

Department 602 - Agriculture Commissioner
Senate Bill No. 2009

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	\$15,777,408	\$37,205,188	\$52,982,596
2023-25 Base Level	13,459,712	24,110,775	37,570,487
Increase (Decrease)	\$2,317,696	\$13,094,413	\$15,412,109

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases of which \$1,019,183 is for salary increases and \$417,832 is for health insurance increases	\$840,125	\$596,890	\$1,437,015
2. Adds funding for an FTE project manager and systems coordinator position, including \$170,326 for salaries and wages and \$10,000 of related operating expenses	\$180,326	\$0	\$180,326
3. Adds funding for an FTE marketing specialist position, including \$214,930 for salaries and wages and \$101,300 of related operating expenses	\$316,230	\$0	\$316,230
4. Adds federal funding for specialty crop block grants to provide a total of \$10.6 million from federal funds	\$0	\$4,555,500	\$4,555,500
5. Adds funding for the Agricultural Products Utilization Commission (APUC), of which \$350,000 is ongoing funding from the APUC fund and \$3,000,000 is one-time funding from Bank of North Dakota profits transferred to the APUC fund, to provide a total of \$5,110,417 for the APUC program from the APUC fund	\$0	\$3,350,000	\$3,350,000
6. Adds funding for aerial contract services for the Wildlife Services program to provide a total of \$1,657,400, of which \$598,600 is from the general fund and \$1,058,800 is from special funds	\$200,000	\$0	\$200,000
7. Adds one-time funding from the strategic investment and improvements fund transferred to the bioscience innovation grant fund for the bioscience innovation grant program	\$0	\$5,500,000	\$5,500,000
8. Adds one-time funding for the North Dakota Trade Office to provide a total of \$2.1 million from the general fund	\$500,000	\$0	\$500,000

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

Environment and rangeland protection fund - Section 4 would identify \$7,104,225 in the estimated income line item in Section 1 is from the environment and rangeland protection fund for various Department of Agriculture programs.

Game and Fish Department operating fund - Section 5 would identify \$661,270 in the estimated income line item in Section 1 is from the Game and Fish Department operating fund for various Department of Agriculture programs.

Department of Water Resources transfer - Section 6 would identify \$125,000 in the estimated income line item in Section 1 is from funding transferred from the Department of Water Resources to the Agriculture Commissioner for the Wildlife Services program.

Pipeline restoration and reclamation program - Section 8 would identify \$200,000 in the estimated income line item in Section 1 is from the abandoned oil and gas well plugging and site reclamation fund for the pipeline restoration and reclamation program.

North Dakota Trade Office - Section 10 would identify \$2.1 million of the funding appropriated in Section 1 is from the general fund for the North Dakota Trade Office. The Agriculture Commissioner may spend 60 percent of this amount without requiring any matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for every \$1 provided by the Agriculture Commissioner. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, to provide training, and to buy computer equipment as part of the North Dakota Trade Office's export assistance program.

APUC - Section 12 would identify \$3 million in the estimated income line item in Section 1 is one-time funding transferred from Bank of North Dakota profits to the Agriculture Commissioner for deposit in the APUC fund for the APUC program.

Continuing Appropriations

Advisory Committee on Sustainable Agriculture - North Dakota Century Code Section 4.1-01-11 - Provides the Agriculture Commissioner may accept gifts, grants, and donations of money, property, and services for duties related to the Advisory Committee on Sustainable Agriculture.

Bioscience innovation grant fund - Section 4.1-01-20.1 - Includes funding appropriated to the Agriculture Commissioner on a continuing basis to award grants to North Dakota bioscience businesses to support biotechnology innovation and commercialization, promote the creation of bioscience jobs in the state, encourage the development of new bioscience technologies and bioscience startup companies in the state, leverage the agriculture industry in the state to support the development of bioscience technologies impacting livestock operations and crop production, promote bioscience research and development at institutions under the control of the State Board of Higher Education; and encourage coordination and collaboration among other entities and programs in the state to promote bioscience innovation goals.

