DAKOTA DAIRY COALITION

9685 65th Avenue S.E.

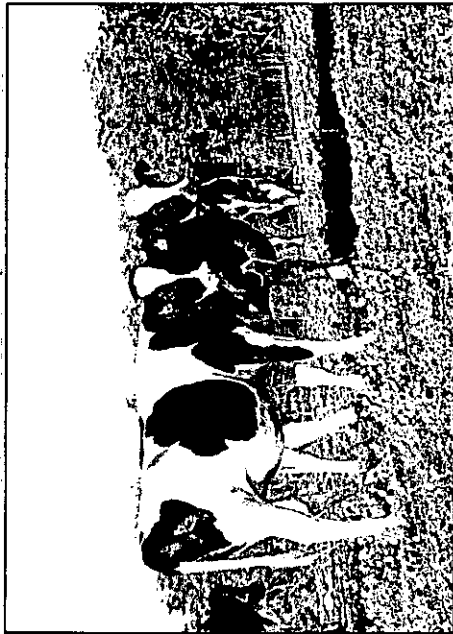
Ashley, ND 58413

Ph: (701) 374-5611

www.nddairy.com

ghoffman@ndarec.com

PLANNING & PROMOTION



The North Dakota Dairy Coalition established in 2004, developed a dairy recruitment program for North Dakota. The coalition works to provide dairy promotion, personalized tours and permitting assistance.

This recruitment process is vital to growing North Dakota's dairy industry which experienced a dramatic decline in its numbers from 100,000 dairy cows in the 1980s to less than 30,000 dairy cows today. The impacts of this loss not only affected the dairy industry but spread to other sectors of the agricultural community as well with losses in veterinarians, nutrition services, farm labor and animal sales.

There are many things that dairy farming brings to the community, but most measurable is its impact on the local economy. According to a study conducted by the North Dakota State University dairy cows generate more economic activity than any other agricultural enterprise. One cow producing 20,000 pounds of milk, annually, generates more than \$3,000 in milk sales. Adding in the USDA multiplier of 2.69, communities can expect more than \$9,000 of annual economic activity per cow.

With a favorable environment and the economic potential for the dairy industry in North Dakota, recruitment is an important part of rebuilding the industry in the state.

ONE COW
PRODUCING 20,000
POUNDS OF MILK
ANNUALLY
GENERATES MORE THAN
\$3,000 IN MILK SALES

PARTNERSHIPS

The Dairy Coalition compliments the work of dairy producers, industry representatives and government entities all with the same goal of increasing dairy production in North Dakota. These groups include the Agricultural Products Utilization Commission (APUC), the North Dakota Department of Agriculture, the North Dakota Commerce Department and the North Dakota Association of Rural Electric Cooperatives.

The Dairy Coalition is funded by dairy producers, commodity organizations, industry representatives and through an APUC grant. In 2007 the North Dakota State legislature also funded the Dairy Coalition with \$75,000 in funding.

For more information contact:
North Dakota Dairy Coalition
Gary Hoffman, Executive Director
9685 65th Avenue S.E.,
Ashley, ND 58413
Ph: (701) 374-5611
www.nddairy.com
ghoffman@ndarec.com

January 15, 2009

Hi, I'm Anne Ongstad. I own and operate Whitman Ranch at Robinson, ND. I employ five people full time and several part time. We raise and finish cattle for specialty markets like Laura's Lean Beef, Montana Ranch Brand and Thousand Hills Cattle Company. Specialty crops we raise include native grass seed, organic wheat, organic flax and organic sunflowers. I'm testifying on behalf of the USDA/Wildlife Services portion of HB 1009.

Kidder County is struggling with a very high population of coyotes. We calve on pasture in spring and fall and have calves killed and tails chewed off by coyotes. On numerous occasions I have called Wildlife Services to help us. I am glad that they come. They have used our on farm airport when they needed to. The problem is the coyotes are ahead of them because they have such a huge area to deal with.

I have invited every coyote hunter I meet to come help with the problem and a few have showed up. But I saw more coyotes than ever openly with the cows as I was checking during calving season this fall. I am hoping Wildlife Services will be able to spend more time on this problem in Kidder County.

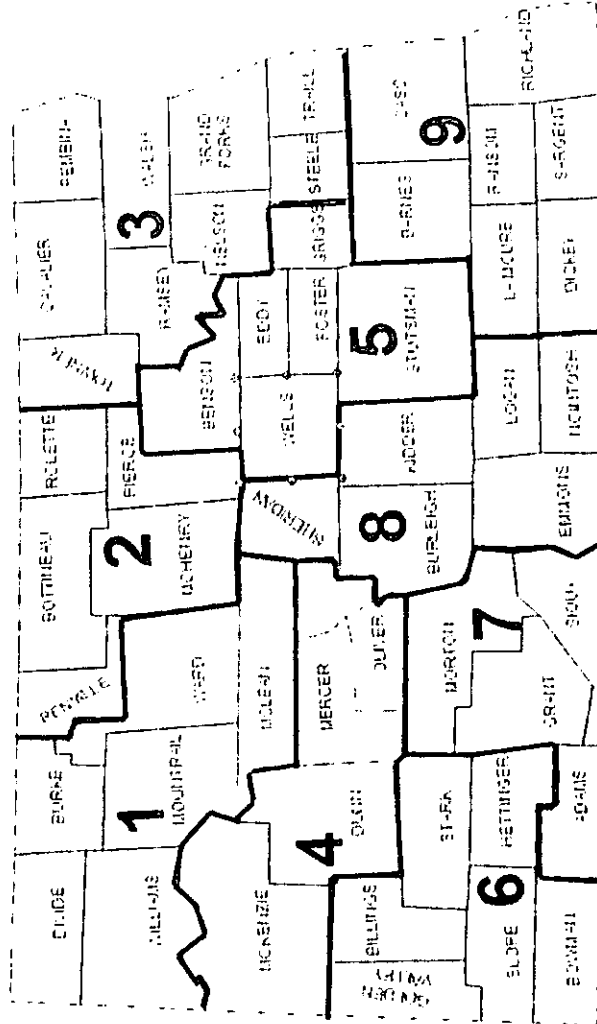
The people in Wildlife Services have been pleasant to work with. They brought propane cannons and pyrotechnics for our use to try to protect our sunflower crop.

They have helped me. I hope you will help them with more funding so they can allocate more time to predator control in our area.

114

PERCENT EFFORT DIRECTED BY WILDLIFE SERVICES #2008

	COYOTE	BEAVER	OTHER (Badger, Raccoon, Red Fox, etc.)
District 1	63%	29%	8%
District 2	62%	25%	13%
District 3	34%	60%	6%
District 4	57%	37%	6%
District 5	62%	33%	5%
District 6	74%	15%	11%
District 7	61%	38%	1%
District 8	73%	17%	10%
District 9	65%	30%	5%
STATEWIDE	61%	32%	7%



List of Recommendations

- Recommendation 1-1** We recommend the Department of Agriculture pay salaries of the Wildlife Services' Field Specialists and other cost(s) which can be verified in a timely and efficient manner.
- Recommendation 1-2** We recommend the Department of Agriculture review the time of the pilot charged to the Wildlife Services Program and determine what percentage of the pilot's salary will be paid by the state.
- Recommendation 1-3** We recommend the Department of Agriculture require travel time of the Wildlife Services' Field Specialists be adequately documented.
- Recommendation 1-4** We recommend the Department of Agriculture monitor Field Specialists' time charged to office, bad weather, miscellaneous, or similar categories. Appropriate action should be taken if time charged to these categories is excessive.
- Recommendation 1-5** We recommend the Department of Agriculture periodically verify the Wildlife Services Program billed amounts are adequately supported and reasonable.
- Recommendation 1-6** We recommend the Department of Agriculture require the Wildlife Services' field specialists dedicate a certain amount of time in the fall to the state blackbird problem.
- Recommendation 1-7** We recommend the Department of Agriculture improve monitoring of Cooperative Service Agreements to ensure requirements are complied with.
- Recommendation 1-8** We recommend the Department of Agriculture ensure appropriate changes are made to the Cooperative Service Agreements to address recommendations included in this audit report as well as to:
- a) Approve or require information be provided for salary increases of Field Specialists prior to being effective;
 - b) Establish performance measures to evaluate the program;
 - c) Require only necessary reports or information regarding the program; and
 - d) Identify if, when, and where state funds are to be used for issues arising in urban areas.
- Recommendation 1-9** We recommend the Department of Agriculture, with assistance from the Office of the Attorney General, review North Dakota Century Code requirements related to the Wildlife Services Program. Appropriate action should be taken to modify or clarify sections to make requirements clear and up-to-date.

Appendix A
List of Recommendations

Recommendation 1-10

We recommend the Department of Agriculture and the Game and Fish Department formally identify advantages and disadvantages for the current monitoring and funding of the Wildlife Services Program. A determination should be made as to whether the primary monitoring and/or primary funding of the program need changing.

Recommendation 1-11

We recommend the Department of Agriculture obtain necessary federal budget and expenditure data for monitoring and budgeting purposes.

WORK/FINANCIAL PLAN

Between

**NORTH DAKOTA DEPARTMENT OF AGRICULTURE
NORTH DAKOTA GAME AND FISH DEPARTMENT**

And

**U.S. DEPARTMENT OF AGRICULTURE
ANIMAL AND PLANT HEALTH INSPECTION SERVICE
WILDLIFE SERVICES**

STATE ADDRESS	North Dakota Department of Agriculture 600 E. Boulevard Ave. Dept. 602 Bismarck, ND 58505-0020
COOPERATIVE CONTACT	Roger Johnson, Commissioner Phone: 701-328-4754 Fax: 701-328-4567
AGREEMENT NUMBER	07-26A
ACCOUNTING CODE NUMBER	1400
AGREEMENT AMOUNT	\$348,902
LOCATION	Throughout North Dakota
AGREEMENT PERIOD	October 1, 2008 – June 30, 2009

This Work/Financial Plan is developed pursuant to a cooperative agreement between the North Dakota Department of Agriculture and the North Dakota Game and Fish Department (STATE) and the United State Department of Agriculture, Animal and Plant Health Inspection Service, Wildlife Services, hereinafter referred to as CONTRACTOR. It outlines the project objectives, project benefits, plan of action, reporting requirements, stipulations and restrictions, and the costs estimates for the management of human/wildlife conflicts in North Dakota.

I. Objectives and Need for Assistance

Specific goals are to: design and implement an integrated wildlife damage management program in North Dakota to mitigate wildlife conflicts and associated economic impacts to agriculture, natural resources, property, and human health and safety. Work activities will be directed to the management of wildlife conflicts caused by furbearers, waterfowl, other state-managed wildlife and blackbirds. Wildlife damage management activities may include the use of all legal and authorized equipment, including EPA-registered pesticides.

II. Benefits Expected

A professionally managed wildlife damage management program will help alleviate the economic impacts associated with human/wildlife conflicts to agriculture and natural resources; will protect human health and safety; and public and privately-owned property. Eligible activities for this agreement include work related to coyotes, beaver, other state-managed wildlife and blackbirds. Any activities for which fees are charged and any work in urban areas by the CONTRACTOR are ineligible activities. Up to \$50,000 of eligible blackbird work may be accomplished under this agreement.

III. Plan of Action

The STATE agrees to reimburse CONTRACTOR for salaries and benefits of 9 Wildlife Specialists, 1 pilot, and other necessary personnel performing duties under this agreement. CONTRACTOR agrees to supply and replace as needed vehicles used in the operation of the wildlife damage management programs. CONTRACTOR will submit an invoice of all reimbursable items as agreed upon in this financial plan. Invoices will clearly indicate time spent by each individual on blackbirds, other eligible activities, and non-eligible activities. CONTRACTOR will maintain all original bills or invoices for 3 years or until the STATE's records have been audited. All invoices will be billed quarterly and the STATE will periodically verify that billed amounts are adequately supported and reasonable.

Nothing in this Work/Financial Plan shall preclude CONTRACTOR from entering into other agreements to assist other entities to manage human/wildlife conflicts, specifically wildlife conflicts at airports or conflicts within the urban confines of Bismarck/Mandan, Devils Lake, Dickinson, Fargo/West Fargo, Grand Forks, Jamestown, Minot, Valley City, Wahpeton, and Williston.

IV. Performance Measures

Performance measures are established for this agreement to ensure the successful resolution of specific human/wildlife conflicts. These performance measures include:

Performance Measures	
Number of landowners assisted	550
Number of work tasks:	
beaver	240
coyote	350
raccoon	20
badger	5
red fox	5

V. Reports

All CONTRACTOR activities will be documented through the CONTRACTOR management information system and fiscal report system. All necessary reports will be provided to the STATE, which will include:

- all federal funds available and spent for FFY07 and FFY08, including federal funds available for the cooperative wildlife damage management program for North Dakota
- the salaries of the employees mentioned in the work plan of this contract at the beginning and at the end of the contract
- the amount of monies received for the disposition of furs, skins, and specimens taken during official work activities used by CONTRACTOR to fund its program activities as stated in Section 4-01-17.3 of the North Dakota Century Code
- the Pilot's flight time versus time spent on other endeavors
- full documentation of the Specialists' time directed toward eligible activities including travel, bad weather, miscellaneous, or similar categories
- the results of established performance measures, specifically trends in delivery of program services

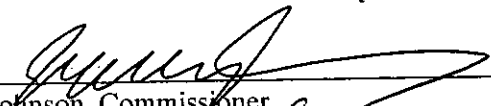
VI. Stipulations and Restrictions

All operations shall be under the direct supervision of CONTRACTOR. CONTRACTOR will conduct program activities in accordance with its established operating policies and all applicable state and federal and WS regulations. An agreement for Control of Animal Damage on Private Property (ADC Form 12A) will be executed between CONTRACTOR and the landowner, lessee, or administrator before any work is conducted. Only CONTRACTOR employees and WS Volunteer Program participants will conduct wildlife damage management activities.

VII. Effectiveness of Agreement:

This agreement is not effective until fully executed by all parties.

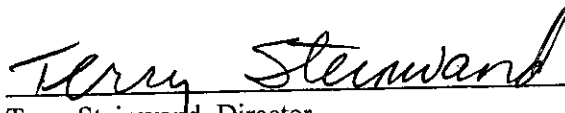
NORTH DAKOTA DEPARTMENT OF AGRICULTURE
Bismarck, ND
Tax Identification Number: 45-0309764



Roger Johnson, Commissioner

Sept. 30, 2008
Date

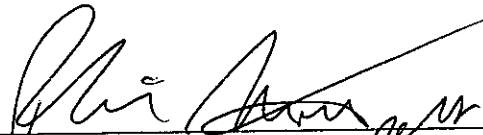
NORTH DAKOTA GAME AND FISH DEPARTMENT
Bismarck, ND
Tax Identification Number: 45-6002467



Terry Steinward, Director

9/30/07 → 51608
Date

UNITED STATES DEPARTMENT OF AGRICULTURE
ANIMAL AND PLANT HEALTH INSPECTION SERVICE
WILDLIFE SERVICES
Bismarck, ND
Tax Identification Number: 41-0696271



Phil Mastrangelo, State Director, North Dakota

9-30-08
Date

16

Dear Honorable Senators

Let me briefly introduce myself. My name is **Burton Pfliger** of Rural Bismarck, ND. I am a **livestock producer** and serve on the **Executive Board of the American Sheep Association** (ASI) representing ND, SD, IA, NE, KS, OK. I also served as the past **Vice Chairman ND Ag coalition**.

I have become aware the Governor's Budget has reduced Wildlife Services (WS) enhancement package from 250,000 to 147,000. It is critical that this funding level be restored. **House Bill 1009**. Numerous reasons exist for this critical funding level.

**>Recent Snow levels have created great hardships on trappers mobility.
This has created more need for air time and increased costs.**

**>Increased fuel, maintenance and vehicle replacement costs have put
strains on an already lean budget.**

**>Insurance for contract pilots has doubled in last 3 years requiring more
guaranteed contract hours before pilots will accept flying agreements with
WS thereby increasing costs.**

**>Increased domestic livestock predation due to heavy snow cover and
access to prey**

It is my sincere wish that **you contact me so we can discuss** this matter and together we can **restore this critical funding** level to the farmers and ranchers of ND who together support food and fiber needs of our society.

Burton Pfliger
Cell 701-220-2756
Farm 701-222-2756
House 701-224-9499

Sincerely,

Burton Pfliger

Useful information regarding the North Dakota Wildlife Services program:

5% of cattle and calve losses in North Dakota were attributed to predation; total value of those losses = \$1.3 million (data from 2006 NASS survey)

31% of sheep and lamb losses in North Dakota were attributed to predation; total value of those losses = \$274,000 (data from 2005 NASS survey)

In 2008 the North Dakota Wildlife Services used state and federal funding for the following:

- Assisted 440 property owners with predator impacts to livestock
- Worked on 320 properties to manage beaver impacts. Assistance was provided to private landowners, state and county highways departments, and water resource districts
- Helped 800 homeowners with problems caused by a variety of wildlife including removal of skunks, racoons, squirrels, and rabbits.
- Provided assistance to 225 sunflower producers who reported problems with blackbird damage. Distributed over 40,000 pyrotechnic scare devices and 300 propane cannons to landowners. Also sprayed 37,000 acres of cattail habitat at no cost to the producers.
- Supported 100 crop farmers who reported goose damage to their crops
- Aided with the removal of feral swine Turtle Mountain region
- Conducted statewide disease surveillance for avian influenza, plague, and tularemia
- **Assisted with managing wildlife hazards at the eight airports certified for commercial air travel. Also assisted several civil airports and the two military bases with their wildlife issues.**

Remember the importance of bird strikes to airliners. We just experienced a jet ditched into the Hudson River as a result of a bird strike.

April 2009

HB 1009
April 17, 2009
Attachment #1

ANALYSIS OF THE ENVIRONMENT AND RANGELAND PROTECTION FUND FOR THE 2007-09 AND 2009-11 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH APRIL 17, 2009)

	2007-09 Biennium		2009-11 Biennium	
Beginning balance				\$672,073
Add estimated revenues				
Pesticide registration fees	\$3,180,000 ¹	\$979,801	\$3,180,000	
Transfer from general fund (2007 SB 2009)	150,000 ²		0	
Transfer from pesticide enforcement fund (2007 SB 2009)	50,000 ³		0	
Weed seed-free forage (2009 HB 1270; 2009 HB 1009)	0		48,922	
Total estimated revenues		3,380,000		3,228,922
Total available		\$4,359,801		\$3,900,995
Less estimated expenditures and transfers				
Agriculture Commissioner				
Noxious weed control (2007 SB 2009; 2009 HB 1009)	\$1,683,355		\$1,794,069	
Pesticide disposal project (Safe Send) (2007 SB 2009; 2009 HB 1009)	597,462		569,346	
Pesticide programs (2007 SB 2009; 2009 HB 1009)	506,792		639,600	
Agriculture in the classroom project (2007 SB 2009; 2009 HB 1009)	100,000		110,000	
Farmer's market	29,500		29,500	
Endangered species (2007 SB 2009; 2009 HB 1009)	200,000		287,041	
Blackbird research (2007 SB 2179)	79,500		0	
Livestock pollution prevention (2009 HB 1009)	0		50,000	
Crop Protection Product Harmonization and Registration Board ⁴				
Crop protection product registration, labeling, and grants (2007 SB 2009; 2009 HB 1009)	25,000		50,000	
Minor use pesticide registration (2007 SB 2009)	200,000 ⁵		0	
Weed seed-free forage (2009 HB 1270; 2009 HB 1009)	0		48,922	
State Department of Health				
Ground water testing (2007 HB 1004; 2009 SB 2004)	216,119		222,310	
North Dakota Stockmen's Association environmental services program (2007 HB 1004; 2009 SB 2004)	50,000		50,000	
Total estimated expenditures and transfers		3,687,728		3,850,788
Estimated ending balance		\$672,073		\$50,207

¹The 1999 Legislative Assembly approved Senate Bill No. 2009, which included a provision increasing the biennial pesticide registration fee by \$50, from \$300 to \$350, only for the 1999-2001 biennium. The \$350 pesticide registration fee was extended for the 2001-03 biennium (2001 House Bill No. 1009), the 2003-05 biennium (2003 Senate Bill No. 2319), and the 2005-07 biennium (2005 House Bill No. 1009). The \$350 pesticide registration fee was continued, without an expiration date, by 2007 Senate Bill No. 2323.

