COMMISSIONER DOUG GOEHRING



ndda@nd.gov www.nd.gov/ndda

NORTH DAKOTA DEPARTMENT OF AGRICULTURE

STATE CAPITOL 600 E. BOULEVARD AVE. – DEPT. 602 BISMARCK, ND 58505-0020

Testimony of Tom Bodine
Deputy Agriculture Commissioner
House Appropriations Committee
Brynhild Haugland Room
February 8, 2023

Chairman Vigesaa, and members of the House Appropriations Committee, I am Tom Bodine, deputy commissioner here on behalf of agriculture commissioner Doug Goehring and I'm here today in support of House Bill 1276.

The agriculture diversification and development committee were created as part of the agriculture diversification and development fund (ADD) to provide grant funds to projects meeting the requirements of ADD. By law we currently have 2.5 million available for grants. To date, we have provided funding to 10 projects totaling \$2,174,000 in grants. From that funding over 100 million dollars in agriculture-based project developments have occurred. We have \$326,000 remaining which will be granted out in a meeting later this month.

Additional funding as specified in this bill is vital to continue to provide support to agriculture development. As the program continues to grow, there is a need for additional grant dollars to match the opportunities in agriculture development.

Chairman Vigesaa, and committee members, thank you for your time and I'd be happy to answer any questions you may have.

Agriculture Diversification and Development Fund

Yellowstone River Beef Inc. GP Turnkey Tharaldson, LLC Agassiz Sustainable LLC Tharaldson Ethanol Plant I, LLC South 40 Beef LLC Nodak Meats, LLC 6 In 1 Meats, LLC Cloverdale Foods Company North American Bison, LLC Two Track Malting, LLC TOTAL	Amount Obligated \$250,000 \$250,000 \$250,000 \$250,000 \$200,000 \$149,000 \$200,000 \$125,000 \$250,000 \$250,000 \$2,174,000	Paid \$250,000 \$125,000 \$125,000 \$100,000 pending pending \$62,500 \$125,000 \$125,000	\$ \$ \$ \$ \$ \$ \$ \$ \$	al Project Cost 312,500.00 80,317,467.00 500,000.00 6,200,000.00 250,000.00 456,100.00 275,000.00 340,311.00 8,490,748.00 4,250,000.00
TOTAL	<u>\$2,174,000</u>	\$1,037,500	\$ 10	01,392,126.00

Total Grant Fund Amount Obligated Remaining Grant

\$2,500,000 (\$2,174,000) \$326,000

×		

AGRICULTURE DIVERSIFICATION AND DEVELOPMENT FUND

GRANT REPORT 2022





Doug Goehring





ABOUT

ABOUT ADD

The Agriculture Diversification and Development Fund (ADD) was established through HB No. 1475 during the 67th Legislative Assembly to support new or expanding value-added-agriculture businesses that demonstrate financial feasibility, enhance profitability for farmers and ranchers, create jobs and grow North Dakota's economy. The funding opportunities include grants, interest rate buydowns and loans.

The North Dakota Department of Agriculture (NDDA) houses the ADD grant committee. The committee is tasked with the review and recommendation of the grant funding portion of the ADD program. Applications for the program can be found at the Bank of North Dakota at https://bnd.nd.gov/ag/agriculture-diversification-and-development-fund/.

Applicants must complete the ADD application form and submit a complete business plan, current balance sheet and income statement along with full sources and use of funds.

ELIGIBILITY

A value-added agriculture business registered with the North Dakota Secretary of State's office or a North Dakota resident that diversifies a crop or animal industry and provides collateral uses for agriculture resources. Businesses with a majority ownership comprised of North Dakota residents will have priority over majority non-North Dakota-owned applications. Companies outside North Dakota must have an established relationship with a North Dakota partner which includes an individual, company or agency to validate the credibility of the proposal and comply with the intent of the Code. The types of projects may include but are not limited to:

- · Food production and processing facilities
- Feed or pet food processing facilities
- Commodity processing facilities
- · Agriculture product manufacturer
- Animal production facilities

Priority consideration is given to projects most consistent with the mission of the Agriculture Diversification and Development Committee as established in North Dakota Century Code 4.1-01.1. Emphasis will be given to those proposals deemed most likely to generate economic returns and support agricultural-based prosperity of a region or sector of the state.

