

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1276

Page 1, line 1, after "Act" insert "to amend and reenact section 4.1-01.1-07 of the North Dakota Century Code, relating to the agriculture diversification and development fund;"

Page 1, after line 3, insert:

**"SECTION 1. AMENDMENT.** Section 4.1-01.1-07 of the North Dakota Century Code is amended and reenacted as follows:

**4.1-01.1-07. Agriculture diversification and development fund - Continuing appropriation.**

1. There is created in the state treasury the agriculture diversification and development 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 to the Bank of North Dakota on a continuing basis for loan disbursements, ~~grants~~, and administrative costs pursuant to this section. ~~No more than twenty-five percent of the fund may be utilized for grants in a biennium, and moneys in the fund are appropriated to the agriculture commissioner on a continuing basis for grants pursuant to this section. The agricultural diversification and development committee shall designate the amount available from the fund for loans and grants.~~
2. Loans, interest rate buydowns, or grants under subsections 3 and 4 may be issued from the fund to support new or expanding value-added agriculture businesses that demonstrate financial feasibility, enhance profitability for farmers and ranchers, create jobs, and grow the state's economy. Grants under subsection 5 may be issued from the fund for infrastructure improvements necessary for the development or expansion of new or existing value-added agriculture businesses. 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, dairy, and feed lot production facilities.
3. The Bank of North Dakota shall develop policies for loans from the fund in consultation with the agricultural diversification and development committee. The Bank shall review loan applications. To be eligible for a loan under this section, an entity shall agree to provide the Bank with information as requested. The Bank may develop policies for loan participation with local financial institutions. The Bank shall deposit in the fund all principal and interest paid on the outstanding loans. The Bank may use a portion of the interest paid as a servicing fee to pay for administrative costs, which may not exceed one-half of one percent of the amount of the outstanding loans. ~~The Bank shall contract with a certified public accounting firm to audit the fund if the fund has any loans. The fund must be audited annually pursuant to section 6-09-29, and the cost of the audit must be paid from the fund.~~

4. The agricultural diversification and development committee shall develop policies for grants from the fund to support new or expanding value-added agriculture businesses, including eligibility criteria, maximum grant amounts, and reporting requirements. Based on recommendations from the agricultural diversification and development committee, the agriculture commissioner shall distribute the grant funding.
  
5. The agricultural diversification and development committee shall develop policies for grants from the fund to political subdivisions, individuals, or organizations for infrastructure improvements necessary for the development or expansion of new or existing value-added agriculture businesses, including eligibility criteria and reporting requirements. Grants to political subdivisions are limited to one million two hundred fifty thousand dollars per project and may not exceed eighty percent of the infrastructure improvement costs. Grants to individuals or organizations are limited to three hundred fifty thousand dollars and may not exceed eighty percent of the infrastructure improvement costs. Eligible uses of grant funding include water and sewer line improvements and electrical and gas supply improvements. Grant funding may not be used for routine maintenance or operating costs. Based on recommendations from the agricultural diversification and development committee, the agriculture commissioner shall distribute the grant funding."

Page 1, line 6, replace "\$50,000,000" with "\$30,000,000"

Page 1, line 8, after the period insert "Of the \$30,000,000, up to \$10,000,000 is available for grants to political subdivisions."

Renumber accordingly

#### **STATEMENT OF PURPOSE OF AMENDMENT:**

This amendment:

- Decreases the amount transferred from the general fund to the agriculture diversification and development fund by \$20 million, from \$50 million to \$30 million.
- Authorizes the Agriculture Commissioner to provide grants from the fund, including grants to political subdivisions for infrastructure necessary for the development or expansion of a value-added agriculture facility.
- Requires the Agriculture Diversification and Development Committee to develop grant guidelines and to make grant recommendations.