²Transfer from the general fund - Senate Bill No. 2009 (2007) provides for a transfer of \$150,000 from the general fund to the environment and rangeland protection fund for the endangered species program for the 2007-09 biennium.

³Transfer from pesticide enforcement fund - Senate Bill No. 2009 (2007) provides for a transfer of \$50,000 from the North Dakota State University Extension Service pesticide enforcement fund to the environment and rangeland protection fund for the endangered species program for the 2007-09 biennium.

⁴North Dakota Century Code Section 4-35-30, as created by House Bill Nos. 1328 and 1009 (2001), created the Crop Protection Product Harmonization and Registration Board. The duties of the board consist of:

- Identifying and prioritizing crop protection product labeling needs.
- Exploring the extent of authority given to North Dakota under the federal Insecticide, Fungicide, and Rodenticide Act.
- Identifying the data necessary to enable registration of a use to occur in a timely manner.
- Determining what research, if any, is necessary to fulfill data requirements for responsibilities of the board.
- Requesting the Agriculture Commissioner to pursue specific research funding options from public and private sources.
- Requesting the Agricultural Experiment Station to pursue specific research to coordinate registration efforts.
- Pursuing any opportunities to make more crop protection product options available to agriculture producers in this state through any means the board determines advisable.
- Administering a grant program through which agriculture commodity groups may apply for funds to be used to address issues related to the registration of crop protection products.

The members of the Crop Protection Product Harmonization and Registration Board consist of:

- The Governor or the Governor's designee (chairman).
- The Agriculture Commissioner or the commissioner's designee.
- The chairman of the House Agriculture Committee or the chairman's designee.
- The chairman of the Senate Agriculture Committee or the chairman's designee.
- A member of the House or Senate Agriculture Committee who is not a member of the faction in which the committee chairman is a member, appointed by the Legislative Council chairman.
- A crop protection product dealer in the state appointed by the Governor from a list of three nominees submitted by the North Dakota Agricultural Association.
- A consumer of crop protection products appointed by the Governor from a list of three nominees submitted by the North Dakota Grain Growers Association.
- A consumer of crop protection products appointed by the Governor from a list of three nominees submitted by the North Dakota Oilseed Council.
- A representative of the crop protection product manufacturing industry appointed by the chairman of the Legislative Council (nonvoting).
- The director of the Agricultural Experiment Station (nonvoting).

⁵This amount is transferred to the minor use pesticide fund and appropriated to the Crop Protection Product Harmonization and Registration Board on a continuing basis. House Bill No. 1328 (2001) changed the control of the minor use pesticide fund from the Agriculture Commissioner to the Crop Protection Product Harmonization and Registration Board.

FUND HISTORY

North Dakota Century Code Section 19-18-02.1 created by 1991 Senate Bill No. 2451 establishes the environment and rangeland protection fund. The fund contains collections from pesticide registration fees. The biennial fee is \$350 per pesticide product registered in the state. Of this amount, \$300 is deposited in the environment and rangeland protection fund and \$50 in the general fund.

HB 1009 attachment #1
February 10, 2009

EARP FUND

2009-11

Gov's Budget

	HB1009		HB1270		SB2440	
Balance, June 30, 2009	\$	672,073	\$	50,207	\$	50,207
Revenues	\$	3,180,000	\$	54,450	\$	60,000
Total Available	\$	3,852,073	\$	104,657	\$	110,207
Appropriations						
Health Department	\$	222,310			\$	-
ND Stockmens Association	\$	50,000			\$	-
Livestock Pollution Prevention	\$	50,000				
Pesticide Programs	\$	639,600			\$	-
Safesend	\$	569,346			\$	-
Noxious Weeds	\$	1,794,069	\$	54,450	\$	-
Crop Harmonization Board	\$	50,000			\$	-
Ag in the Classroom	\$	110,000			\$	-
Farmers Markets	\$	29,500			\$	-
Endangered Species	\$	287,041			\$	-
TOTAL APPROPRIATIONS	\$	3,801,866	\$	54,450	\$	-
Balance, June 30, 2011	\$	50,207	\$	50,207	\$	110,207

Roger Johnson
Agriculture Commissioner
www.agdepartment.com



HB 1009 attachment #5
Feb 10, 2009
Phone (701) 328-2231
Toll Free (800) 242-7535
Fax (701) 328-4567

600 E. Boulevard Ave., Dept. 602
Bismarck, ND 58505-0020

Summary of Activities of the Endangered Species and Pesticide Water Quality Programs in the 2007-2009 Biennium

Activities under the Endangered Species Program

- Developed GIS database with layers for endangered species locations, cropping data, soil types and water monitoring data to be used in risk assessments
- Prepared the "North Dakota Endangered Species Protection Plan for Pesticides" which was submitted to EPA in June of 2008
- Evaluated eight emergency pesticide exemptions for risk to endangered species, thereby shortening EPA's review times and ensuring that our growers have access to these uses to control economically-significant pests
- Educated users on EPA's endangered species Bulletins

Activities under the Pesticide Water Quality Program

- Conducted and coordinated a surface water monitoring study in nine sites across the state from April through October of 2008 in the Souris, Sheyenne, and Yellowstone Rivers. Samples were tested for 184 pesticides, and ten different pesticides were found. For all but one pesticide, concentrations were below levels deemed harmful by the EPA. Diuron was found in the Souris River at concentrations that could be harmful to aquatic life. The study supports the need for regular, comprehensive monitoring of surface water for pesticides to verify 2008 results and identify trends.
- To fulfill obligations under our cooperative agreement with EPA and the federal Pesticide Water Quality program, we fulfilled prepared a list of 124 "pesticides of interest" that may negatively impact groundwater or surface water. We also evaluated 12 of the 124 pesticides of interest and concluded that they are not "pesticides of concern" to North Dakota water quality.

NORTH DAKOTA
DEPARTMENT OF AGRICULTURE

PROJECT SAFE SEND

AND

PESTICIDE CONTAINER RECYCLING



REPORT TO THE 2009 NORTH DAKOTA LEGISLATURE

INTRODUCTION

Over the past 17 years, more than 6,400 participants have used Project Safe Send to safely dispose of more than 2.3 million pounds of dangerous, unusable pesticides, such as DDT, chlordane, arsenic and mercury.

In just the past biennium, 1,014 people, mostly farmers, pesticide dealers and applicators, brought in 402,467 pounds of unusable pesticides to Project Safe Send collection sites.

The need for the program continues. The North Dakota Department of Agriculture (NDDA) continues to receive calls asking when and where the next collection will take place. Participants have overwhelmingly said the program should be continued.

This support is understandable – the program is simple, effective and free. Participants bring their unusable pesticides to a scheduled, local collection site. They are asked to complete a voluntary survey and inventory form. A contractor unloads the wastes for the participants and collects any paperwork. The whole process usually takes just a few minutes.

The contractor properly packs the waste pesticides for shipment to out-of-state incinerators and prepares the necessary shipping manifests and bills of lading. By contract, the generator status is held by the contractor that assumes liability for the collection. NDDA carefully monitors the collection events and documentation, withholding a substantial portion of the payment to the contractor until final certificates of disposal are received.

Thanks to the foresight of the 1991 Legislature, what would be a difficult, dangerous and expensive undertaking for individual producers has become easy and affordable and a model of sound public policy for dealing with complex environmental issues.

I encourage the 2009 Legislature to continue Project Safe Send.

Sincerely,



Roger Johnson
Agriculture Commissioner

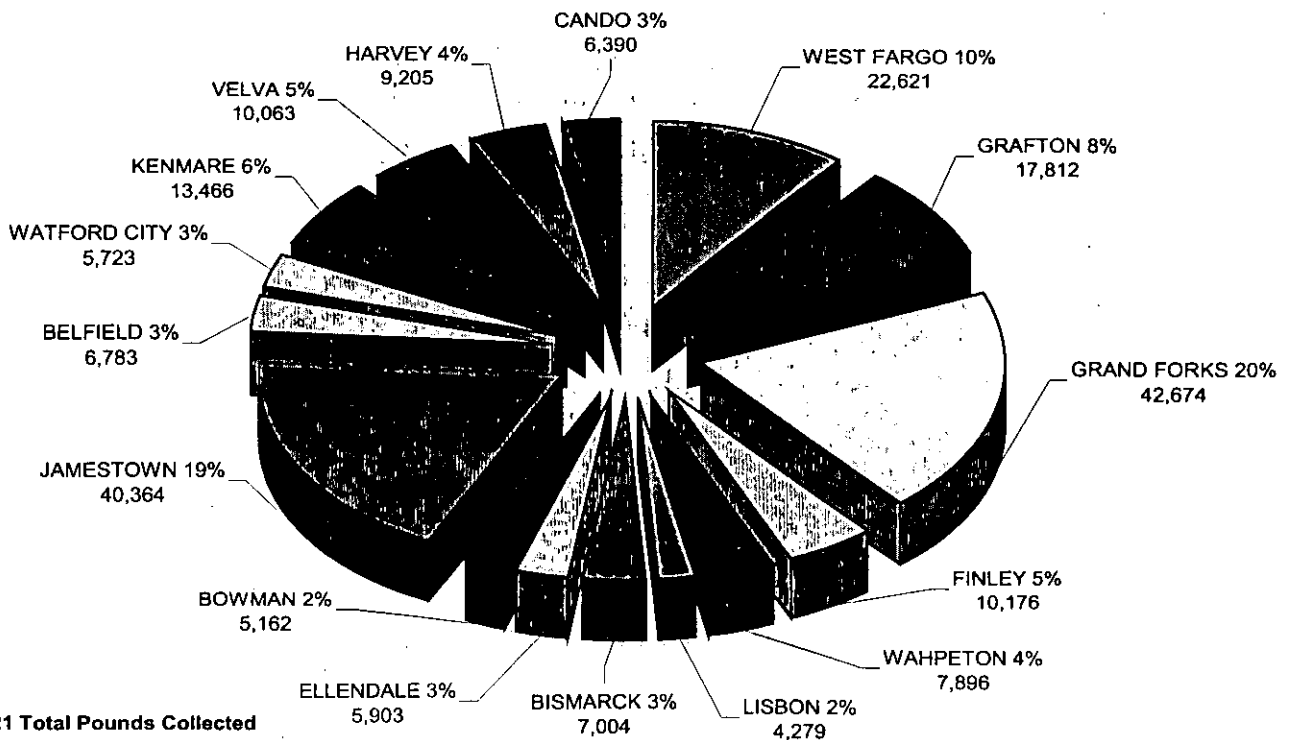
2007-08 Project Safe Send Totals

2007 Collections

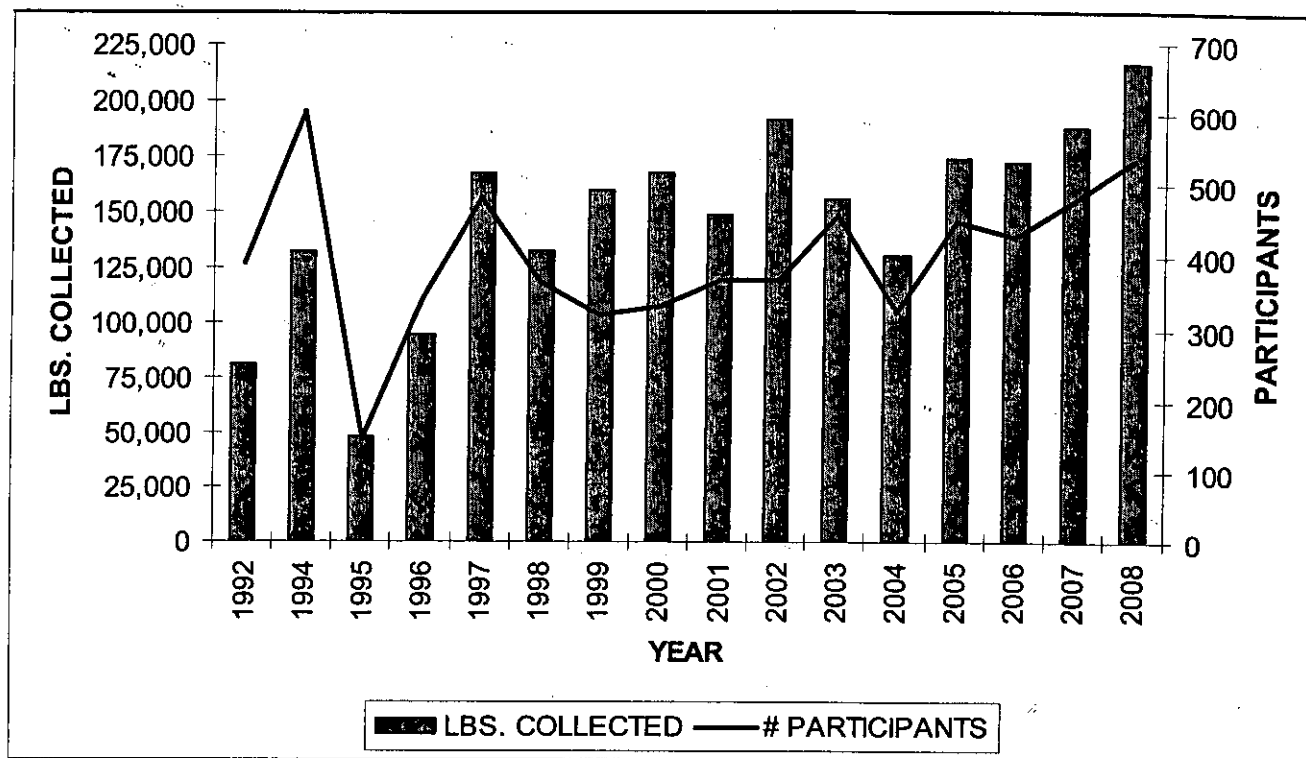
Casselton	57	17,215
Hillsboro	41	24,801
Larimore	27	31,072
Cavalier	31	8,071
Mohall	18	6,236
Lidgerwood	33	8,360
Litchville	31	13,399
Stanley	15	1,293
Williston	33	7,617
Napoleon	16	1,533
Dickinson	28	2,067
Carrington	61	41,809
Devils Lake	44	12,146
Mott	6	587
Beulah	21	5,926
<u>Garrison</u>	<u>16</u>	<u>4,814</u>
Total	478	186,946

2008 Collections

West Fargo	52	22,621
Grafton	63	17,812
Grand Forks	48	42,674
Finley	31	10,176
Wahpeton	25	7,896
Lisbon	18	4,279
Bismarck	36	7,004
Ellendale	18	5,903
Bowman	29	5,162
Jamestown	53	40,364
Belfield	23	6,783
Watford City	25	5,723
Kenmare	29	13,466
Velva	26	10,063
Harvey	36	9,205
<u>Cando</u>	<u>24</u>	<u>6,390</u>
TOTAL	536	215,521



Project Safe Send Summary 1992-2008



Year	Participants	Pounds collected
1992	396	80,910
1994*	608	131838.0
1995	145	48,222
1996	341	94,389.10
1997**	484	167319.0
1998	367	131,709
1999	321	158,938
2000	332	166,949
2001	369	147,857
2002	370	190,759
2003	460	155,158
2004	326	129,994
2005	452	172,791
2006	428	170,817
2007	478	186,946
2008	536	215,521
Totals	6,413	2,350,117

* Two series of collections were held in 1994.

** Additional collections were made in 1997 for pesticides damaged in the Red River Valley floods.

1992-2000 Project Safe Send Summary of Collection Events

By the year, number of participants and pounds collected										
	1992	1994	1995	1996	1997	1997 Flood Cleanup	1998	1999	2000	
Adams							30	7,694		
Ashley				8,990				1,16	3,045	
Beach					499					
Belfield								110	3,864	
Beulah								145	1,835	
Bismarck		6,310		2,470	34	3,368	30	1,930		
Bottineau				4,280						
Bowbells					23	5,496				
Bowman				1,837						824
Cando					27	7,169				
Carrington				3,715			22	4,882		
Carson										
Cassellton		19,592				17,558		18,497		
Cavalier						17,900				12,296
Center			3,409							
Cooperstown									20	4,938
Courtenay										
Crosby							22	2,653		
Devils Lake		18,533								
Dickinson	12,482	7,704		4,400			30	6,685		9,711
Drayton									15,633	
Edgeley					4,029					
Ellendale							12	5,903		
Fessenden										
Finley										
Flasher										
Forman										
Garrison									1,223	
Glen Ullin					1,358				9,377	
Grafton		16,380			759					
Grand Forks						52,872				
Halliday				9,342						
Harvey										1,870
Hettinger										
Hillsboro							17	2,517	4,727	
Jamestown		12,507		3,297	2,778		36	21,033		9,248
Kenmare										30,370
Killdeer					1,831					
LaMoure										

	1992	1994	1995	1996	1997	1997 Flood Cleanup	1998	1999	2000
Lanimore			67	21,626			40,339		27 32,333
Lidgerwood									20 3,373
Linton				1,061			771		
Lisbon			39	23,187			17,434		
Litchville									
Maddock					26	2,697			
Mandan									
Mayville								22 52,395	11 947
McClusky									9 1,635
Medina							4,986		
Michigan								30 12,621	
Minot	63	18,368		9,111			5,674		
Mohall								22 4,355	
Mott	10	1,925							10 2,316
Napoleon									
New England					23	3,913			
New Town					9	488			
Oakes				2,735					
Oriska	158	49,940							
Parshall								11 1,784	
Pekin									
Richardton									
Rolla							809		
Rugby	159	18,488					19 3,164		
Selfridge									
Stanley	58	9,181					16 3,232		
Steele								29 17,245	
Starkweather									
Tioga									
Towner									
Underwood				4,407					20 5,508
Valley City			16	2,080	33	11,834			
Velva			10		27	17,654			
Wahpeton			35	9,792		34	2,626		
Watford City								12 4,167	
West Fargo									34 32,947
Williston	17	1,094		3,466	27	5,058			25 4,100
Wishek									6 615
Wyndmere	59	20,334							
Individuals				2					