USE OF PROCEEDS

Proceeds may be used to:

- Purchase or lease equipment.
- To establish a value-added agriculture business.
- To expand an existing value-added agriculture business.

Proceeds may not be used to:

- · Fund salaries or operating expenses normally associated with standard business practices.
- Refinance an existing loan or debt.

ADMINISTRATION

ADD COMMISSIONERS

The ADD committee consists of 11 board members. The Agriculture Commissioner appoints five members and the Governor appoints one member.

The board also includes three statutory members: the North Dakota Agriculture Commissioner, the Director of the Department of Economic Development & Finance, and the President of North Dakota State University, or their designees. The remaining two members must be representatives from Independent Community Banks of North Dakota and North Dakota Bankers Association.



RACHEL RETTERATH, CHAIR Commissioner's Appointee



MATTHEW GLESSNER, VICE CHAIR Commissioner's Appointee



DAN KALIL Commissioner's Appointee



KEITH PELTIER Commissioner's Appointee



BILL ONGSTAD Commissioner's Appointee



WADE BOESHANS Governor's Appointee



DENNIS WALSH Independent Community Banks of North Dakota



DIANNE PIERCE North Dakota Bankers Association



KEVIN SONSALLA Commerce Designee



DOUG GOEHRING Agriculture Commissioner



DAVID COOK NDSU President





JOHN F. SCHNEIDER Business, Marketing & Information Division Director



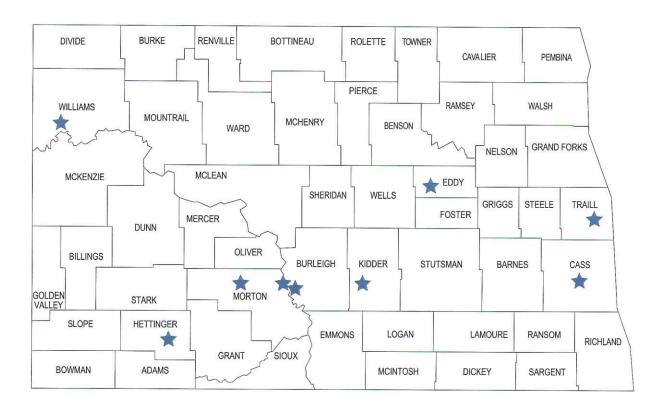
BRADLEY DEAN Administration



BETTY SCHNEIDER Administration

PROJECT MAP

In 2022, ADD funded 10 projects in 9 North Dakota communities, totaling over \$2.1 million in grants.



Bismarck - Two Track Malting, LLC
Casselton - GP Turnkey Tharaldson, LLC
Casselton - Tharaldson Ethanol Plant I, LLC
Hillsboro - Agassiz Sustainable LLC
Mandan - Cloverdale Foods Company
Mott - South 40 Beef LLC
New Rockford - North American Bison, LLC
New Salem - 6 in 1 Meats, LLC
Steele - Nodak Meats, LLC
Williston - Yellowstone River Beef Inc.

PROJECTS



YELLOWSTONE RIVER BEEF INC.

Trevor Abell, Williston
Grant Amount: \$250,000

Grant funding will be utilized to assist in the continued expansion of Yellowstone River Beef which includes a new shipping dock and expanded office space. Along with this, Yellowstone River Beef is adding new carcass cooling as well as expanding the kill floor to allow for more processing of local North Dakota beef. Yellowstone River Beef is an existing USDA beef processing facility.

GP TURNKEY THARALDSON, LLC

Ryan Carter, Casselton Grant Amount: \$250,000

Grant funding will be utilized to obtain equipment needed to produce higher-value proteins and corn oil at the Tharaldson ethanol facility.

