

**FIRST ENGROSSMENT
with Senate Amendments
ENGROSSED HOUSE BILL NO. 1276**

Introduced by

Representatives Satrom, Brandenburg, Grueneich, Hagert, Headland, Kempenich, Kiefert,
Ostlie, Thomas

Senators Conley, Luick, Wanzek

1 A BILL for an Act to create and enact a new section to chapter 4.1-01 of the North Dakota
2 Century Code, relating to the agriculture infrastructure grant program; to amend and reenact
3 section 4.1-01.1-07 of the North Dakota Century Code, relating to the agriculture diversification
4 and development fund; to provide an appropriation for the agriculture diversification and
5 development fund; and to provide for a transfer.

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

7 **SECTION 1.** A new section to chapter 4.1-01 of the North Dakota Century Code is created
8 and enacted as follows:

9 **Agriculture infrastructure grant program.**

- 10 1. The agriculture commission, in consultation with the director of the department of
11 transportation, shall develop policies to administer the agriculture infrastructure grant
12 program to include a grant application process and eligibility criteria.
- 13 2. The agriculture commissioner, in consultation with the director of the department of
14 transportation, shall award grants to political subdivisions for road and bridge
15 improvements necessary to accommodate value-added agriculture businesses. Grant
16 funding under this subsection may be used for:
- 17 a. Corridor improvements on county and township roadways; and
18 b. Improvements to roads or bridges that provided access to value-added
19 agriculture businesses.
- 20 3. The agriculture commissioner shall award grants to entities for water and sewer line
21 improvements and electrical and gas supply improvements necessary to
22 accommodate value-added agriculture businesses.
- 23 4. Grants awarded under this section may not exceed:

- 1 a. The lesser of one million two hundred fifty thousand dollars per project or eighty
2 percent of the infrastructure project cost for grants awarded under subsection 2.
3 b. The lesser of three hundred fifty thousand dollars per project or eighty percent of
4 the capital improvement project costs for grants awarded under subsection 3.
5 5. For purposes of grant eligibility under this section, value-added agriculture businesses
6 include the same businesses as provided under section 4.1-01.1-07.
7 6. Grant funding under this section may not be used for routine maintenance or operating
8 costs.

9 **SECTION 2. AMENDMENT.** Section 4.1-01.1-07 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **4.1-01.1-07. Agriculture diversification and development fund - Continuing**
12 **appropriation.**

- 13 1. There is created in the state treasury the agriculture diversification and development
14 fund. The fund consists of all moneys transferred to the fund by the legislative
15 assembly, interest upon moneys in the fund, and payments of interest and principal on
16 loans made from the fund. Moneys in the fund are appropriated to the Bank of North
17 Dakota on a continuing basis for loan disbursements, ~~grants~~, and administrative costs
18 pursuant to this section. ~~No more than twenty-five percent of the fund may be utilized~~
19 ~~for grants in a biennium~~, and moneys in the fund are appropriated to the agriculture
20 commissioner on a continuing basis for grants pursuant to this section and section 1 of
21 this Act. The agriculture diversification and development committee shall designate the
22 amount available from the fund for loans, interest rate buydowns, and grants.
23 2. Loans, interest rate buydowns, or grants under subsections 3 and 4 may be issued
24 from the fund to support new or expanding value-added agriculture businesses that
25 demonstrate financial feasibility, enhance profitability for farmers and ranchers, create
26 jobs, and grow the state's economy. Grants under section 1 of this Act may be issued
27 from the fund for infrastructure improvements necessary for the development or
28 expansion of new or existing value-added agriculture businesses. Value-added
29 agriculture businesses include food production or processing facilities; feed or pet food
30 processing facilities; commodity processing facilities; agriculture product

1 manufacturers; and animal agriculture production facilities, including swine, poultry,
2 dairy, and feed lot production facilities.

3 3. The Bank of North Dakota shall develop policies for loans and interest rate buydowns
4 from the fund in consultation with the agriculture diversification and development
5 committee. The Bank shall review loan applications. To be eligible for a loan under this
6 section, an entity shall agree to provide the Bank with information as requested. The
7 Bank may develop policies for loan participation with local financial institutions. The
8 Bank shall deposit in the fund all principal and interest paid on the outstanding loans.
9 The Bank may use a portion of the interest paid as a servicing fee to pay for
10 administrative costs, which may not exceed one-half of one percent of the amount of
11 the outstanding loans. ~~The Bank shall contract with a certified public accounting firm to~~
12 ~~audit the fund if the fund has any loans.~~ The fund must be audited annually pursuant
13 to section 6-09-29, and the cost of the audit must be paid from the fund.

14 4. The agricultural diversification and development committee shall develop policies for
15 grants from the fund to support new or expanding value-added agriculture businesses,
16 including eligibility criteria, maximum grant amounts, and reporting requirements.
17 Based on recommendations from the agricultural diversification and development
18 committee, the agriculture commissioner shall distribute the grant funding.

19 **SECTION 3. APPROPRIATION - TRANSFER TO AGRICULTURE DIVERSIFICATION**
20 **AND DEVELOPMENT FUND.** There is appropriated out of any moneys in the general fund in
21 the state treasury, not otherwise appropriated, the sum of \$25,000,000, which the office of
22 management and budget shall transfer to the agriculture diversification and development fund,
23 during the biennium beginning July 1, 2023, and ending June 30, 2025. Of the \$25,000,000, up
24 to \$10,000,000 is available for agriculture infrastructure grants to political subdivisions.