2001-2008 Project Safe Send Summary of Collection Events

	2001	2002	2003	2004	2005	2006	2007	2008	Totals
Adams									
Ashley			62	17,319					116
Beach	9	2,436			3,041				27
Belfield			28	6,217					13
Beulah						13	6,165	23	74
Bismarck		28	4,686				5,926		36
Bottineau	13	5,219			5,699			7,004	237
Bowbells			32	6,404		26	4,253		56
Bowman									55
Cando		20	3,845		7,142			5,162	49
Carrington								6,390	95
Carson	6	732	56	9,244			41,809		157
Casselton	39	39,356			30,716		17,215		328
Cavaler				60			8,071		158
Center			39	8,390					78
Cooperstown					9,005				90
Courtenay						20	4,941		40
Crosby	14	1,780							36
Devils Lake				50			12,146		206
Dickinson					2,930		2,067		242
Drayton	12	4,730				37	18,917		87
Edgeley			39	10,932		22	6,045		78
Ellendale								5,903	47
Fessenden	17	3,057							17
Finley		28						10,176	59
Flasher		28,065							5
Forman									12
Garrison	16	5,030			3,901		4,814		74
Glen Ullin						17	2,346		35
Grafton		42	24,436		12,332			17,812	206
Grand Forks		32	26,972		32,548			42,674	187
Halliday									12
Harvey					12,519				78
Hettinger		12	1,456	11,672		9	1,057		67
Hillsboro			97	64,999				24,801	174
Jamesstown				6,978				40,364	248
Kenmare								13,466	37
Killdeer						14	2,276		34
LaMoure	20	2,088							20
Langdon	46	8,494				32	10,104		78

	2001		2002		2003		2004		2005		2006		2007		2008		Totals	
Larimore	26	12,493															187	137,863
Lidgerwood					59	22,844								33	8,360		112	34,577
Linton												12	3,692				36	5,524
Lisbon				21	4,209											18	106	49,109
Litchville										30	6,919			31	13,399		61	20,318
Maddock				17	8,742												43	11,349
Mandan																	11	947
Mayville	28	24,586															101	105,752
McClusky												51	28,771				9	1,635
Medina				19	5,699					21	4,369						51	15,054
Michigan																	30	12,621
Minot	18	13,397							38	21,415	58	16,797					243	83,762
Mohall							22	8,946						18	6,236		62	19,537
Mott									12	1,982				6	587		38	6,810
Napoleon	20	2,870												16	1,533		36	4,403
New England	6	1,269															29	5,182
New Town	4	1,098															13	1,586
Oakes							24	3,990									40	6,725
Oriska																	158	49,940
Parshall																	11	1,784
Pekin	15	6,065															15	6,065
Richardton	8	1,707															8	1,707
Rolla																	8	809
Rugby					48	8,809					27	2,949					253	33,410
Selfridge				3	426												3	426
Stanley				12	3,386									15	1,293		16	3,232
Steele																	86	17,769
Starkweather																	29	17,245
Tioga																	22	6,789
Towner											22	6,789					20	5,508
Underwood																	50	16,079
Valley City	25	5,764				34	11,672										68	19,678
Velva				26	17,202											26	77	44,919
Wahpeton				25	4,056				29	8,093						25	148	32,463
Waford City	14	288														25	41	10,178
West Fargo				45	46,477		71	47,218			39	48,758				52	241	198,288
Williston									37	11,180				33	7,617		161	32,515
Wishek																	6	165
Wyndmere	23	5,218										29	6,957				111	32,509
Individuals																	2	4,673
TOTALS	369	147,857	370	190,759	460	155,158	326	129,994	452	172,791	428	170,817	478	186,946	536	215,521	6,413	2,357,041

2008 Project Safe Send Pesticide List Totals

PESTICIDE	TOTAL	Diazinon	462	Phenyl mercuric acetate	94
Accent	49	Dicamba	214	Phosphoric acid	38
Acephate	1,190	Dieldrin	34	Pinnacle	251
Acetochlor	222	Diesel fuel/Isopropanol	263	Pit sludge (2,4-D/Treflan mix)	2,890
Achieve	668	Dimethamid	18	Placement	120
Activator	494	Dimethoate	599	Poast	1,330
Aerosols	19	Dioxins (Penta)	137	Potassium pyridazinone	4
AGSCO	35	Discover	365	Pramitol	258
Alum. phosphide	55	Dispatch	104	Precision	455
Aldrin	322	Distinct	64	Preference	473
Aminopuridine	8	Dithane	484	Princep	377
Amitrole	10	Double Play	35	Progress	1,456
Ammonium sulfate	2,054	Dowpon	253	Propionazole	138
Ammonium hydroxide	1,360	Dursban	197	Propionic acid	88
Apex	51	Empty drums with residue	2,118	Prowl	1,848
Apron	776	Endothal	349	Puma	979
Aquatic vegetable killer	121	Endrin	95	Pursuit	328
Arsenic (includes Paris Green)	514	Eptam	1,468	Pyrethrins	376
Asana	193	Eradicane	306	Rabon	156
Assert	931	Ethofumesate	27	Raptor	444
Assure	399	Fargo	6407	Raxil	1,621
Atrazine	7,866	Fenoxaprop-p-ethyl	301	Reldan	113
Avenge	1,650	Folicur	412	Resmethrin	68
Bacillus T.	46	Folpet	297	Result (Rezult)	988
Ballast	183	Frontier	346	Rodeo	439
Banvel	1,033	Furudan	200	Ronnel	102
Barban	165	Fusilade	274	Roundup	13,087
Basagran	575	Fusion	48	Rotenone	105
Benlate	89	Galaxy	311	Select	292
Benomyl	17	Glyphosate	550	Sencor	193
Bentazon	938	Headline	157	Sevin	732
Bon	593	Heptachlor	362	Seed treatment/Coat	2,987
Bradex	1,197	Hoelon	776	Simazine	230
Blazer	192	Harmony	459	Sodium cyanide	14
Bravo	359	Hydrochloric acid	63	Sodium hydroxide	86
Bromacil	462	Hydrofluoric acid	133	Sodium TCA	57
Bronate	1,902	Imazanox	111	Sonalan	3,055
Buccaneer	106	Iron (sulfate)	248	Spray adjuvant (Stardane)	3,896
Buckle	1,370	Isotox	51	Stampede	950
Buctril	679	Korlan	36	Stinger	1,076
Calcium arsenate	27	Lasso	1,830	Strychnine	61
Calcium micro sulfite	1,323	Lindane	5,219	Sulfur (lime)	283
Captan	706	Lorsban	198	Sutan (butylate)	1,122
Carbamate	1,445	Mancozeb	173	Sword	640
Carbaryl	199	Malathion	3,566	Tahoe	45
Carbofuran	70	Maneb	8,517	Teremec	24
Carbyne	1,498	MCPA	1356	Thiram	3,302
Chlordane	161	Metalachlor	282	Thimet	1,738
Chloropicrin compounds	288	Metalaxyl	15	Thimethoxam	91
Chloropicrin cylinders	10	Methoxychlor	208	Tilt	198
Chlorothanil	1,244	Micronutrient	6,058	Tiller	1,037
Chlorpyrifos	459	Naphthalene	229	Tordon	678
Choice	190	Newtone	190	Toxaphene	971
Clarity	614	Nortron	325	Treflan	14,709
Cobra	55	Nutrapius	1,489	Trifol	1,167
Colt	30	Optanol	100	Trifluralin (Trilin G)	1,468
Command	15	Oxalic acid	45	Trimec	218
Copper sulfate	468	Orthene	371	2,4-D	24,823
Counter	1,402	Ortho	414	Vapona	140
Creosote	80	Overdrive	59	Vitavax (carboxin)	5,203
Crop oil	7,938	Parathion	464	Warbex	117
Curtail	833	Paraquat	89	Warrior	162
Paris Green(lindane/maneb)	5,165	Pencap	632	Zinc phosphide	609
DDT	173	Penncozeb	706	Zinc sulfur	1,658
Dacthal (DCPA)	659	Permethrin	557	Rinsate	5,013
Dakota	1,679			Total pounds	215,521

Pesticide container recycling program

The Pesticide Container Recycling Program is conducted by the Ag Container Research Council (ACRC), a non-profit organization comprised of pesticide manufacturers. The ACRC promotes and supports the collection and recycling of properly rinsed HDPE crop protection product containers.

The ACRC contracted TRI-Rinse, Inc., St. Louis, MO, to conduct the program in North Dakota in 2007 and Container Services Network in 2008.

The North Dakota Department of Agriculture promotes these collections through press releases, the department website and personal communication with producers. The North Dakota State University Extension Service promotes container rinsing and recycling at pesticide applicator training meetings.

TRI-Rinse reported that 49,125 pounds of plastic were collected in 2007. Container Services Network reported that 23,240 pounds were collected in 2008. In the 2005-07 biennium, 113,764 pounds of plastic were collected.

Project Safe Send Advisory Board	
KEN ASTRUP Cenex Jamestown	BRIAN KRAMER North Dakota Farm Bureau Turtle Lake
CURTIS ERICKSON North Dakota Health Department Bismarck	ELWOOD "WOODY" BARTH North Dakota Farmers Union Solen
GARY KNUTSON North Dakota Agriculture Association Fargo	ANDREW THOSTENSON North Dakota State University Pesticide Programs, Fargo

2008 Project Safe Send Survey

1. How did you learn about Project Safe Send?

85	Mailed brochure	138	Newspaper	79	Radio
43	Extension Agent	23	Poster -	12	Newsletter
27	ND Department of Agriculture	2	Internet		
20	Other - TV, Phone call, Friend, Son worked here, am a Sanitarian, LEPC, Boss, E-mail, Cass County Highway Dept., Yard, Shaun Quisell-ND Meat Inspector-east side of state, ND Legislature, Master Garden Course from SDSU, Wife, CHS				

2. Why did you bring your pesticides to Project Safe Send?

100	Missed previous collection	7	Didn't know I had pesticides
56	Inherited pesticides	66	Found pesticides
36	Quit farming	7	Obtained at auction
78	No label - unknown	27	Product no longer registered
49	Container in bad shape		
63	Other - Didn't use. Old, left over. Outdate. Lots no longer used or just had too many open, part full that did not want sitting around. No longer needed. Frozen. Decided to not use the chemicals-some had been frozen. Just old stuff. Forgot I had it stored. No longer use-to dispose properly, not in water supply. Cleaned shop. Bought farm and had pesticides on it and don't know what they are. Wanted to get rid of it. "Getting ready to die." Contaminated material. Don't need as crops have changed. Expired chemical. Not sure if labels are correct. Not used on farm. In my garage for over 6 years. No longer saleable. Cleaning up parents' farmstead. Leftovers-hadn't been used in 10 years. Needed to discard. Paint-bad condition. Cleaning house-dead stock. Chemical degraded, either water or foreign substance.		

3. Comments:

Didn't use it. This is a good thing. Thanks for the opportunity to dispose of unwanted chemicals. Good program, keep it going. I had a hard time finding your location-no signs were posted and only found other building numbers-had to ask directions. Thank you. Great service, keep it going. Glad to be rid of it. Collected from a homeowner in my jurisdiction. Need better signage and to be available more often. Trying to clean out an abandoned farm. Found some more, don't use. These were chemicals we found in a building on the property we purchased. We appreciate the project. A really good program that keeps the environment safer. Estate products of my brother. Last year of farming and want to get rid of containers. Disposed for retired neighbor. A very good and important program-thank you very much,

4. What is your business?

160	Farmer/rancher	27	Pesticide Dealer
21	Pesticide applicator	51	Homeowner
40	Other - Retired, Research, City Government, Groomer, Welder, Public health officer, Electrician, Weed officer, BR&D, Seed plant, Truck drive, Teacher-PR for parents estate, Seed treater, Government-US Fish & Wildlife Services, City Public Works, live on farmstead, Golf course, Optometrist		

HB 1009
Attachment # 7 *January 15, 2009*

**Testimony of Larry Lunder
Alliance Ag, Bismarck
House Bill 1009**

**Education and Environment Division
House Appropriations Committee
Sakakawea Room
January 15, 2009**

State
given to
Senate

Chairman Skarphol and members of the Education and Environment Division of the House Appropriations Committee, I am Larry Lunder, Agronomy Production Specialist at Alliance Ag in Bismarck. I am here today to speak in favor of the proposed addition of a pesticide outreach position to the North Dakota Department of Agriculture.

As I have spent most of my career as a member of the regulated industry you might think I would not be in favor of adding additional people in the pesticides division. However, I feel that this could be of mutual benefit for those in the private industry and those in enforcement as well.

Pesticide dealers and applicators are required to comply with a large number of state and federal requirements, including such things as proper pesticide storage, recordkeeping, bulk repackaging, certification, and use. Most people want to comply with these requirements, but it is often difficult to understand what is required.

The outreach position would give those of us in the pesticide business a person to contact with questions and to ask for assistance in getting our operation into compliance. This person could answer questions about proper procedures in recordkeeping, setting up or adding on bulk storage facilities, proper procedure to follow in the event of an accidental release, or to educate us on new initiatives. We currently contact field inspectors with such questions, but many people would be more comfortable contacting a non-regulatory outreach person.

Dealers and applicators can currently contact NDSU Extension for questions on how to use pesticides safely and for consulting on choosing the right product. This outreach person with the Agriculture Department will give us a person to help us do things legally.

I feel this could really help everyone to become more proactive when it comes to keeping in compliance with the state pesticide laws. Prevention really is the key it takes much less time to prevent an incident than it does to clean up after one occurs.

I feel that the inspectors have been making a good effort to become more proactive with the regulated community and understand the issues that we in that community have been dealing with. This position could really help to build on those efforts, and I believe it will cut down on the number of violations that occur. Reducing violations is really what everyone is striving for because if we fail to show that we are good stewards of our environment, it will reflect badly upon our industry and agriculture as a whole.

I thank you for this opportunity to offer testimony and would be happy to answer any questions.



NORTH DAKOTA WEED CONTROL ASSOCIATION
3196 119th Ave SE, Valley City, ND 58072
www.ndweeds.homestead.com

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NDWCA President
P.O. Box 5005
Minot, ND 58702-5005
701-852-1970
wcweeds@ndak.net

Bruce Fagerholt
NDWCA 1st Vice-President
7591 Hwy 18
Hoople, ND 58243
701-894-6292

Stan Wolf
NDWCA 2nd Vice-President
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wolfs@casscountynod.gov

Becky Schroeder
Executive Secretary
3196 119th Ave SE
Valley City, ND 58072
701-570-3545 (cell) 701-845-1081
schroeder.becky@yahoo.com

TESTIMONY OF MERLIN LEITHOLD
LOBBYIST # 324
HB 1009
SENATE APPROPRIATIONS COMMITTEE

FEBRUARY 25TH, 2009

Good afternoon Chairman Holmberg and members of the Senate Appropriations Committee.

My name is Merlin Leithold. I am the ND Weed Control Association's South-Central Area director, the association's lobbyist, and I am also the weed officer in Grant County.

I would like to take this opportunity, not to talk to you about dollar amounts in the department's budget bill, but to briefly give you an overview with what we do with the funding you approve for noxious weeds.

First of all, we have the traditional funding program to weed boards, the landowner assistance program, or LAP for short. This is the cost share program where weed boards are reimbursed for monies that they spent directly to landowners for their assistance, for spraying noxious weeds.

To be eligible to participate in this program, weed boards are required to levy 3 mills. Currently, 45 counties participate in LAP. No cities levy 3 mills to participate.

Another funding program available to weed boards is the Targeted Assistance Grant program, or TAG for short. This cost shares programs for counties and cities that have a special invasive weed problem. This goes above and beyond the LAP program. All counties and cities are eligible for this program. To receive funds, an application needs to be submitted to the Ag. Dept. describing plans to utilize requested funds. A committee, reviews the application, and recommends to the Ag. Dept. if the application is approved.

Last biennium, the ND Dept. of Ag. and the ND Weed Control Assoc. worked together to purchase data loggers and lap top computers for counties and cities, to map weeds. As of last year, 48 counties and 1 city participate in the program. We are working with those not participating to get them on board. This statewide program is the only one like it in the United States.

Weed boards compile data while spraying, download the data daily or weekly onto their computers, and then send it to the Ag. Depts. central data system. It is there that Mr. Jim Hanson, downloads this onto a central map. The Ag Dept has a link on their website, hub explorer, which can be utilized by anyone.

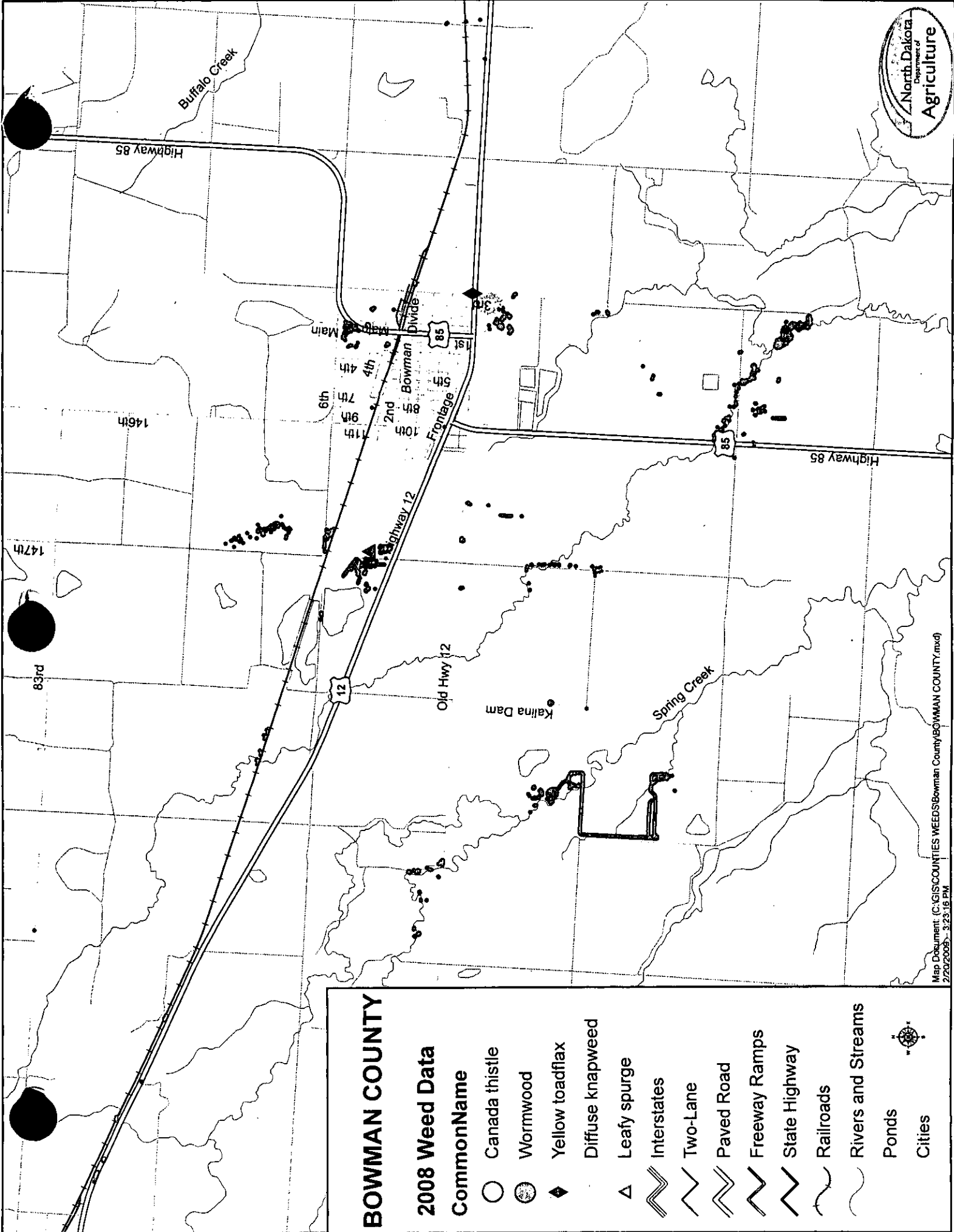
Another program that we have done in the past, and will possible doing again in this biennium, is weed free forage, depending on the fate of a separate bill, HB 1270. That bill would restore this vital program. With this program, hay is inspected and certified to be noxious weed free, in accordance with the North American Weed Management Association, or NAWMA for short, and North Dakota and county noxious weed lists. Once certified, hay can be used on public lands for trail rides. Certified hay can also be sold, usually for a premium.

