

COMMISSIONER  
DOUG GOEHRING



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**NORTH DAKOTA**  
**DEPARTMENT OF AGRICULTURE**  
STATE CAPITOL  
600 E. BOULEVARD AVE. – DEPT. 602  
BISMARCK, ND 58505-0020

**Testimony of Doug Goehring**  
**Agriculture Commissioner**  
**North Dakota Department of Agriculture**  
**House Bill 1475**  
**Senate Agriculture Committee**  
**March 12, 2021**

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Chairman Luick and members of the Senate Agriculture Committee, I am Agriculture Commissioner Doug Goehring and I am here in support of HB 1475 as amended.

HB 1475 as amended creates the Agriculture Diversification and Development (ADD) Fund in chapter 4.1-01.1 of the North Dakota Century Code. The ADD fund will be utilized for loans through the Bank of North Dakota and grants administered by the Agriculture Commissioner through the Agricultural Products Utilization Commission.

The loan portion of the program includes an interest buydown for eligible value-added agriculture businesses. The interest buydown would follow a similar schedule as other buydown programs that include zero percent interest for the first three years of the loan, one percent interest for the next two years, and an interest rate equal to a standard BND loan for all subsequent years.

The grant fund portion would not be added to APUC funding, but APUC is a good fit for the administration of this new fund because the nine member commission is made up of people from a variety of backgrounds including agriculture, agribusiness, Department of Commerce, and our land grant university.

The ADD grants will provide incentives for value-added agriculture development in ways that APUC does not. The ADD grants would be available for supporting workforce training and development activities as well as for offsetting onsite infrastructure such as completing the last mile of pipe to connect to rural water, finishing an approach, or putting in fire suppression systems.

APUC has an existing structure and process for reviewing project proposals and determining merit based funding with built-in program accountability. The Agriculture Diversification and Development Fund grant program is a natural fit with the types of proposals APUC already handles without duplicating efforts through the creation of another committee.

Chairman Luick and committee members, thank you for your consideration of HB 1475 as amended. I will stand for any questions.

## PROPOSED AMENDMENT TO REENGROSSED HOUSE BILL NO. 1475

Page 1, line 1, after "A BILL", replace all that follows with:

"for an Act to create and enact two new sections to chapter 4.1-01.1 of the North Dakota Century Code, relating to an agriculture diversification and development fund; to provide an appropriation; to provide a continuing appropriation; and to provide for transfers.

### **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1.** A new section to chapter 4.1-01.1 of the North Dakota Century Code is created and enacted as follows:

#### **Agriculture diversification and development fund – Continuing appropriation.**

1. There is created in the state treasury the agriculture diversification and development loan fund. The fund consists of all moneys transferred to the fund by the legislative assembly, interest upon moneys in the fund, and payments of interest and principal on loans made from the fund. Moneys in the fund are appropriated on a continuing basis for loan disbursements and administrative costs pursuant to this section by the Bank of North Dakota. Of the moneys transferred to the fund by the legislative assembly, fifty percent shall be appropriated to the agriculture commissioner for disbursement of grants.

#### **Agriculture diversification and development fund loan program**

1. The Bank may issue loans from the fund to support new or expanding value-added agriculture businesses which demonstrate financial feasibility, enhance profitability for farmers and ranchers, create jobs, and grow the state's economy. Value-added agriculture businesses include food production or processing facilities; feed or pet food processing facilities; commodity processing facilities; agriculture product manufacturers; and animal agriculture production facilities, including swine, poultry, and feed lot production facilities.
2. The Bank shall review the business plan, financial statements, and other information necessary for the Bank to determine which applications will be approved by the Bank for final loan approval. The terms of the loan must include:
  - a. Zero percent interest for the first three years of the loan;
  - b. One percent interest for the next two years of the loan; and
  - c. An interest rate equal to a standard Bank of North Dakota loan for all subsequent years.
3. To be eligible for a loan under this chapter, an entity shall agree to provide the Bank of North Dakota with information as requested by the Bank.

**SECTION 2.** A new section to chapter 4.1-01.1 of the North Dakota Century Code is created and enacted as follows:

#### **Agriculture diversification and development fund grant program**



1. The commissioner shall administer the agriculture diversification and development fund grant program through the agricultural products utilization commission. Grant funding shall support new or expanding value-added agriculture businesses which demonstrate financial feasibility, enhance profitability for farmers and ranchers, create jobs, and grow the state's economy. Grant funding may be used to purchase equipment, to support workforce training and development, and for onsite infrastructure. Value-added agriculture businesses include food production or processing facilities; feed or pet food processing facilities; commodity processing facilities; agriculture product manufacturers; and animal agriculture production facilities, including swine, poultry, and feed lot production facilities.
2. The agricultural products utilization commission shall develop guidelines for the grants, including eligibility criteria and reporting requirements. The guidelines must include priority for businesses with a majority of the ownership comprised of North Dakota residents. The agricultural products utilization commission shall review grant applications and make funding recommendations to the commissioner.

**Agriculture diversification and development fund grants program – Access to records**

1. To the extent the agricultural products utilization commission determines the materials or data provided under section 1 of this Act consist of trade secrets or commercial, financial, or proprietary information of individuals or entities applying for grants with the commission, materials and data submitted to, made by, or received by the commission, are not public records subject to section 44-04-18 and section 6 article XI of the Constitution of North Dakota, and are subject to section 44-04-18.4.
2. A person may file a request with the commission to have material designated as confidential under subsection 1. The request must contain any information required by the commission and must include at least the following:
  - a. A general description of the nature of the information sought to be protected.
  - b. An explanation of why the information derives independent economic value, actual or potential, from not being generally known to other persons,
  - c. An explanation of why the information is not readily ascertainable by proper means of other persons,
  - d. A general description of any person that may obtain economic value from disclosure or use of the information, and how the person may obtain this value,
  - e. A description of the efforts used to maintain the secrecy of the information
3. Any request under subsection 2 is confidential. The commission shall examine the request and determine whether the information is relevant to the matter at

hand and is a trade secret under the definition in section 47-25.01-01 or 44-04-18.4. if the commission determines the information is either not relevant or not a trade secret, the commission shall notify the requester and the requester may ask for the return of the information and the request within ten days of the notice. If no return is sought, the information and request are public record.

4. The names or identities of independent technical reviewers on a project or program are confidential, may not be disclosed by the commission, and are not public records subject to section 44-04-18 or section 6 of article XI of the Constitution of North Dakota.

### **SECTION 3. APPROPRIATION – TRANSFER TO AGRICULTURE DIVERSIFICATION AND DEVELOPMENT FUND.**

There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$20,000,000, or so much of the sum as may be necessary, to the agriculture diversification and development fund during the biennium beginning July 1, 2021, and ending June 30, 2023.”



### THIRD ENGROSSMENT

Sixty-seventh  
Legislative Assembly  
of North Dakota

### REENGROSSED HOUSE BILL NO. 1475

Introduced by

Representatives Satrom, Hagert, Kempenich, Kiefert, Mitskog, Ostlie  
Senators Conley, Wanzek

A BILL for an Act to create and enact two new sections to chapter 4.1-01.1 of the North Dakota Century Code, relating to an agriculture diversification and development fund; to provide an appropriation; to provide a continuing appropriation; and to provide for transfers.

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#### **Agriculture diversification and development loan program**

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