

FISCAL NOTE
Requested by Legislative Council
01/13/2009

Bill/Resolution No.: HB 1402

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				\$1,512,000		\$1,512,000
Expenditures				\$1,427,000		\$1,427,000
Appropriations						

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

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).*

HB1402 provides for reinstatement of the North Dakota Wheat Commission wheat checkoff promotion fee at the current 1.5 cents (15 mills) per bushel rate on July 1, 2009. Without this measure the wheat checkoff would decline to 1.2 cents (12 mills) per bushel, effective June 30, 2009.

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.*

This bill provides for the retention of the current 1.5 cents (15 mills) per bushel checkoff (levy) on all wheat sold in the state of North Dakota. All funds of the North Dakota Wheat Commission (NDWC) are special funds generated by the checkoff and are non-appropriated, with continuing appropriation authority granted under NDCC 4-28-08. The NDWC checkoff promotion fee, which is assessed at the first point of sale, is the Commission's only source of funding and is used to support the NDWC mission and programs, which aid in the development and marketing of all classes of North Dakota wheat by expanding markets and marketing opportunities through the Commission's time-proven promotion, research and education programs. Based on the current checkoff rate of 1.5 cents (15 mills) per bushel, the NDWC program has the potential to generate \$8,190,000 in gross revenue per biennium, using a 5-year average North Dakota wheat crop of 285 million bushels, less on-farm seed and feed use. However, a sunset provision on 3 tenths of a cent (3 mills) of the current checkoff rate is scheduled to take effect on June 30, 2009, which will reduce the checkoff rate to 1.2 cents (12 mills) per bushel and reduce NDWC gross revenue potential accordingly, to \$6,550,000 for the upcoming 2009-2011 biennium and beyond. This bill would reinstate the NDWC checkoff rate to the current 1.5 cents (15 mills) per bushel rate on July 1, 2009, and restore gross revenue potential to \$8,190,000 per biennium, a difference of \$1,640,000 in estimated gross revenue per biennium.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Net revenues of the North Dakota Wheat Commission (NDWC) with the 1.5 cents (15 mills) rate reinstated, are estimated at \$7,461,800 after producer refunds are deducted and adjustments for interest and miscellaneous income estimates are considered. Without reinstatement of 1.5 cents checkoff authority included in provisions of this bill the NDWC net revenue estimate would decline to \$5,949,800 due to the effect of the sunset provision on June 30, 2009, a reduction of \$1,512,000 in net revenue for the upcoming biennium. HB 1402 would reinstate the potential of \$1,512,000 in net revenue and allow the NDWC to enhance its commitment to time-proven wheat research efforts with goals of increasing wheat yields, quality and producer incomes. At the same time this proposal will allow the

NDWC to maintain its other important core programs of export market development, domestic policy development support, domestic promotion and public information and outreach, provide for administrative and operating expenses, and maintain sufficient reserves to ensure a sound financial future for the NDWC, and still allow the Commission to address other important wheat industry issues and challenges as needed.

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 associated with this measure would allow for expansion of the NDWC's time-proven wheat research and development programs by an estimated \$1,427,000 biennium. The additional research efforts would be focused primarily on increased wheat yields, improved disease resistance and quality with expected outcomes of increased producer incomes and greater customer satisfaction. HB 1402 would reinstate the NDWC's full existing checkoff authority to accomplish these goals.

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.*

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