On behalf of the counties and cities, I would like to thank you for the support you have given us. We have come before you numerous times with special requests for funding, and you have been very supportive to us.

Today, we ask that you continue funding the amount requested in HB 1009 for noxious weed control.

Thank you





BOWMAN COUNTY

2008 Weed Data

CommonName

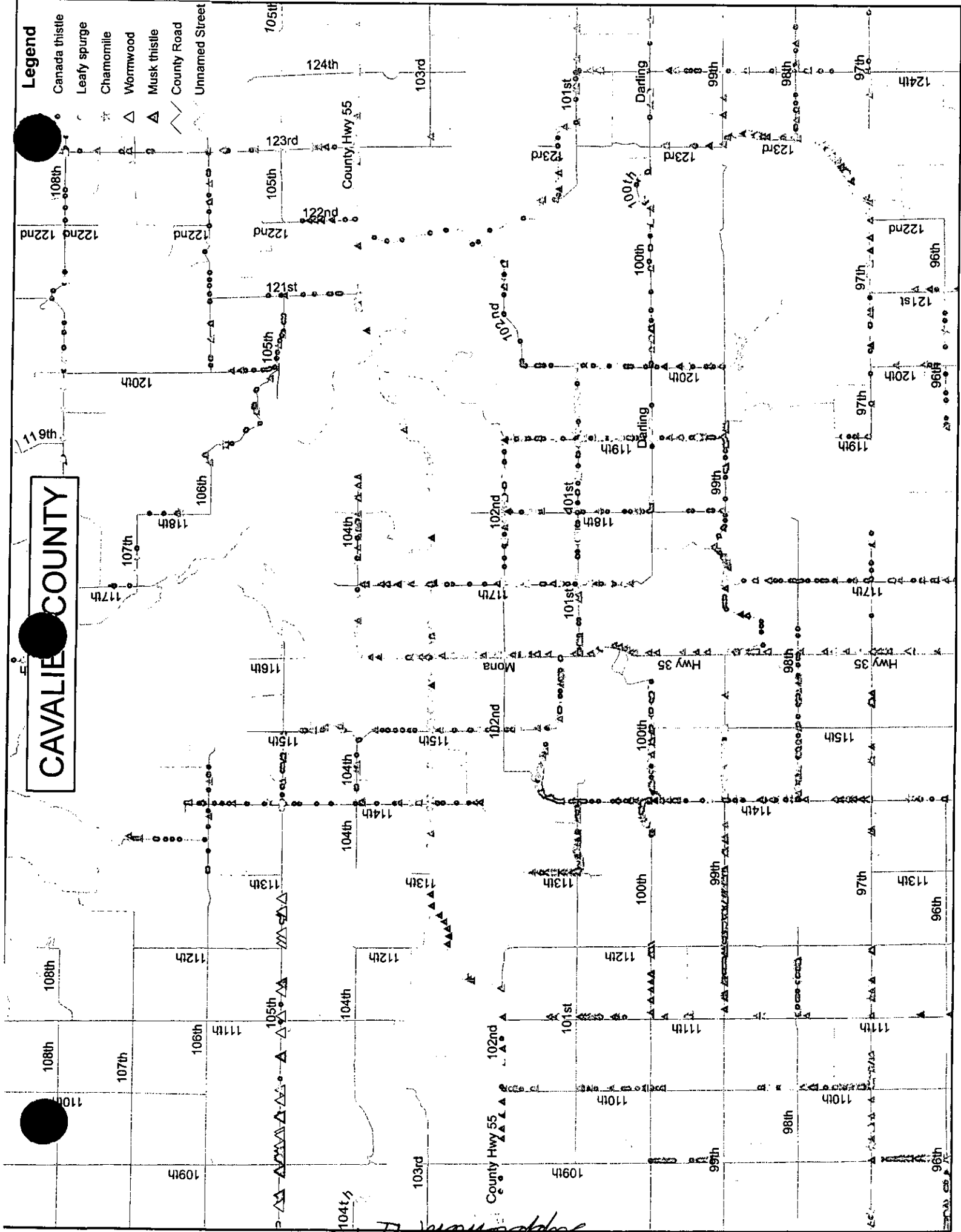
- Canada thistle
- ◉ Wormwood
- ◈ Yellow toadflax
- △ Diffuse knapweed
- ◉ Leafy spurge
- ≡ Interstates
- ≡ Two-Lane
- ≡ Paved Road
- ≡ Freeway Ramps
- ≡ State Highway
- ≡ Railroads
- ≡ Rivers and Streams
- Ponds
- Cities



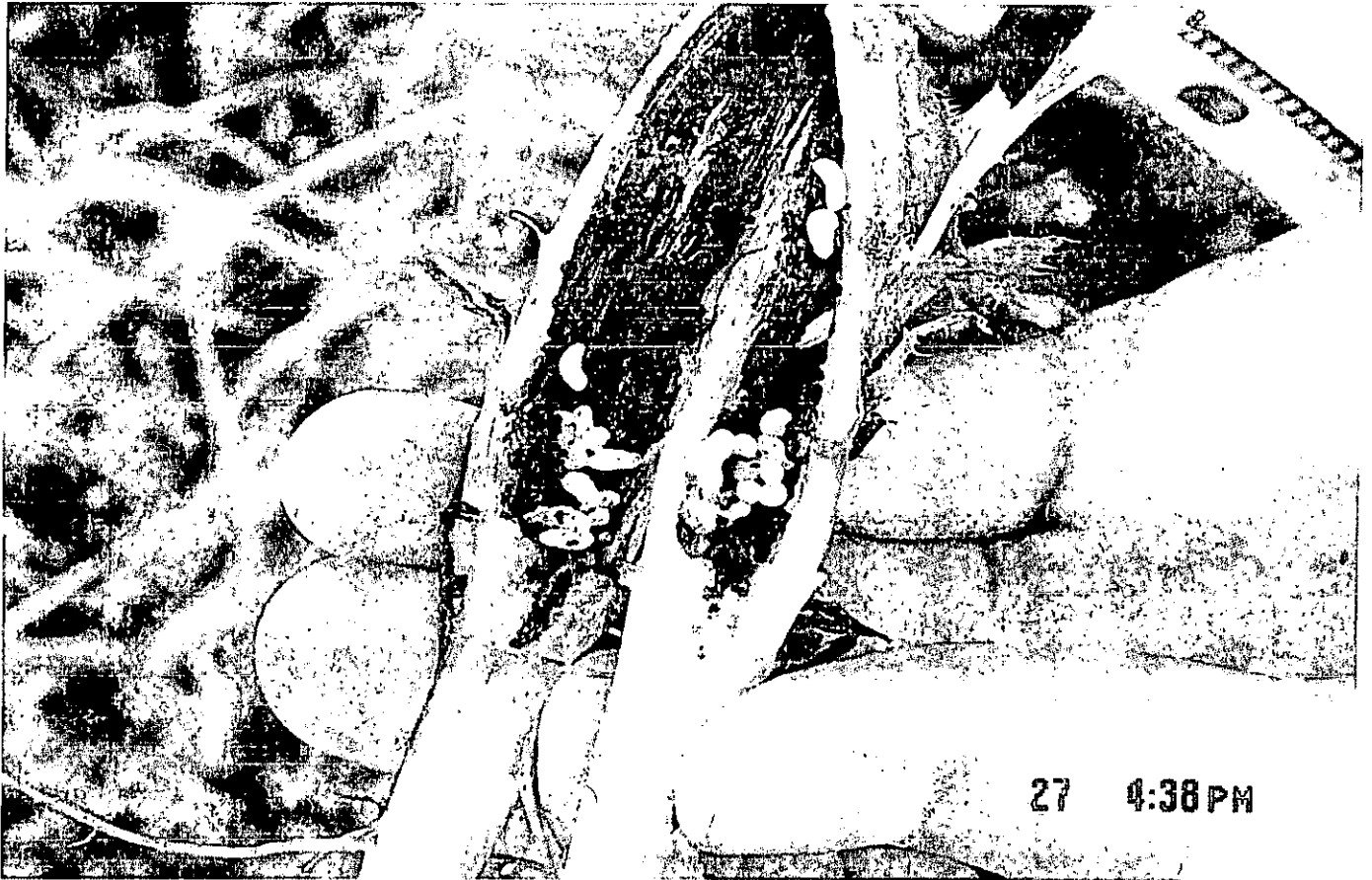
Supplement # 15

CAVALIER COUNTY

- Legend**
- Canada thistle
 - Leafy spurge
 - Chamomile
 - Wormwood
 - Musk thistle
 - County Road
 - Unnamed Street



Supplement # 14a



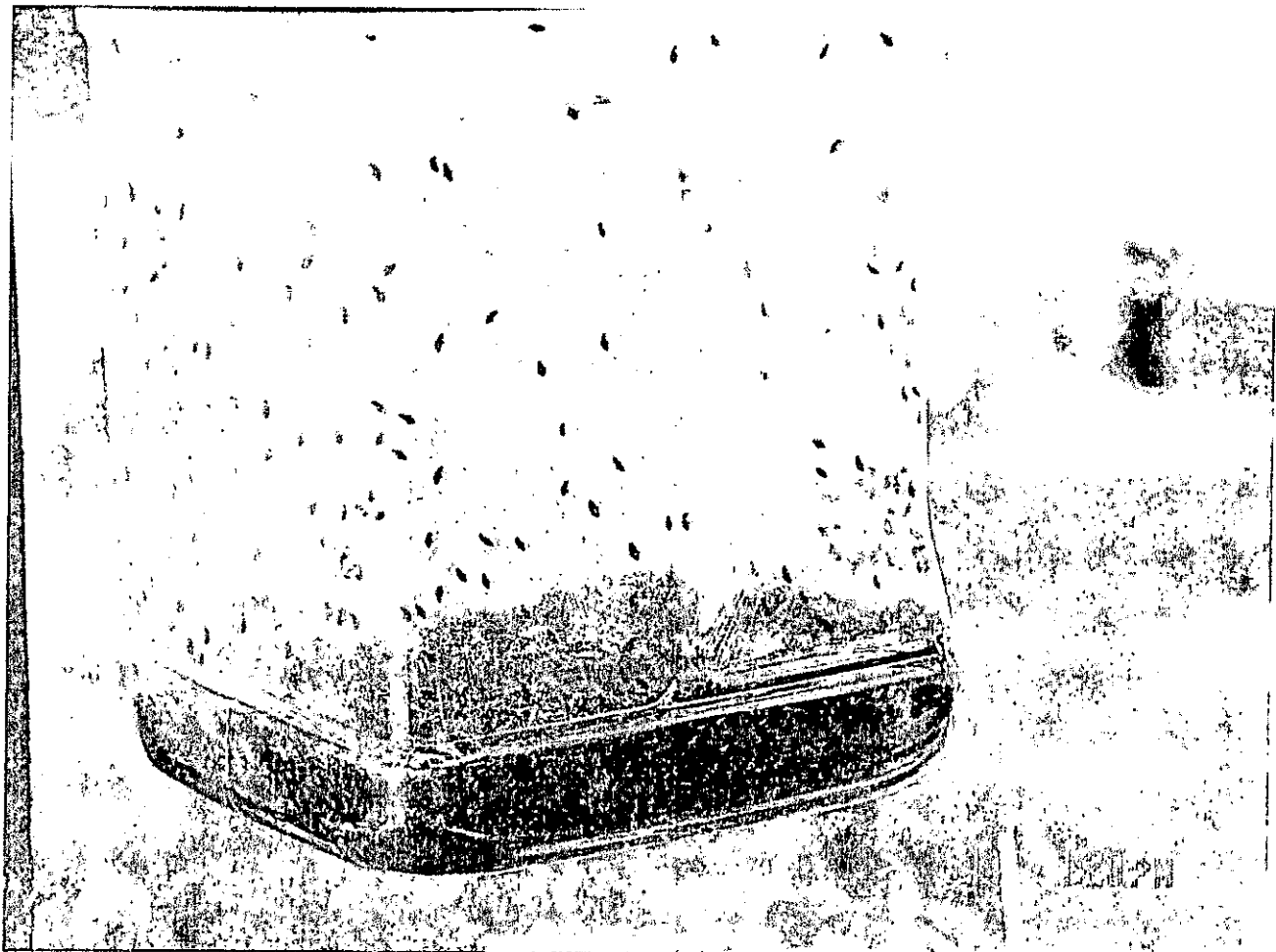
Above: the larvae of the Canada thistle stem-mining weevil have killed this plant. Below, the caterpillar of the leafy spurge hawk moth feeds on North Dakota's most serious noxious weed.



Supplement #146



Above: a seedhead weevil attacks spotted knapweed. Below: thousands of leafy spurge-eating flea beetles are netted for redistribution to other sites.



HB 1009 January 15, 2009
Attachment # 8

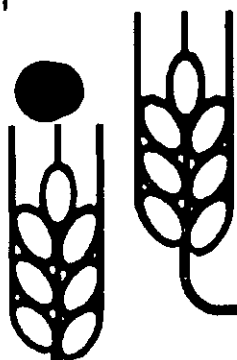
Sum testimony given to Senate

**Testimony of Shannon Berndt
Northern Pulse Growers Association
House Bill 1009
House Appropriations Committee
Sakakwea Room
January 15, 2009**

Good morning Chairman Skarphol and members of the committee. For the record, my name is Shannon Berndt and I am the Executive Director for the Northern Pulse Growers Association. I am here today to provide support for HB1009 in particular as it relates to the FTE for phyto-sanitary issues.

The assistance of the plant industries division of the North Dakota Agriculture Department has been key to North Dakota pulse crop producers. North Dakota processors/exporters and the Northern Pulse Growers Association work with the North Dakota Department of Agriculture on issuing phyto-sanitary certificates and export certification which is critical to the export markets of North Dakota pulse crops. The pulse industry in recent years has seen an increase in acres and with that an increase in marketing opportunities. In 2008, more than 30 North Dakota facilities exported peas & lentils. A total of 632 phytos were issued for peas in 2007-2008 which is a 205% increase from 2005-2006. The increased workload from the pulse industry alone has increased the current staff's workload tremendously. The pulse industry's export markets are extremely important for the pulse industry, accounting for over 75% of our sales.

Chairman Skarphol and members of the committee, I urged you to support the North Dakota Department of Agriculture budget in HB 1009 and the inclusion of a FTE to handle phyto-sanitary issues. Thank you.



NORTH DAKOTA GRAIN DEALERS ASSOCIATION

STEVEN D. STREGE, Executive Vice President
CHERYAL WELLE, Executive Assistant
SUE BENSON, Office Assistant
Ph: 701-235-4184, Fax: 701-235-1026
118 Broadway N Ste 606, Fargo, ND 58102
Website: www.ndgda.org

STU LETCHER, Safety & Health Director
Ph: 701-543-3110, Fax: 701-543-4183
P.O. Box 314, Hatton, ND 58240

HAL GRIEVE, Safety Specialist
Ph: 701-633-5256, Fax: 701-633-5258
204 4th Avenue S., Buffalo, ND 58011

January 15, 2009

To: North Dakota House of Representatives
Appropriations Committee, Education and Environment Division

*same
given to
Senate*

From: Dan DeRouchey
North Dakota Grain Dealers First Vice President
Berthold Farmers Elevator General Manager

Re: Supporting HB 1009 Funding Regarding additional Ag Department FTE for Phytosanitary Reporting and Documentation for exporting grain products.

Since 2003 the amount of certificates needed for exporting grain has increased from 1332 to last year's 2119. While the amount of certificates has dramatically increased, the railroads have implemented policies that documentation needs to be done within 48 hours after loading to get the original documents to the border crossings. In most cases, this means probing of grain, grading, and sending documents by FedEx to the country of entry crossing, all within 48 hours. If the certificates are not to the border, broker, customs personnel, and the railroad within 48 hours, demurrage is charged to the shipper. As you can imagine, this all depends on a coordinated effort from the shipper, grain inspection point, and Ag Department for phytosanitary inspection and certification. The mode of shipments is mostly rail that includes bulk rail cars and container type. The Ag Department has done a great job keeping up, but this must be addressed as the workload has increased to the point of making the process unworkable. Grain Dealers and Berthold Farmers Elevator support the additional FTE for phyto purposes.

Respectfully submitted,
Dan DeRouchey

Nelson, Dave R.

From: Robert Sinner [rsinner@sb-b.com]
Sent: Thursday, January 08, 2009 5:05 PM
To: Nelson, Dave R.
Subject: HB1009 Ag Dept Budget Bill with request for FTE for phytos
Follow Up Flag: Follow up
Flag Status: Flagged

Dear Mr. David Nelson,

As President of SB&B Foods, Inc. and directly involved with our international transactions, we offer our full support for HB1009 of which includes 1 additional FTE to assist in export documentation. The growth in direct shipments of Identity Preserved grains continues to grow each year and nearly every country in the world requires strict government inspections and documentation. Our Company is directly affected by these requirements and relies heavily on the North Dakota Ag Dept. for its accuracy and timeliness of information. Food Safety is driving global agricultural trade. The food industry worldwide relies on 3rd party and in particular our government for unbiased and truthful information. We applaud the work and efforts of the North Dakota Department of Agriculture for their fine work and urge lawmakers to recognize they are a critical link to serving our global customers by supporting the addition of 1 additional FTE.

Sincerely,
Robert Sinner, President
SB&B Foods, Inc.

1/14/2009

Nelson, Dave R.

From: Roger Weinlaeder [weino@polarcomm.com]

Sent: Friday, January 09, 2009 4:17 PM

To: Nelson, Dave R.

Subject: Fw: Phyto-Sanitary Comments

*se me
given to
Senate*

TO:

Bob Skarphol - Chairman of the Budget Committee
House Appropriations - EE

Roger Johnson - North Dakota Secretary of Ag

Gentlemen: My name is Roger Weinlaeder and I own and represent the Weinlaeder Seed Company of Drayton, North Dakota.

I am in Full Support of HB 1009 which provides for one additional FTE for Phytosanitary work.

I have been involved in exporting multiple commodities and seed to several foreign countries that all require phytosanitary documentation. The ability and the timeliness of the issuing of these important documents is critical to my business. The promptness of this activity can sometimes be the determining factor on whether the product can be exported and sold. The efficiency of this process can certainly be demonstrated in transportation costs and how well human capital is managed.

The ability of the North Dakota Department of Agriculture to perform this function in a timely and efficient manner is very important to my business.

Chairman Skarphol and committee members, I urge you to pass HB1009 which includes the enhancement of the FTE position.

I am available for any questions that you may have.