Maximized Stillage Co-Product (MSC) High Protein will improve the company's flexibility and profitability by producing higher-value proteins (50% or greater) and corn oil in a sustainable manner. This project is expected to be 105,000

A worker trims beef at South 40 Beef in Mott, ND

tons at capacity. Currently this high protein is not available in North Dakota. This project will produce a high purity protein product that trades in the alternative high-value protein market. The protein has shown great success in the pet food, aqua, dairy, poultry, and swine markets.

AGASSIZ SUSTAINABLE LLC

Hua Sun, Hillsboro Grant Amount: \$250,000

Grant funding will be utilized for the pilot project of an Agassiz Sustainable wheat straw pulping facility near Hillsboro, ND. The project will convert residual wheat straw into pulp for producing food containers which uses 70% less water and 60% less chemical than competing processes, and produces a usable carbon in either liquid, syrup, or pelletized form that can be returned to the farmland to preserve soil carbon content. At full production, this facility will use 20,000 metric tons of wheat straw, providing \$1.2 million in additional annual revenue to farmers.

NODAK MEATS, LLC

Scott Sandquist, Steele Grant Amount: \$149,000

Grant funding will be utilized for starting a custom exempt meat processing facility in Steele, North Dakota. The demand for cattle processing has increased and this will help service farmers directly and provide meat to the local food industry.

SOUTH 40 BEEF LLC

John Roswech, Mott Grant Amount: \$200,000

Grant funding will be utilized for expansion of the cut floor at the South 40 Beef meat processing facility in Mott, North Dakota. They average about 140 head per month, however fabrication and freezer are bumping up to capacity. South 40 Beef partners with local ranchers to process their beef. Ranchers can sell their federally inspected beef direct to the consumer.

THARALDSON ETHANOL PLANT I, LLC

Ryan Carter, Casselton
Grant Amount: \$250,000

Grant funding will be utilized for installing Selective Milling Technology (SMT) System Equipment to the ethanol plant in Casselton, North Dakota. The SMT System will enable Tharaldson to operate at an annual denatured ethanol production rate of 190,000,000 U.S. gallons per year with a slurry flow up to 2,250 gallons per minute. The SMT efficiently processes a corn mash slurry to expose more starch for conversion and release additional oil for recovery. The additional starch conversion can increase the ethanol production per bushel of corn.

6 IN 1 MEATS, LLC

Travis Maddock, New Salem Grant Amount: \$200,000

Grant funding will be utilized to increase slaughter numbers and expand value-added processing to include case-ready retail products. Value-added will be offered to other processors that don't have the capability of processing and packaging to retail specifications.

CLOVERDALE FOODS COMPANY

Scott Staudinger, Mandan Grant Amount: \$125,000

Grant funding will be utilized to cover costs to resolve issues of inefficiency related to the current electrical distribution system within the facility.

NORTH AMERICAN BISON, LLC

Mike Jacobson, New Rockford Grant Amount: \$250,000

Grant funding will be utilized for construction costs and to reduce the amount of company equity required to complete the expansion of their facility to meet demand. North American Bison harvests and processes bison for domestic and global markets. Approximately half the bison are sourced from North Dakota. Sales have increased to the point that the facility is being expanded.



Close up of two-row barley growing on Stober Farms near Goodrich, ND

TWO TRACK MALTING, LLC

ared Stober, Bismarck
Grant Amount: \$250,000

Grant funding will be utilized to assist with construction costs to complete the expansion of their facility to meet increased demand and growth. Two Track Malting is a value-added agriculture business turning barley and wheat grown in North Dakota into malt, which is used by brewers across the country.

FUNDING

Financials as of December 31, 2022

Total Appropriation \$2,500,000

Total Projects Funded \$2,174,000

Remaining Appropriation \$ 326,000

Loan Participation Committments

Total Appropriation \$7,500,000.00

Total Committed \$2,681,704.45

Remaining Appropriation \$4,818,295.55