Best Regards

Roger Weinlaeder
Weinlaeder Seed Co.
7162 160th Dr. NE
Drayton, N. Dak 58225
Phone: (701) 454-6427
Fax: (701) 454-3554
Email: weino@polarcomm.com

1/14/2009



DuPont Agriculture & Nutrition
Pioneer Supply Management
NAS Production
17835 Hwy 13 West
P.O. Box 93
Wahpeton, ND 58074-0093
(701) 642-5300 Tel
(701) 642-8338 Fax

TO: North Dakota House of Representatives – Appropriations Committee, Education and Environment Division

FROM: Joel Hermes
Pioneer Hi-Bred International Inc.
Wahpeton, ND

RE: Support of HB1009 for additional FTE to support Phytosanitary Certification

DATE: January 14, 2009

Exporting shipments is a timely process and requires Pioneer Hi-Bred as an exporter to promptly have all paperwork such as phytosanitary certificates without any delays. We have had instances where we have needed a phytosanitary certificate and the employees at the ND of Ag have been in meetings or out of the office which have delayed our shipments. Pioneer Hi-Bred of Wahpeton ships approximately 300 semi loads of ND produced soybean seed across the border to Canada each spring and as with any agricultural commodity, the soybean seed that we produce needs to be delivered to the customer on time or we will have missed a sale.

Pioneer Hi-Bred supports the request for hiring an additional FTE to assist with phytosanitary certification.

Thank you,
Joel Hermes
Inventory Coordinator
Pioneer Hi-Bred International Inc.

12 North Railroad Street, P.O. Box 248
Garrison, North Dakota 58540
Voice 701-463-7261
Fax 612-435-4868
www.jmgrain.com



Same given to Senak

**Testimony of Marvin Flaten
House Bill 1009
House Appropriations Committee
Sakakawea Room
January 15, 2009**

Chairman Skarphol and members of the Appropriations Committee, I am Marvin Flaten representing JM Grain, Inc of Garrison, ND. I am here today in support of HB1009, which will assure a timely, accurate and reliable flow of phytosanitary certificates issued by the North Dakota Dept of Agriculture required for our export business.

JM Grain, Inc processes and exports peas and lentils throughout the world. Our export business has expanded from year to year. JM Grain exports product to India, Pakistan, Bangladesh, Mexico, Brazil, Colombia, Turkey, France, Spain, and Germany. Phytosanitary Certificates are required documents for these products. The phytosanitary certificate is based on testing results of samples that are submitted to the Department of Agriculture. Each country may require different testing criteria, which adds to the complexity of the certification process. Additional time is required as the complexity increases. It is important for our business that the phytosanitary certificates be issued in a timely manner as demurrage begins to accrue for rail shipments when a delay occurs in acquiring the certificate. The personnel at the Department of Agriculture have provided excellent service in the past; however with the increased demand for their services I am concerned that the service may be diminished without additional staff to process the increase workload required to support the export of North Dakota commodities.

Chairman Skraphol and committee members, I urge a do pass on HB1009. I would be happy to answer any questions you may have.

Sincerely,

Marvin D. Flaten
Vice President
JMGrain, Inc
Garrison, ND 58540



N.D. Agriculture in the Classroom Council

Teacher Resources

Student Activities

Agriculture Information

Food, Land & People

FLP Curriculum Standards

Mini Grant Program

Ag Mag

Living Ag Classrooms

How You Can Help

N.D. Agriculture in the Classroom Council

Sponsors

Roger Johnson - Agriculture Commissioner
Dr. Wayne Sanstead - Superintendent of Public Instruction
Doug Vannurden - North Dakota Dept of Career and Technical Education
Judge Barth - Dakota Pride Cooperative, Jamestown
Kim Alberty - Agassiz Seed and Supply, West Fargo
Ted Johnson - Kindred High School, Kindred
Mary Lou Klemisch - Prairie View Elementary School, New Salem
Ginger Deitz - Bennet Elementary School, Fargo
Steven Edwardson - North Dakota Barley Council
Shannon Berndt - North Dakota Dry Pea and Lentil Association
Gary Hoffman - North Dakota Dairy Coalition
Aggie Jennings - North Dakota Farmers Union, Washburn
Jill Vigesaa - Project Food, Land & People, Fargo
Mitchell Becker - FFA President
Kathy Holle - North Dakota Youth Correctional Center
Ward Eichhorst - North Dakota Farm Bureau, Coleharbor
Gail Scherweit - North Dakota Farm Bureau, Fargo
Kim Owen - EduTech, Valley City
Becky Koch - NDSU Agriculture Communications, Fargo
Beth Bakke Stenehjelm - FFA Foundation, Bismarck
Marilyn Weiser - North Dakota Geographic Alliance - Minot

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North Dakota Agriculture in the Classroom

A Magazine about Agriculture for North Dakota Students

List all the foods you ate yesterday.

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slightly textured appearance and some minor discoloration or shadows, suggesting it's a scan of a physical document. There is no handwriting or printed text on the page.

Circle the foods you ate yesterday that came from North Dakota's #1 products.



Put a star next to the cereal grains.

HB 1009 ~~attachment~~ 2
January 15, 2009

Dept. of Agriculture Budget

Testimony in FAVOR of optional funds for Ag in the Classroom

Beth Bakke Stenehjelm, Executive Director of the ND FFA Foundation

701-224-8390 (work) 701-471-5004 (cell)

January 15, 2009

Good morning, Chairman Skarphol and members of the House Appropriations committee. My name is Beth Bakke Stenehjelm, and I am the Executive Director of the ND FFA Foundation. I am here to support the Ag in the Classroom Program and to ask for your consideration to grant optional funds for their programming.

One of the most successful programs the Ag in the Classroom supports is the Mini-grant program. This program was designed to put funds in the hands of teachers, 4-H leaders, FFA advisors, and others to help them teach young people about agriculture. There have been five grant cycles so far for this program.

The mini-grant program has really thrived. Last fall we awarded 36 applicants approximately \$12,000 to develop and implement hands-on activities which enrich the understanding of agriculture as the source of food and fiber in our society. It is estimated that these projects reached over 5,000 students.

The Ag in the Classroom Council needs your financial support to continue to teach young people in the state about the importance of agriculture.

As students become farther and farther removed from rural life, these funds become more and more necessary.

Thank you for your consideration.

The 2008 ND Ag in the Classroom Mini Grant Program 36 Projects Funded

The Afterschool Place, Bismarck (funded at \$450 for video recorder, DVD distribution, and supplies) – Forty-nine students will keep a video diary of the dairy production learning experience. They will go to a dairy operation, cheese processing plant, a grocery store and a bakery. The video diary will be broadcast on Community Access Television.

Bishop Ryan High School, Minot (funded at \$200 for meat) – Students in foods classes will learn about meat raised in North Dakota. The 45 students will visit a ranch and they will learn to cook lamb, buffalo, veal, beef, pork and venison.

Bottineau FFA, Bottineau (funded at \$240 for coloring books) – The Bottineau FFA Chapter will teach first and second grade students about the ND products used to make a cheeseburger. Eighty students will learn about agriculture in the state.

Burleigh County Horse Judging Team, Menoken (not funded) – In Sept., the team will hold a horse judging clinic to educate youth on equine science and the equine industry.

Burlington/Des Lacs Elementary, Burlington (funded at \$340 for an American Agritech Garden Aero 8) – Sixth, seventh, and eighth grade students will learn about hydroponics as it relates to plant science, plant nutrition, plant physiology, plant care, nutrient and PH testing and agriculture with the help of local FFA members. Students in grades 4th and 5th will extend their outdoor garden plot.

Central Cass Elementary, Casselton (funded at \$500 for books, grow light, wheat grinder, and grain barn) – Students in the 4th grade will learn about various aspects of ND agriculture during the unit on ND. Lessons on crops and food products, soil erosion, and plant growth will be presented.

Farm and Home Improvement 4-H Club, Maddock (funded at \$50 for ND products) – Thirty students in the 4-H Club will work with ND products to make cookies. They will learn the origins of the products, where they are grown, and what form it takes in ND fields.

Farm Safety 4 Just Kids, Mid Dakota Chapter in Bowbells (funded at \$500 towards ATV helmets) – The Farm Safety 4 Just Kids Chapter will be holding an ATV Safety Class. Besides safety and laws, the class stresses being aware and considerate of the environment when riding an ATV.

Farming Around, Harwood (funded at \$200 for supplies and worksheets) – Farming Around is a hands-on program to introduce first through third graders to agriculture around their schools. The goal is to reach 5 schools to help students gain awareness of six crops grown, animals raised, equipment used, and the role of local farmers in their communities.

Fessenden Bowdon Public School, Fessenden (funded at \$500 for GPS units) – FFA students will work with first and second grade students to teach them how to use GPS units, using curriculum provided by Bismarck State College. Students will also visit a farm and a machinery tour where they will learn about tractor safety and an elevator to learn about how GPS units help to apply chemicals.

Four Winds Tribal School, Fort Totten (not funded) – The project will expose school age children to the many varied aspects of what farming does for the population in terms of producing food and many other important environmental management processes. Other aspects of native food and nutrition will be studied.

TGU Granville FFA, Granville (funded at \$650 for planting equipment) – Students from the agricultural education classes will use a rototiller to help them in the school garden and with landscaping around the school. Produce from the school garden is used to improve the hot lunch program.

Hettinger County Extension Office, Mott (not funded) - A farm safety camp will be held with fifth and sixth grade students. Students will be exposed to eight different safety sessions in a hands-on effort to let them see the dangers that are possible with each machine. An Ag in the Classroom Day will also be held where students will learn about products raised in North Dakota.

Hettinger County Extension Office, Mott (funded at \$200 towards supplies) – Charlotte Meier will visit schools to spread the word about the benefits of eating healthy. She will work with youth and adults to help them become more aware of the need for fruits, vegetables, protein, and whole grains in their diets. The presentation will also cover where foods are grown, how they are processed, and how to use nutrition labels. Up to 200 students will be reached.

Kindred FFA, Kindred (funded at \$400 for supplies for cases) – FFA members will build visual models which will show the process of wheat milling and animal processing. FFA members will work with elementary students to build the models.

Lisbon High School, Lisbon (funded at \$450 for a dehydrator, meat grinder and other equipment) – Students will learn how to process meat. They will cut and use a dehydrator to make jerky from deer.

Louis L'Amour Elementary, Jamestown (funded at \$320 for books and curriculum) – The purpose of the small animal project is to promote awareness about the concepts of responsible pet ownership. Vet care, potential careers in this industry and related services of small animal care as they relate to agriculture will also be a focus.

Magic City Campus, Minot (funded at \$500 towards equipment for the project) – Students will increase their knowledge of alternative fuels in the transportation industry by building a hydrogen-powered vehicle. The students in the automotive technology students and electronics classes will also learn about the area of alternative fuels within agriculture.

Menoken School, Menoken (funded at \$100 for ND food products) – Students will take a field trip and learn about ND products and the business aspects of farming. Students will learn about ND products and how they are marketed and sold.

Menoken School, Menoken (funded at \$100 towards pumpkins, admission fees and food products) – Students will take a field trip to Papa's Pumpkin Patch and learn about how they are grown, the history of pumpkins, and uses. Students will make pies or bread using pumpkin meat.

Menoken School, Menoken (funded at \$80 for recycling bins) – Students will learn about pollution and its effects on the environment. Students will learn about recycling and start recycling paper, newspaper, cardboard, plastics, and other items in the school.

Minot FFA, Minot (funded at \$265 for display boards and samples of ND products) – FFA students will teach 700 Community Learning Center students about ND agriculture. In the fall, lessons will include teaching students about four products that are grown, manufactured, and sold in our state.

Children's Montessori Center, Fargo (funded at \$350 for planting supplies, books, and posters) – Students will learn about caring for young plants, caring for soil and caring for garden spaces. They will also learn about vegetables and flowers and planting seasons.

Mouse River Loop Environthon, Mohall (funded at \$300 for the supplies) – High school students are invited to participate in the Mouse River Loop Environthon. This event is a regional program where teams of high school students work on environmental issues. The students are tested on topics such as soils, forestry, wildlife, water, rangeland, and biodiversity.

ND FFA Foundation, Bismarek (funded at \$200 to fund awards) – The ND FFA Foundation will use the grant funds towards the Food for America Program. The purpose of the Food for America Program is to help introduce first through six-grade students to the fascinating world of agriculture and to make elementary students more aware of the world of agriculture and how it affects their daily lives. There are 77 FFA chapters in the state, and each FFA chapter has an opportunity to be a part of this program. Many schools hold more than one activity with students to educate them about ND agriculture during the year.

ND Stockmen's Association, Bismarck (funded at \$500) -- Funds will be used to fund the Carcass Merit Program at the Junior Beef Expo Field Day in Williston. The purpose of the contest is to allow juniors the opportunity to determine the carcass qualities and economic value of their market steer through ultrasound technology and marketing grids.

ND Women Involved in Farm Economics, Regent (funded at \$200 towards printing costs) – ND WIFE members will design a placemat with games and facts about ND products. They will distribute the placemats to approximately 1100 students in the SW corner of the state and schools in the NE corner of the state.

Oakes/SC FFA, Oakes (funded at \$500 towards ATV helmets) – FFA members will host an ATV safety day.

Ramsey County Family Nutrition Program, Devils Lake (funded at \$465 towards food supplies) – Middle school students, 4-H members, and WIC clients will learn about the health benefits of whole grains grown in ND. An extension agent will teach students about the role of ND farming in producing ND food.

Ransom County Extension Service, Lisbon (funded at \$75 for ND products) – Students will learn about grains that farmers in ND grow and food products made from those grains. The students will also learn about farm animals.

Ransom County Extension Service, Lisbon (funded at \$280 for materials) – A Farm Safety Day will be planned for the spring for fifth and sixth grade students. Topics will include farm safety, sun safety, ATV safety, and lawn mower safety.

Ransom County Extension Service, Lisbon (funded at \$280 for materials) – Fourth grade students will learn about ND commodities through a Harvest ND day.

Richland 44 FFA, Colfax (funded at \$550 for production of CDs of curriculum) – Teachers will develop curriculum for food science and distribute the curriculum to all Family and Consumer Science teachers and ag education teachers in the state.

Riverside Elementary, Bismarck (funded at \$200 for books, ND products, and supplies) – First grade students will learn about the food pyramid, making healthy choices, and about ND crops. Students will visit a local dairy farm, make bread, and create a book on their new knowledge.

South Heart School, South Heart (funded at \$270 towards food, planting equipment, and seeds) – FFA members will teach lessons on dairy foods, horticulture, and fruit production to fifth and sixth grade students.

SRCTC, Oakes (funded at \$450 for curriculum materials) – Students from five different schools will be invited to attend an Ag Activities Day where they will learn about ag careers in food science, ag mechanics, floriculture/nursery, and livestock.

Standing Rock/Fort Yates Community School, Fort Yates (funded at \$125 for planting supplies) – Students will plant seeds in incubators in the science labs and study the growth patterns and development of the plants.

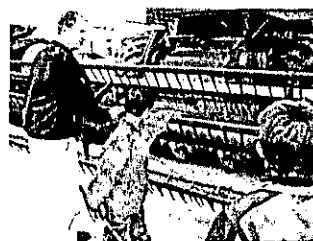
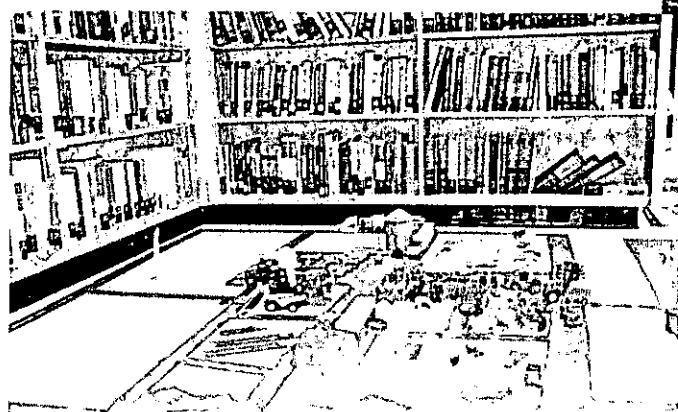
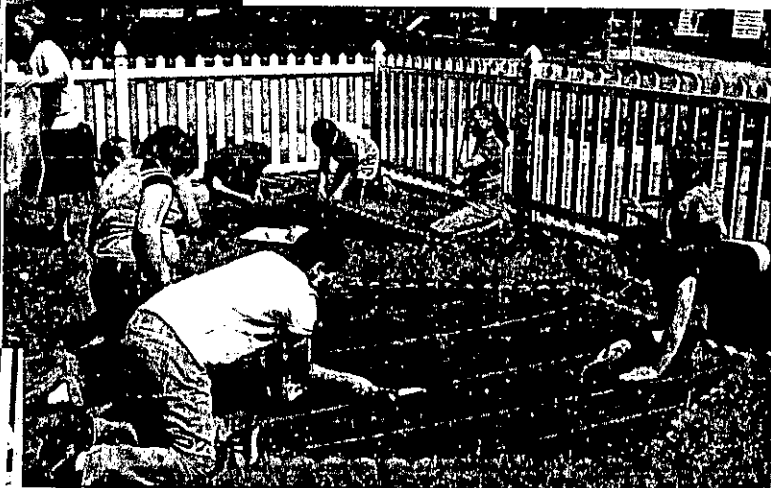
Turtle Lake Mercer School, Turtle Lake (funded at \$460 towards curriculum kit and supplies) – Students will research alternative energy and the processes it takes to make alternative energy. Students will produce ethanol and biodiesel using materials they will bring from farms.

Wing Public School, Wing (not funded) –Students attended Big Iron to learn about advancement in farm products and potential employment opportunities in agriculture.

Zeller Day Care, Hazen (funded at \$250) – Students will plant seeds and learn about plant growth. They will also learn about farm facts.

ND FFA FOUNDATION, INC.

ND Ag in the Classroom Mini-Grant Program



ND FFA FOUNDATION, INC.

309 North Mandan Street #5
PO Box 6022
Bismarck, ND 58506-6022



Dept. of Agriculture Budget
Testimony in FAVOR of HB 1009 (Ag in the Classroom funds)
Beth Bakke Stenehjem, Executive Director of the ND FFA Foundation
701-224-8390 (work) 701-471-5004 (cell)
February 25, 2009

Good morning, Chairman Holmberg and members of the Senate Appropriations committee. My name is Beth Bakke Stenehjem, and I am the Executive Director of the ND FFA Foundation. I am here to support the Ag in the Classroom Program and to ask for your consideration to grant funds for their programming.

One of the most successful programs the Ag in the Classroom supports is the Mini-grant program. This program was designed to put funds in the hands of teachers, 4-H leaders, FFA advisors, and others to help them teach young people about agriculture. There have been five grant cycles so far for this program.

The mini-grant program has really thrived. Last fall we awarded 36 applicants approximately \$12,000 to develop and implement hands-on activities which enrich the understanding of agriculture as the source of food and fiber in our society. It is estimated that these projects will reach over 5,000 students.

I'd like to give you a little taste of the projects which were funded last fall:

Students from **Turtle Laker Mercer School** will research alternative energy and the processes it takes to make alternative energy. Student will then produce ethanol and biodiesel using materials they will bring from farms.

We granted funds to the **Granville FFA** for a rototiller. They have a wonderful garden which helps students learn about horticulture and nutrition. Produce from this school garden is used to improve the hot lunch program.

The **ND Women Involved in Farm Economics** applied for funds to design a placemat with games and facts about ND agricultural products. They will distribute these placemats to approximately 1100 students during the year.

The **Ransom County Extension Service** in Lisbon will teach area students about grains and food products made from grains. They will also hold a Harvest ND Day and a Safety Day for students.

The **South Heart School** received funds towards food, planting equipment, and seeds. The local FFA will teach lessons on dairy foods, horticulture, and fruit production to fifth and sixth grade students.

In **Oakes**, students from five area schools will be invited to attend an Ag Activities Day where they will learn about ag careers in food science, ag mechanics, floriculture, and livestock.

Thank you for your consideration.

Pride of Dakota



Consumer Survey Results
January 2007

Survey conducted by
the University of North Dakota Bureau of Governmental Affairs
on behalf of the
North Dakota Department of Agriculture

January 2007

Last spring, the North Dakota Department of Agriculture commissioned a survey to determine consumer awareness of the Pride of Dakota program and logo and consumer preferences in shopping and purchasing. The study also assessed consumers' opinions of promotion impact on purchasing decisions.

The University of North Dakota Bureau of Governmental Affairs conducted the survey in May 2006. Results of the survey will help create a future vision for a bigger and better Pride of Dakota program.



Sincerely,

A handwritten signature in dark ink, appearing to read "Roger Johnson".

Roger Johnson

Agriculture Commissioner

Survey Results

- Of the 599 respondents, 79 percent reported they have heard of Pride of Dakota. Television, logos on products, word of mouth, newspapers and radio ranked as the top five communication methods that raised program awareness in the last year.

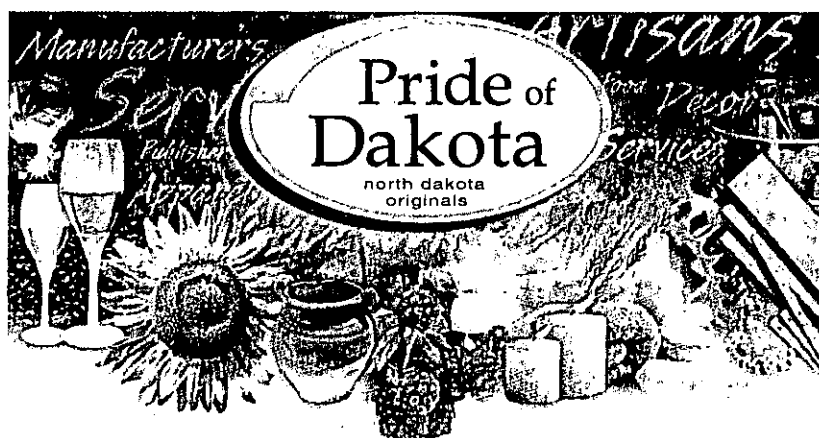


- Consumers who heard of Pride of Dakota (total of 470) were asked if they have seen the logo. A majority of consumers reported seeing the Pride of Dakota logo (90 percent). 47 percent of the respondents said it would be very useful to have a logo identifying North Dakota products while shopping.

- Consumers responded very positively when asked if they were more likely to purchase a product if they knew it was produced in North Dakota (79 percent said they would).

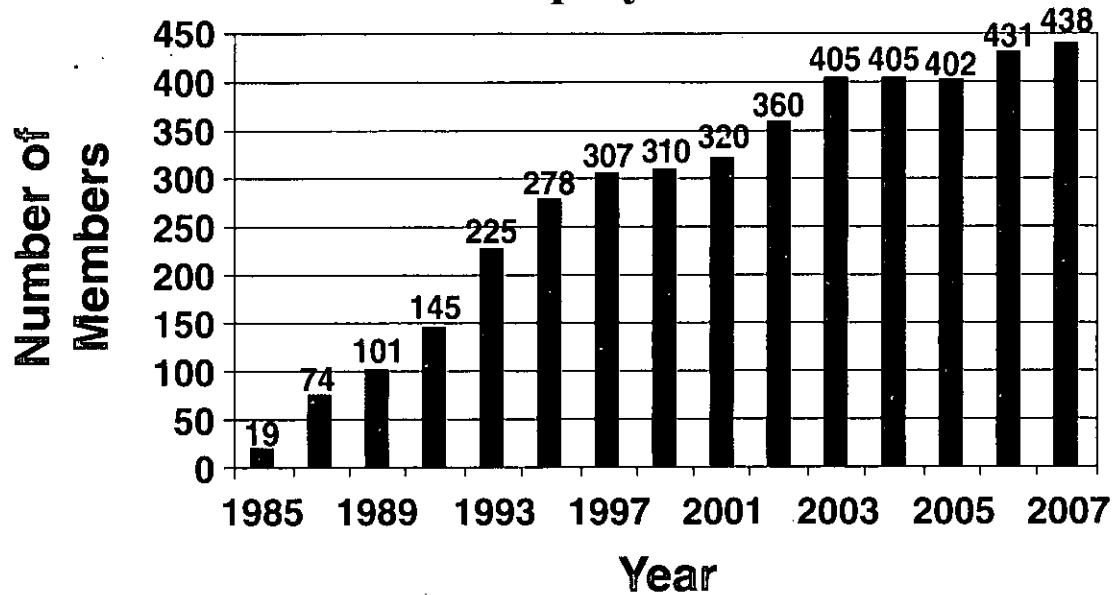


- 88 percent of respondents have purchased a Pride of Dakota product.
- 52 percent of respondents are willing to pay 1 to 10 percent more for products produced in North Dakota. 14 percent of the respondents would pay 11 to 20 percent more and four percent are willing to pay more than 20 percent.
- 85 percent of respondents would shop at a particular store, event or website that features Pride of Dakota products. 89 percent find it useful to have stores, event displays or websites that clearly identify North Dakota products.
- 18 percent of respondents said that promotional advertisements often influence decisions regarding products purchased. The majority of respondents, 52 percent, said that promotional advertisements sometimes influence their purchasing decisions.
- 78 percent of respondents think it is important to promote Pride of Dakota products within North Dakota, and 65 percent think it is very important to promote Pride of Dakota outside the state.



www.prideofdakota.com

Membership by Selected Year



Category	Number
Food & Beverages	150
Artisans & Gifts	146
Personal Care Products	23
Publishers	24
Manufacturers	48
Services	28
Associate Members/Non-profit	19
Total	438

Membership by General Category

Membership by Fee Level

Fee level	Number of companies
\$ 50.00	383
\$100.00	21
\$150.00	7
\$200.00	7
\$250.00	20

HB 1009 attachment #3
Feb. 10, 2009

Holiday Showcase Attendance

	2003	2004	2005	2006	2007	2008
Grand Forks	5400	3679	4186	4449	3747	4857
Minot	4700	5024	4615	4045	5332	5064
Fargo	3420	5106	5867	5712	5275	6673
Bismarck	7453	6600	6990	7861	8391	8423
Total	20973	20409	21658	22067	22745	25017

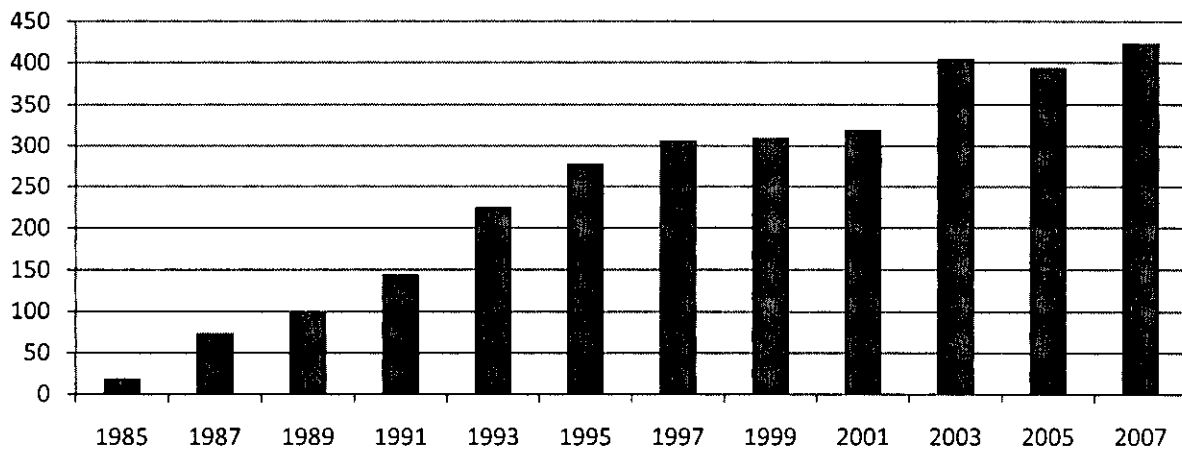
Holiday Showcase Sales Report

	2003	2004	2005	2006	2007	2008
Grand Forks	97703	61601	81139	121740	93621	78879
Minot	80402	74727	85755	92276	100414	83464
Fargo	88689	92971	147042	166120	140625	135807
Bismarck	120307	108678	166470	229334	188929	167704
Total	387120	337978	480406	609471	523590	465855

*we are still
receiving reports
daily

These reports are not mandatory - an average of 75% of participants return their reports

Pride of Dakota Membership





Organic Agriculture in North Dakota

January 2009

What is Organic?

"Organic" is a term used to describe how agricultural products are grown, processed and handled prior to purchase by consumers. Organic food production is based on a holistic farming system. Soil building, green manure and animal waste are used in place of purchased fertilizers. Complex crop rotations, plant and animal diversity, rotational grazing, tillage and cover crops control weed, diseases and pests. Animals are raised without the use of hormones or antibiotics.

Markets in the United States and around the World

Organic farming has been one of the fastest growing segments in agriculture over the past decade. Nationwide, farmers operated more than 4 million acres of land organically in 2005, compared to 1.35 million acres in 1997 (USDA/ERS, 2008).

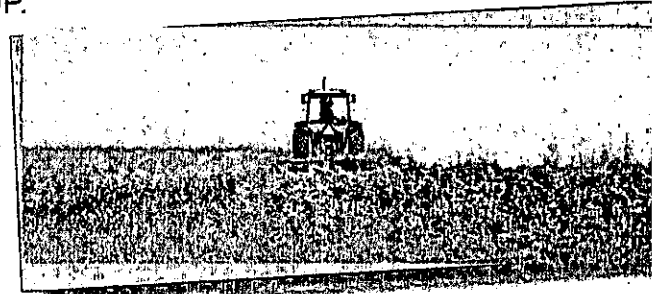
Demand for organic products continues to grow. Global sales of organic food and goods topped \$38.6 billion in 2006 (IFOAM, 2008). In the United States, organic sales, including both food and nonfood products, were \$17.7 billion in 2006, an increase of 21 percent from 2005. Sales were projected to surpass \$25 billion in 2008 (OTA, 2007).

Organic Livestock

Organic meats and poultry have exhibited strong growth. In 2007 organic meat sales in the United States topped \$364 million compared with \$33 million in 2002, according to Chicago-based market research firm, Mintel. American consumers purchased \$2.14 billion of organic dairy products in 2005 (OTA, 2006).

Organic certifiers report nearly 2500 certified organic cattle in North Dakota. Producers estimate a much larger number of livestock could be certified as organic if market demand and processing infrastructure were developed.

"Certified organic" is a term used for products grown and processed following a strict set of standards outlined by the USDA National Organic Program. These standards are verified by a third party or a state certifier. Certification includes a written application, an inspection, and detailed record-keeping to ensure farmers and processors are meeting the standards of the NOP.



According to industry research, 69 percent of U.S. consumers report using organic products at least occasionally. Twenty-eight percent of them said they used organic products weekly (Hartman Group, 2008).

Natural and organic foods are currently being sold in 82 percent of all grocery stores, supermarkets, mass merchandisers and club stores. These mainstream retailers made up 48.9 percent of organic sales in 2007 (FMI, 2008). In May of 2006, WalMart made a commitment to double their stores' offerings of organic products.

Organic Commodity Production North Dakota

Farmers certified 181,133 acres of North Dakota crop and pasture as organic in 2005 (USDA ERS, 2007). (In comparison, in 2007, North Dakota farmers planted 165,000 acres of non-oil conventional sunflowers.)

North Dakota in 2005

- led the nation in production of organic oats, and buckwheat.
- had by far the largest acreage of organic oilseeds in the United States. North Dakota led the nation in flax production with 67 percent of the acres.
- was second to Montana in production of dry peas and lentils.
- ranked fourth in production of organic wheat.

Changes in Certified Acreage 1997-2005				
	1997	2003	2005	% Change 1997-2005
Certified Organic acres (US)	1,346,558	2,196,874	4,054,429	201%
Certified Organic Acres (ND)	90,790	147,780	181,133	100%
ND Rank	5th	4th	5th	
ND % of Total US Organic Acres	6.74%	6.73%	4.47%	
US Total Certified Operations	5,021	8,035	8,493	69%
ND Certified Operations	NA	145	159	NA
Source: USDA, Economic Research Service, based on information from USDA-accredited state and private organic certifiers.				

Organic Processing in North Dakota

As of 2005, 29 companies in North Dakota were certified to process and/or handle organic products. These companies are diverse in size and market segment. From value-added products produced on a farm scale to large-scale milling of flour for export, these companies have significant economic impact in their communities, in the state, and for the producers growing certified organic commodities.

Aside from meat and milk, the fastest growing area of organic food sales is processed food, snacks and beverages. An even faster growing segment of consumer demand is organic non-food products such as pet food, supplements, personal care and cleaning products and textiles. The organic non-food sector totaled \$744 million in sales in 2005, up 32 percent from 2004.

Fifty-two percent of manufacturers surveyed by the Organic Trade Association reported that a lack of dependable supply of organic raw materials has restricted their company from generating more sales of organic products.

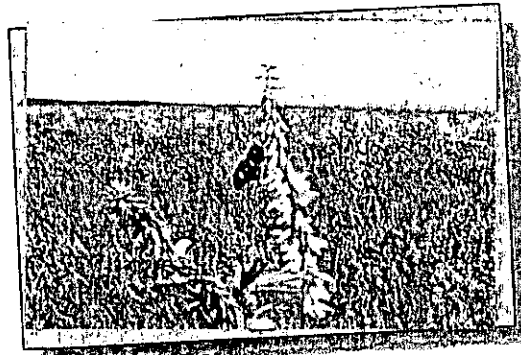


Economic Benefits

A growing body of research indicates lower costs and competitive returns on assets for organic operations when compared to similar sized conventional farms. Farm Business Management records in North Dakota include too few organic producers to provide statistically valid information. The numbers of participating farmers in Minnesota, however, are larger and confirm research findings.

Organic price premiums, while subject to the fluctuations of a young and developing market, have consistently remained at least 40 to 60 percent above conventional prices depending on the crop. These price premiums are projected to remain steady for the near future as demand for raw products currently exceeds supply.

Environmental and Health Benefits

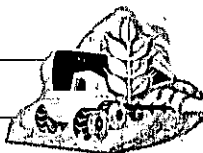


Long-term studies around the world are documenting the environmental benefits of growing food and fiber using organic methods. Environmental benefits include

- reduced chemical and energy use.
- increased organic matter.
- increased carbon sequestration.
- increased water holding capacity.
- reduced wind and water erosion.
- reduced nutrient runoff.

Organic foods are nutritious and safe. Scientific studies have shown that organic foods decrease consumption of pesticide residues. Research also indicates organic fruits and vegetables contain higher levels of several kinds of essential nutrients. Organic foods meet rigid organic certification standards in addition to being held to the same food safety standards as conventionally produced food.

North Dakota Organic Farming



<www.ndorganics.nd.gov>

Resources:

USDA Economic Research Service, <www.ers.usda.gov>

International Federation of Organic Agriculture Movements, *The World of Organic Agriculture: Statistics & Emerging Trends 2008*, <www.ifoam.org>

Organic Trade Association, <www.ota.com>

The Hartman Group, *The Many Faces of Organic 2008*, <www.hartman-group.com>

Mr. Chairman and members of the Committee:

My name is Brad Brummond and I am Chairman of the Organic Advisory Council, a 15 member board appointed by the Commissioner of Agriculture with the purpose of providing input to the Commissioner on organic policy and to promote organic agriculture in North Dakota.

Our Council has been very active, thanks in part to the \$30,000 that was appropriated last legislative session.

I know you are under tremendous time pressures today so with your permission I would like to give you a packet about organics in North Dakota as well as a list of some of the things we have accomplished with the Department. Highlights include:

- a website of organic information, including a database of organic farmers and processors in North Dakota and a classified ad section for certified products;
- co-sponsoring a variety of events with over 500 participants learning about organic agriculture; and
- a certified organic crop training program for County Extension agents.

Also included is an ambitious list of things that can and should be done to increase organic agriculture - both production and processing in the state.

This year Rep Dekrey and others introduced House Bill 1465 which would have provided \$225,000 to the ND Dept of Agriculture for a full time person plus operating money to move the industry forward. A copy of the job description is included in the packet of information. Unfortunately, the bill failed on a 44-47 vote with 3 absent. The 3 that were absent would have voted for the bill. My point is that there is significant support for this kind of program.

Our board would certainly like you to consider placing the provisions of HB 1465 into the Department of Agriculture's budget. Having someone in the Department of Agriculture that can devote some real time to these issues will help not only existing producers but those considering getting into organic farming. However, if you feel you can't do that, at least \$30,000 should be inserted to keep the momentum that we have developed and continue the work that we started.

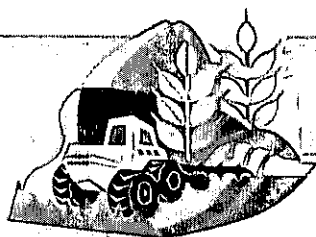
Organics is a growing industry. Companies like SK Foods, Roman Meal, SB&B, the State Mill and others are looking for more product as they can't keep up with the demand in the marketplace.

Working to get more producers into the business is difficult. Transitioning into organic farming is quite a leap if you have been a conventional farmer. As an organic producer it is also difficult to keep up with the latest trends and keep track of federal rules that are being considered.

Our Advisory Board has set up a strong agenda for the next few years and it will take resources to get those things done. The organic industry continues to grow and demand for products in the US and overseas continues to outstrip production providing a great opportunity for organic producers and processors.

Please take the time to review the packet of information to acquaint you with the industry and what can be accomplished if some resources are provided.

Brad Brummond, Chair
North Dakota Organic Advisory Board



North Dakota Department of Agriculture
Organic Advisory Board
January 2009

Roger Johnson
Commissioner of Agriculture

Brad Brummond, Chair
Park River, ND
Universities/NDSU Extension/2009

Britt Jacobson, Vice Chair
Valley City, ND
Organic Consumer/2010

Christina Dockter
Medina, ND
Certifier/2010

Chuck Gustafson
Dodge ND
West Region Producer/2010

Grayson Hoberg
Harvey, ND
Organic Trader or Processor/2009

Ernie Hoffert
Carrington, ND
Organic Trader or Processor/2010

Keith Kadrmas
Center, ND
Certifier/2009

Lowell Kaul
Harvey, ND
East Region Producer/2009

Kevin Kvamme
Kindred, ND
Organic Trader or Processor/2009

Anne Ongstad
Robinson ND
Livestock Producer/2010

Betsy Perkins
Grand Forks ND
Organic Foods Retailer/2010

David Podoll
Fullerton, ND
Specialty Crop Producer/2009

Kayla Pulvermacher (non-voting)
Jamestown ND
ND Farmers Union/2010

Dennis Schill
Hannah ND
Sust. Ag. Organization/2009

Scott Sinner
Casselton, ND
Organic Trader or Processor/2010

Activities and Progress Toward Goals

This table reflects North Dakota Department of Agriculture activity and progress on recommendations put forth in the December 2005 Status of Organic Agriculture in North Dakota

Recommendation	Activity Completed or In Progress	Proposed Future Activity
LEADERSHIP		
Development of an Organic Advisory Board.	•Organic Advisory Board, comprised of organic producers, processors, traders, certifiers, Extension, researchers, sustainable agriculture organizations, retailers and consumers est. June, 2006. Board meets quarterly. •Developed general Organic Advisory Board brochure, January 2008.	•Develop Memo of Understanding regarding organics with ND Dept. of Agriculture, NRCS, FSA, NDSU, NDSU Extension Service. •Review the Federal Register for proposed rule changes and have the Organic Advisory Board provide advice to the Commissioner on those matters.
Regularly update the <i>Status of Organic Agriculture in North Dakota</i> report.	•<i>Status of Organic Agriculture in North Dakota</i> being updated, January 2009.	•Continue to update Status of Organic Agriculture as new research and statistics become available
Participate in organic conferences and events within North Dakota.	•Minot Sustainable Ag meeting sponsored by the NDSU Extension Service, 2007. •Lake Region Roundup, 2007. •Booth at Marketplace of Ideas, 2008 •Booth at the Bismarck Ag Mixer in June, 2008. •Booth at Midwest Shippers Special Grains Conference in Bloomington MN in August, 2008. •Sponsored NPSAS Winter Conference and Summer Symposium and Farm Tour. •Attended Organic Tour of North Star farms in Carpio in August 2008 sponsored by FARRMS. •Attended KMOT Farm Show in Minot, Jan. 2009. •Attended ND Farm Bureau Convention and Expo, Nov. 2008.	•Ongoing participation and support in agricultural meetings, conferences, and field days.
Pursue strategic alliances with other states' departments of agriculture.	•Met with Meg Moynihan, MNDA. •Attended Midwest Organic and Sustainable Education Service (MOSES) conference, Feb. 2008 •Attended "Growing US Organic Agriculture: Accessing the 2008 Farm Bill, Chicago, Nov. 2008. Sponsored by the Organic Trade Association.	•Continue networking with other states' departments of agriculture.
EDUCATION & INFORMATION		
Promote education of agricultural professionals and producers about organics.	•Certified Organic Crop Training Program, Medina, May 21-22, 2007. •Cosponsored Organic Farm Tour in Tappen, ND, July, 2008. •Cosponsored Organic Soil Quality Field Days in cooperation with NDSU Carrington Research Station in Richardton, ND, July 2008, and in Medina, ND, Sept. 2008.	•Expand County Agent Education Program. •Provide stipends for organic producers to attend seminars that will help them understand and evaluate various marketing options for their products.
Promote educational opportunities for new and transitioning organic producers.	•Developed web site pages with information about transitioning to organic agricultural practices, certification requirements and links to other	•Develop a mentoring program for new organic producers.
Create Educational opportunities for processors regarding organic regulations.	•Links to relevant information included on web site <nd.organics.nd.gov>	•Convene an organic processors conference.
Help promote organic foods through consumer and retailer education.	•Developed <i>North Dakota Organic Farming</i> website <www.ndorganics.nd.gov>, June 2008.	•Expand information on website about ND retailers carrying organic products (2009). •Develop informational brochure for consumers and distribute in grocery stores throughout the state.

BUSINESS AND MARKET DEVELOPMENT

Create a program to fund working capital for organic producer groups and/or processors.

Help create a program to connect organic processors and producers.

- Developed *North Dakota Organic Farming* website <www.ndorganics.nd.gov>, June 2008, including an on-line directory of producers and processors.

- Continue efforts to get producers and processors listed in on-line directory.
- Maintain and update on-line directory.

Encourage farmers and producer groups to explore and pursue minor-use high-value crops and value-added business opportunities.

- Study feasibility of an organic livestock slaughtering plant.
- Assess current organic processing capacity for North Dakota grown organic products and identify major barriers to the expansion of organic production and processing in North Dakota.
- Work with the Central Dakota Livestock Feed Initiative to develop an organic livestock feed plant.

Help farmers and processors interested in value-added and organic processing to learn about the financial and business planning resources available to them in North Dakota.

- Increased numbers of organic producers enrolled in Farm Business Management program.
- Promoted use of scholarships available specifically for organic producers to participate in Farm Business Management through 2009.

- Continued promotion of Farm Business Management to organic and transitioning producers.
- Assist potential producers by providing information helpful to them to develop a farm plan and financial analysis for their operation.

RESEARCH

Promote and encourage research addressing the needs of organic producers.

- Red River Valley Ag Research Center Advisory Board Representative (D. Podoll).
- OAB serves as advisors to NDSU Dickinson Research Stations Organic program headed by Pat Carr

- Organic Farm Research Day, Dickinson Station, Tuesday July 14, 2009.

- Develop on farm demonstration plots for organics in cooperation with NDSU and MSU-Bottineau Center for Horticulture.
- Encourage farmer- initiated, farmer-directed on-farm research and in-field evaluation and demonstrations of organic management practices and model organic farms through participation in grant programs offered by USDA Sustainable Agriculture Research and Education Grant Program and Organic Farming Research Foundation.

Encourage and support research into minor-use, high-value crops.

- On Farm Organic Research Project (perhaps on vegetables)

TECHNICAL SUPPORT

Form collaborative relationships with the Economic Research Service (ERS) and ND Ag Statistics to help track organic statistics and industry information in the state of North Dakota.

- Continue to track North Dakota organic agriculture and industry statistics for the state of North Dakota by researching ERS data and other industry resources.

Develop a "Thinking about Organic" bulletin for conventional producers and processors interested in transitioning to organic production.

- Published information and resource links about transitioning to organic agriculture on *North Dakota Organic Farming* web site.

- Partner with NRCS to present seminars on transitioning from CRP

Provide assistance publicizing organic events and information through the media and the Department of Agriculture's web site.

- List upcoming organic events on Web site *Events* page.
- Sent out press releases about activities of the Organic Advisory Board including appointment of members, publishing web page,

- Update *Home* page to include a *Upcoming Events* menu.
- Develop an *Organic Minute* radio spot highlighting organic agriculture in ND.
- Declare an Organic Harvest Month.

Administer state and federal organic programs for organic agriculture.

- Provide access to maps of organic acres in ND to commercial spray applicators and local farmers.
- Administer the organic certification cost share program.

Organic Agriculture – Frequently Asked Questions:

Q: Why do you need a person in the Department of Agriculture? You've been doing a lot of this without someone.

A: The 2007 Legislature allocated \$30,000 for the past biennium for the work of the Organic Advisory Board. The Board has used the money wisely and effectively and has accomplished a great deal. North Dakota farmers were early adopters of organic agriculture and for many years led the nation in total number of organic acres and in the production of several crops. We are falling behind because other states have Department of Agriculture staff dedicated to the expansion and promotion of this growing agricultural sector.

Q: How many organic producers are there in North Dakota?

A: According to the latest USDA ERS statistics, there were 159 certified organic producers in North Dakota farming more than 181,000 acres.

Q: In light of the current economic slowdown, won't the sales of organic products, which tend to be more expensive than conventional alternatives, decrease?

A: According to the Nielsen Company, 52-week dollar sales of UPC-coded organics were up 21 % in 2008 vs. 2007. The four-week period ending October 4, 2008, showed a growth rate of 11.2% as compared to 27.1 % for the same four-week period the year before. This indicates a slowing growth in the face of a struggling economy. However, It should be noted that it is a slowing of GROWTH, not an across-the-board decline in sales.

Q: What is the price premium for organic commodities?

A: Historically, research (Streff and Dobbs, SDSU, 2005) indicates that corn has averaged a price that is 173% of conventional, soybeans 248%, spring wheat 173% and oats 178%.

The Rodale Institute's Organic Price Report, January 23, 2009, lists per bushel prices for organic wheat at \$20, corn at \$9, Soybeans at \$25 and Oats at \$5.50.

Q: Is there opportunity for market growth for organic commodities?

A: The Organic Trade Association's manufacturer surveys indicate the number one barrier to increasing sales of organic products is the lack of availability of raw commodities.

Q: If the demand is there and organic prices are so much higher than that for conventionally produced commodities, why don't more farmers convert to organic production?

A: Transitioning to organic agriculture involves risk, both perceived and real. Organic certification requires a three year transition period. There is little premium for transitional production and a producer needs to learn a new way of management, new ways to solve problems and find new markets. Certification requires additional record keeping. Information about organic farming methods is not always easy to find. The value of conventional crops in 2007 made the transition to certified organic production less attractive financially at least in the short term.

Q: Why not fund this work with a checkoff?

A: Organic farmers already pay existing checkoffs, yet because the industry is so diverse and comprises a small part of each commodity's total sales, little or no effort on behalf of the organic producers is likely. Adding an organic checkoff would add costs to producers, but would provide only a small amount of revenue needed for promoting the organic industry.



February 3, 2009

To Whom It May Concern:

RE: House Bill No. 1465

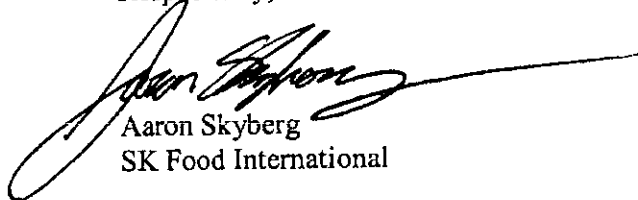
As you may be aware, SK Food International, Inc. is a reputable import/export trading company and domestic bulk ingredient supplier. We supply a full line of Premium Quality Ingredients including Identity Preserved: Certified Organic and Conventional Non-GMO dry edible beans, grains, seeds, soybeans, brans/germs/fibers, flours/meals, vegetable oils, vinegars, sweeteners, rice products, split/dehulled soybeans and instant powders/flakes.

We have seen an ongoing annual increase in demand for organic products, however the raw products are not keeping up with the demand. SK Food International purchases organic beans, grains and seeds from North Dakota and sells them worldwide. In fact, as of 2005 North Dakota was number two in the United States for organic cropland acres.

We believe North Dakota needs a resource that will allocate 100% of its time and funds to promoting and growing the organic industry within North Dakota. SK Food International proudly supports this bill.

Thank you for your consideration.

Respectfully,



Aaron Skyberg
SK Food International

4666 AMBER VALLEY PARKWAY, FARGO, NORTH DAKOTA 58104 USA

PHONE: 701.356.4106 WEBSITE: WWW.SKFOOD.COM E-MAIL: SKFOOD@SKFOOD.COM FAX: 701.356.4102



100 10th Street North
Breckenridge, MN 56520

Phone # 218-643-1797 / Fax # 218-643-1792

Date: February 4, 2009

To: Sixty-first Legislative Assembly of North Dakota
Re: ND Bill 1465

Richland Organics would like express its support for ND Bill 465 to help defray the expenses of expanding organic food and grain production in the state.

Over the past 10 years, Richland has seen a significant increase in the U.S. organic food consumption and North Dakota plays a significant role in supplying the organic food chain. It is my belief that this trend will continue and the ND organic industry provides important value-added opportunities to both producers and processors alike.

Continued support and expansion of this industry can and does provide valuable and real economic returns to our rural ag infrastructure.

The support of the ND legislation body can benefit this industry and its effort.

Sincerely,
Rick Brandenburger
President-Richland Organics, Breckenridge MN/Dwight ND



A healthy products company
oil and grains group

Sunrich: a SunOpta Company • PO Box 128 • 3824 SW 93rd Street • Hope, MN 55122
Tel: 800-297-5997 or 507-451-6030 • Fax: 507-451-8201

Earthwise Processors: a SunOpta Company • 4111 30th Avenue South • Moorhead, MN 56560
Tel: 218-287-5510 • Fax: 218-287-5499

Date; February 3, 2009

RE; A BILL for an Act providing an appropriation to the agriculture commissioner for defraying the expenses of expanding organic food production and processing in the state.

To; Sixty-first Legislative Assembly of North Dakota

Sunopta would like to express it's support for North Dakota Bill 1465.

Organic production and processing has been a value added market that has been supported by your neighboring states. It is one of the areas of agriculture that has seen a steady retail growth over the past 20 years.

It is our opinion that North Dakota's legislative support would benefit North Dakota and the regional organic industry, adding jobs, value added markets and opportunities for this regions producers.

Sincerely,
Curt Petrich
Manager of SunOpta's Northern Grains Division

Testimony of Christina Dockter
Senior Executive Partner
International Certification Services, Inc
On
House Bill 1465

I'm testifying in support of Bill 1465. International Certification Services, Inc. has been in business for 30 years and is the only North Dakota based organic certification agency. From a certification agency's standpoint, we have experienced a consistent growth in both producers and processors. Within this overall growth we are also experiencing a decline in the base of North Dakota certifications. The overall certified growers in North Dakota stands at 145 and processors at 35.

We continue to see growth from states that have a dedicated staff or department for promotion of organic agriculture. Not only is North Dakota falling behind in certified operations, it is also falling behind in certified acres, whereas we used to lead the nation in total certified organic acres.

I think there is great opportunity for North Dakota producers and communities to benefit from this growing agricultural sector and we need to be able to promote it. As an accredited certifier, we are not allowed to provide education but by creating this organic position in the North Dakota Department of Agriculture, this education and promotion can be handled without conflict of interest.

As organic is still a growing segment of agriculture, I think North Dakota producers and processors are missing out on a great opportunity. With a dedicated organic staff person in the Department of Agriculture to help promote organic, North Dakota could once again rise to the top of certified entities and acres.

Thank you for your time and consideration of this bill.

Proposed

Job Description – Organic Marketing Specialist Position

North Dakota Department of Agriculture

Responsibility #1:

Determine the status, needs, opportunities, and issues of the organic sector, compile and analyze data, and make recommendations to support organic producers and increase the profitability and competitiveness of organic agriculture in North Dakota.

Tasks:

1. Design, administer, and analyze surveys of producers and support services and organizations in order to determine the status, research, policy, financial needs, and opportunities for expanding production of organic crops and livestock.
2. Collect organic producer, acreage, and production statistics from other reliable sources.
3. Consult and collaborate with University, state and federal agencies, extension, certifiers and farmer organizations to identify opportunities for this sector.
4. Staff the Organic Advisory Board, working with the chairperson to develop agendas that address timely issues and opportunities and formulate recommendations for agency actions.
5. Analyze data collected through surveys, consultations, literature reviews, and interactions with organic producers and processors.
6. Communicate results of research and analysis to client groups.
7. Write reports with recommendations for policies, actions, and programs that promote and support organic agriculture.

Responsibility #2:

Develop and deliver outreach, education, and training programs and tools to support organic and diversification opportunities.

Tasks:

1. In consultation with supervisor and the Commissioner of Agriculture develop and deliver programming, activities and services based on analysis of survey results, advice/input from the Advisory Board and other partners.
2. Collaborate with partners to identify resources and to develop and deliver agency programs and services.
3. Write grant applications to seek funding for education, training, and financial assistance programs that will support the work of agricultural producers and advisors.
4. Assist client groups and partners on their activities and events by serving on planning committees and project teams.

5. Serve as the agency's contact on organic production, certification, federal standards and rules. Provide production and profitability information in the area of organics and crop and livestock diversification and as a connection to other sources of sound and reliable production, and processing information.
6. Provide information and technical assistance to farmers and other agricultural professionals through press releases, exhibits, workshops, presentations, websites, etc.
7. Evaluate effectiveness of publications, promotion, activities, and technical assistance.
8. Manage program and grant project budgets including writing contracts, providing contract oversight, preparing reports, and modifying grant project work plans when necessary.

Responsibility #3:

Provide leadership for the State on organic and diversification policy, and serve as the agency liaison with federal agencies to promote organic agriculture.

1. Liaise with the USDA National Organic Program. Serve as agency expert on federal organic standards, rules, and policy.
2. Provide coordination for interagency Memorandum of Understandings on Organic Agriculture that are developed.
3. Cultivate regional and national contacts and partnerships in program areas including serving as liaison to Northern Plains Sustainable Agriculture Society (NPSAS) and Midwest Organic Sustainable Education Service (MOSES). Create opportunities to share North Dakota experiences and successes with other state, regional, and national agriculture groups.
4. Serve on national organic committees (e.g. National Association of State Organic Programs) to influence policy and increase state's awareness of related program activities in other states.
5. Analyze state and federal legislation and laws to determine impact on North Dakota organic industry and diversification efforts.
6. Testify regarding organic industry needs and status, and provide recommendations as requested by administrators and legislators.
7. Advise supervisor and Commissioner on statutory and rule changes required by implementation of federal rule. Prepare legislation under direction of supervisor. Provide staff support for rulemaking as necessary.

Responsibility #4:

Administer the organic certification cost share program so that available funds are provided to clientele.

Tasks:

1. Work with USDA National Organic Program administrator to acquire federal funds as available. Manage state cost share funds.

2. Design procedures for application, review, and processing of cost share requests including creating documents and records that meet state and federal standards and requirements.
3. Advertise availability of funds and application process to eligible producers and processors, as appropriate.
4. Process claims with the assistance of clerical staff including receiving applications, checking completeness, verifying eligibility, corresponding with applicants and certifiers, and forwarding claims to Accounting Division.
5. Maintain records for applications and database of applicant demographics.
6. Report to federal program administrator about activity and effectiveness of program

Responsibility #5:

Improve personal performance and effectiveness through continuing professional development activities.

Tasks:

1. Attend department and division training and development sessions to improve computer skills, project management, or other skills. With supervisor, locate individualized training where needed.
2. Prepare an annual partnership agreement listing planned outcomes and time lines in consultation with supervisor. Meet quarterly to assess progress.
3. Prepare Statements of Work (SOWs) for new projects and for projects that involve other staff within the Department
4. Participate in an annual performance review with supervisor. Review position description for accuracy at this time.

NORTH DAKOTA AGRICULTURE 2008



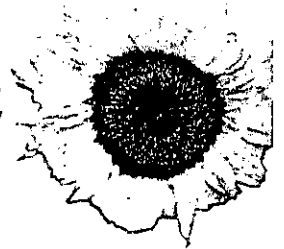
NORTH DAKOTA AGRICULTURE 2008

No other industry or activity plays a greater or more vital role in the life of North Dakota than agriculture. Nearly one fourth of our economic base is from agriculture. Almost 90 percent of North Dakota's land area is in farm and grazing land.

Today, North Dakota agriculture is a multi-billion dollar industry. In 2006, North Dakota generated more than \$4 billion in agricultural cash receipts. In 2007, the projected value of crop production alone jumped to more than \$6 billion. Some 30,000 family farmers and ranchers supply the nation and the world with vast amounts of food, feed, fiber and fuel. Our producers are number one in the nation in 16 important commodity categories, including spring wheat, durum, barley, canola and various pulse crops.

This is not a simple task. Volatile markets, unpredictable weather, the vagaries of federal farm policy are just some of the long-term challenges facing our producers. More recent worries include environmental concerns, changing consumer demands and rapidly rising costs for fuel, equipment, labor and land.

While there are challenges, agriculture also offers tremendous opportunities. The demands of the growing renewable energy industry are likely to increase, providing a huge market for corn, canola and soybeans. The same industry also gives producers and others the opportunity to invest and partner in ethanol and biodiesel production plants. Cellulosic ethanol technology is becoming closer to reality, promising manifold growth in agriculture.



NORTH DAKOTA PROFILE

Population:	636,677
Urban population:	47%
Rural population:	53%
Land area:	44.1 million acres
Land in farms:	39.4 million acres
Number of farms:	30,100
Average farm size:	1,309 acres
Number of counties:	53



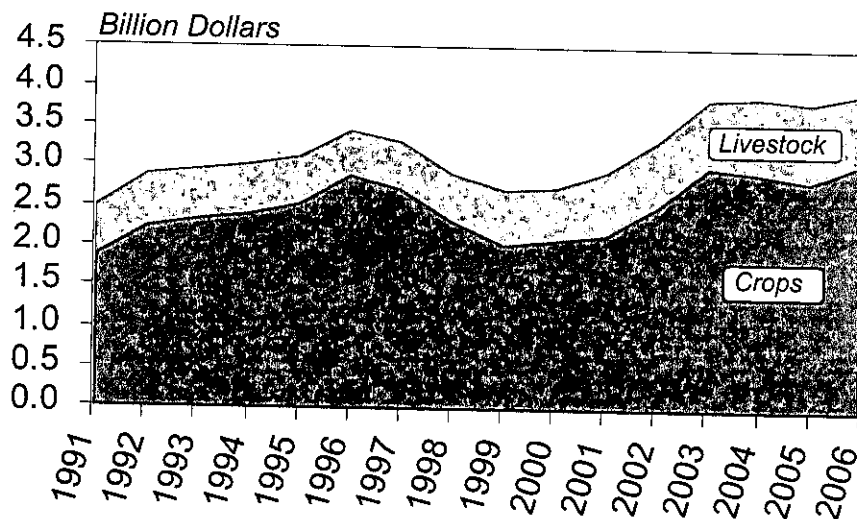
TOP COMMODITIES

Commodity	Value in (1000 dollars)	Percent of Value
Wheat	1,060,372	26.6
Cattle and Calves	726,132	18.2
Soybeans	588,176	14.8
Corn	269,708	6.8
Sugarbeets	224,746	5.6
Sunflower	189,019	4.7
Canola	145,948	3.7
Potatoes	137,370	3.5
Dry Edible Beans	135,483	3.4
Barley	110,203	2.8
Flaxseed	73,393	1.8
Milk	57,375	1.4
Hay	55,914	1.4
Dry Edible Peas	42,076	1.1
Hogs	41,269	1.0
Other Crops	25,455	0.6
Honey	23,310	0.6
Other Livestock	23,120	0.6

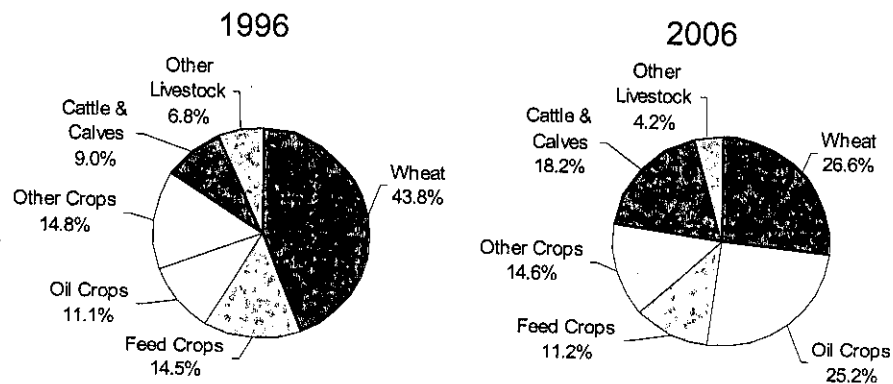


CASH RECEIPTS

**Cash Receipts
North Dakota, 1991-2006**



**Cash Receipts
North Dakota**



AGRICULTURE IS OUR LEADING INDUSTRY

- North Dakota production agriculture generated more than \$4.4 billion in total cash receipts in 2006 (including government payments).
- The projected crop production in 2007 was valued at \$6.46 billion—an increase of 75 percent over 2006. This figure does not include sugarbeet or livestock production.
- Production agriculture is the largest sector of North Dakota's economy, making up 25 percent of the economic base.
- Nearly 24 percent of North Dakota workers are farmers and ranchers or are employed in farm-related jobs.
- Value-added ag processing and farm input manufacturing generates \$1.7 billion in business activity per year.
- North Dakota crop land would cover more than 12 million city blocks.
- North Dakota farms provide food and habitat for 75 percent of the state's wildlife.



Photo by Ronald F. Fischer.

ND LEADS THE NATION IN THE PRODUCTION OF THESE COMMODITIES

2007	Percent of the U.S.	2007	Percent of the U.S.
<u>First</u>		<u>Third</u>	
Flaxseed	94%	Sugarbeets	18%
Canola	91%		
Dry Edible Peas	65%	<u>Fourth</u>	
Pinto Beans	65%	Potatoes	5%
Durum Wheat	61%		
Oil-Sunflower	52%	<u>Ninth</u>	
All Sunflower	52%	Alfalfa	5%
Non-Oil-Sunflower	52%	Soybeans	4%
Spring Wheat	49%		
Navy Beans	42%	<u>Tenth</u>	
All Dry Edible Beans	42%	All Hay	3%
Lentils	39%		
Barley	37%	<u>Thirteenth</u>	
Honey	21%	Corn for Grain	2%
Oats	17%		
All Wheat	15%		

Did you know?

- It takes a combine 9 seconds to harvest enough wheat to make 70 loaves of bread.
- A pig can run a 7-minute mile.
- An ear of corn contains approximately 600 kernels.

AGRICULTURE IS A PART OF YOUR LIFE

We use many products that are made from plant and animal by-products in our daily lives:

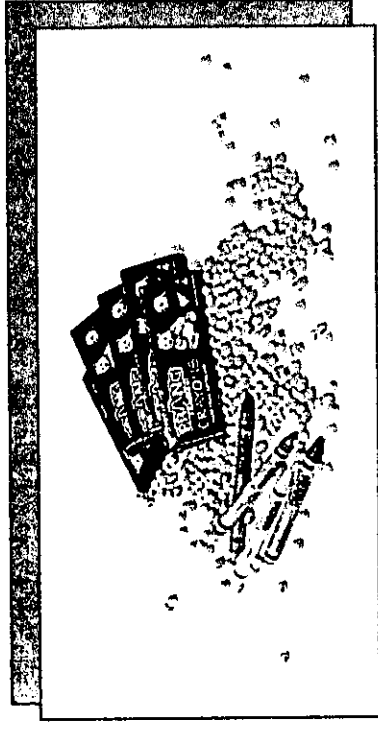
- **Healthcare:** pharmaceuticals, surgical sutures, ointments, latex gloves, x-ray film, gelatin for capsules and heart valves.
- **Construction:** lumber, paints, brushes, tar paper, dry wall and tool handles.
- **Transportation:** fuel, lubricants, antifreeze, tires and upholstery.
- **Manufacturing:** adhesives, solvents and detergents.
- **Printing:** paper, ink and film.
- **Personal care products:** shampoo, cosmetics, lotions,



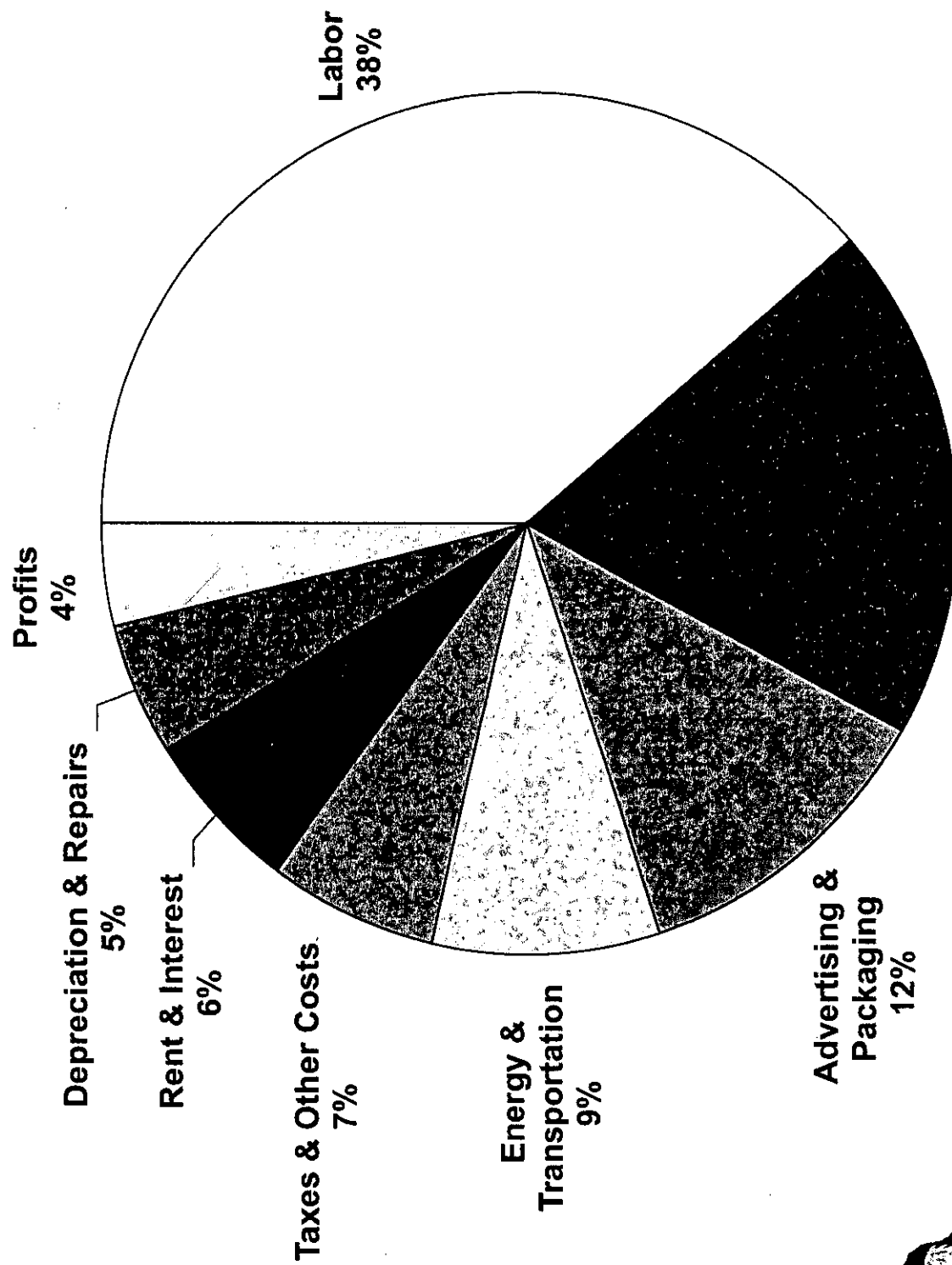
DID YOU KNOW?

North Dakota farmers and ranchers annually produce enough:

- **Wheat** for 14.8 billion loaves of bread.
- **Soybeans** to make 219 billion crayons.
- **Potatoes** for 178 million servings of french fries.
- **Durum** for 8.7 billion servings of spaghetti.
- **Sunflowers** to fill 813 million bags of sunflower seeds.
- **Beef** for 108 million hamburgers.
- **Wool** for 461,000 sweaters.
- **Milk** to fill 950 million glasses.
- **Pork** for 5.4 million pork chops.



WHERE DOES YOUR FOOD DOLLAR GO?



NORTH DAKOTA'S TOP AGRICULTURAL EXPORTS

Product	Value in Millions
1. Wheat and products	\$699
2. Soybeans and products	\$312
3. Other*	\$274
4. Vegetables and preparations	\$207
5. Feed grains and products	\$150

*Category includes sunflower seed and oil, canola, flax and sugar



RENEWABLE ENERGY &



North Dakota has a proud heritage as a generator and producer of many forms of energy. The development of renewable energy — including wind, biomass and biofuels — has been growing in recent years. North Dakota is now home to six biofuel production facilities, with more on the way.

Biodiesel is an alternative fuel produced from renewable resources, such as soybeans and canola. The biodiesel industry is beginning to take hold, with a canola-based biodiesel facility at Velva with a production capacity of 85 million gallons per year. Two other smaller facilities operate in the state.

Corn-based **ethanol** is also a burgeoning industry in North Dakota. Ethanol plants in operation have a current production capacity of 123 million gallons of ethanol per



NORTH DAKOTA AGRICULTURE

Research is underway world-wide on the production of **cellulosic ethanol** from a variety of feedstocks. Cellulose (or lignocellulose) is a structural material in plant walls. Switchgrass and other perennial grasses, along with crop aftermath and forestry products, are all examples of cellulose materials that are undergoing research for the production of ethanol.

A 1999 study conducted by Oak Ridge National Laboratory concluded that North Dakota ranks first in the nation in the potential to produce perennial dedicated energy crops.



Photo Courtesy of Blue Flint Ethanol.

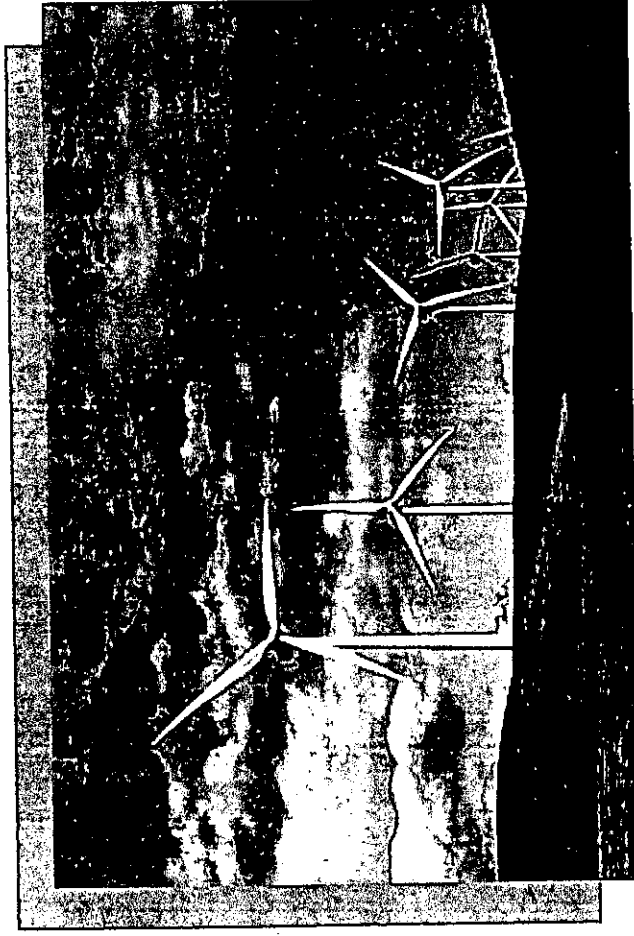
The production process for biofuels yields more than just ethanol or biodiesel — it also yields **high quality co-products** that can be fed to livestock or converted to other products.

In the ethanol industry alone, North Dakota produces 437,000 tons of DDGs (dried distillers grains) annually.

Projected DDG production from additional ethanol plants under consideration could



WIND ENERGY & NORTH DAKOTA



- North Dakota leads the nation in utility scale wind resource development potential.
- According to the American Wind Energy Association, nearly 350 MW of wind capacity has been installed in North Dakota with several more projects in the planning or construction phases.
- Nearly 250 wind towers have been erected in North Dakota, with major projects in operation in six North Dakota counties.

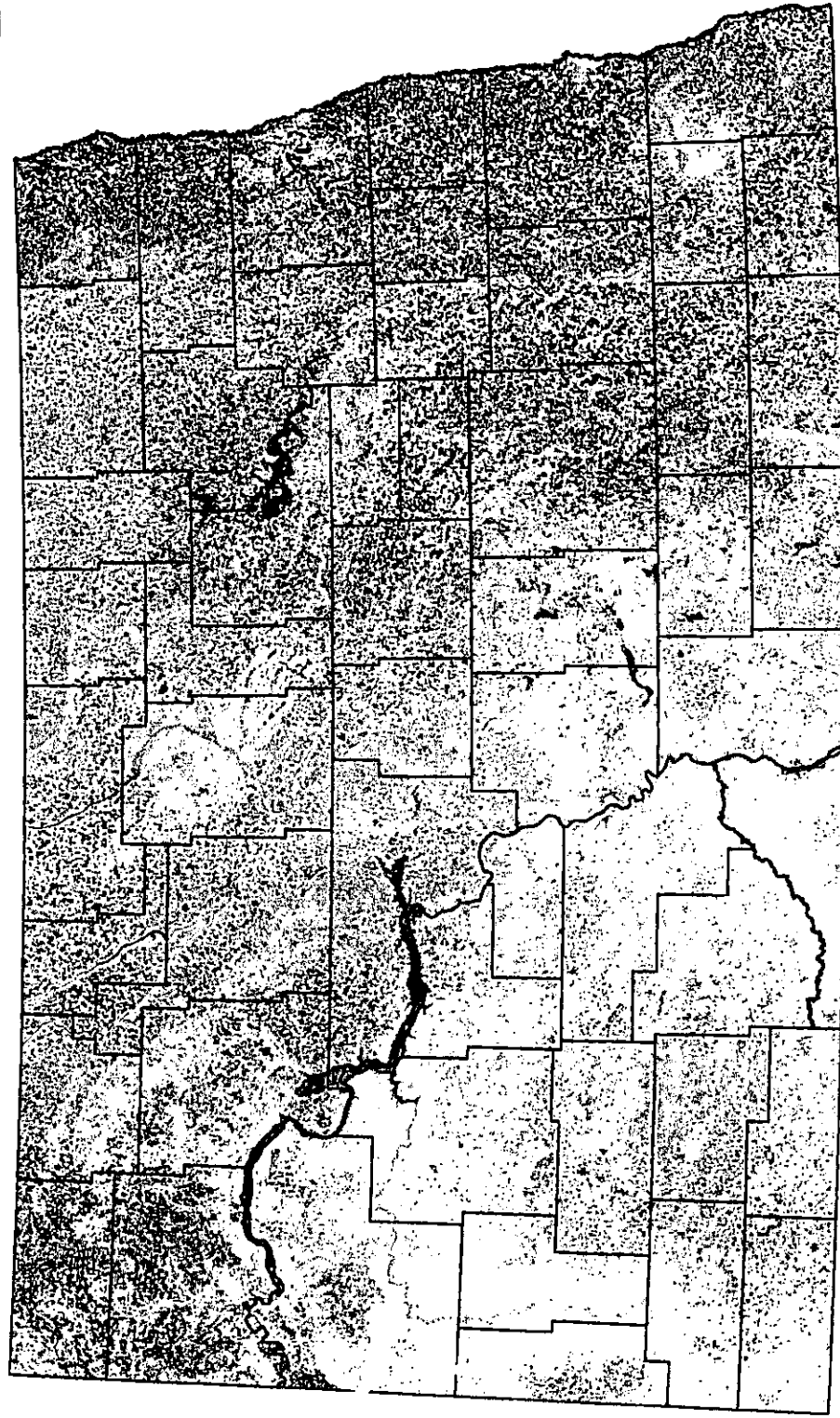
- Based on a study conducted by North Dakota State University, 1,000 MW of turbine capacity generates more than \$2 million annually to landowners.



NORTH DAKOTA'S PRODUCTIVE LANDSCAPE



North Dakota 2007 Cropland Data Layer



Land Cover Categories