Federal environmental law impact review fund - Section 4.1-01-21 - Includes funding appropriated to the Agriculture Commissioner on a continuing basis for certain administrative costs related to the Federal Environmental Law Impact Review Committee, which reviews federal environmental legislation and regulations detrimentally impacting or potentially detrimentally impacting the state's agricultural, energy, or oil production sectors.

Environmental impact mitigation fund - Section 4.1-01-21.1 - Includes funding appropriated to the Agriculture Commissioner on a continuing basis for distribution to landowners for the mitigation of agricultural land impacted by assessed adverse direct environmental impacts of a proposed site, corridor, route, or facility.

Honey promotion fund - Chapter 4.1-08 - Commodity checkoff for market development of honey.

Turkey fund - Chapter 4.1-12 - Commodity checkoff for market development of turkeys and turkey products.

Industrial hemp - Section 4.1-18.1-03 - Provides for the Agriculture Commissioner to assess a fee of \$350 to each applicant requesting to grow or process industrial hemp. Fees collected for this purpose are deposited in the Agriculture Commissioner operating fund and appropriated to the Department of Agriculture on a continuing basis.

Minor use pesticide fund - Section 4.1-39-08 - For studies, investigations, and evaluations regarding registration and use of pesticides.

Domestic animals and nontraditional livestock - Section 36-01-08 - Provides the Agriculture Commissioner shall collect fees for the actual direct cost of providing brucellosis tags, identification tags, and health books distributed by the Board of Animal Health for the protection and health of domestic animals and nontraditional livestock.

Equine processing fund - Section 36-21-19 - Provides for the Agriculture Commissioner to assess a fee of \$5 for equine processing facility assessments. The first \$50,000 of fees collected is deposited in the general fund and any additional amounts are deposited in the equine processing fund. All funds in the equine processing fund are appropriated to the Agriculture Commissioner on a continuing basis.

State waterbank fund - Section 61-31-10 - Authorizes the Agriculture Commissioner to receive funds from any private or public source, including from state agencies for the state waterbank program. The state waterbank fund and interest earned are appropriated to the Agriculture Commissioner on a continuing basis.

Deficiency Appropriations

Emergency feed transportation assistance program - The executive budget includes a recommendation to provide a \$1.7 million general fund deficiency appropriation to the Agriculture Commissioner to repay a Bank of North Dakota loan for the emergency feed transportation assistance program during 2021-23 biennium.

Significant Audit Findings

The operational audit for the Department of Agriculture conducted by the State Auditor's office for the period ending June 30, 2021, did not identify any significant audit findings.

Major Related Legislation

House Bill No. 1099 - This bill would repeal Section 57-43.1-03 which requires one-half cent per gallon of the motor vehicle fuel tax refund be deposited in the APUC fund.

House Bill No. 1101 - This bill would repeal the Agriculture Commissioner's domestic animals and nontraditional livestock continuing appropriation from Section 36-01-08 and amend it into Section 36-01-33.

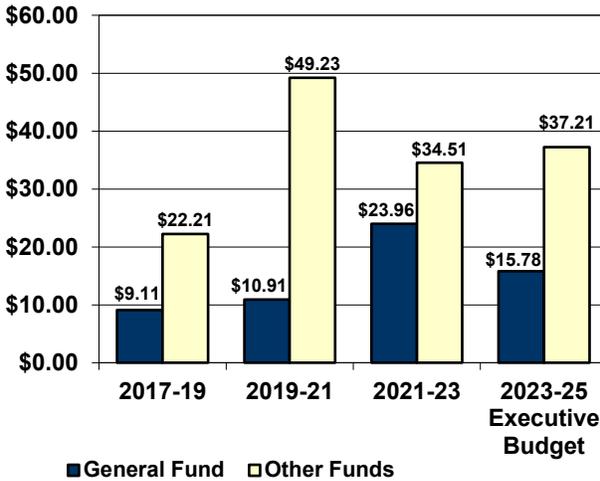
House Bill No. 1148 - This bill creates an agriculture infrastructure fund to be used by the Agriculture Commissioner to provide grants to political subdivisions, individuals, or organizations for infrastructure and capital improvements necessary for the development or enhancement of new or existing value-added agriculture businesses. The bill includes a \$15 million appropriation from the general fund to be transferred to the agriculture infrastructure fund, which is appropriated to the Agriculture Commissioner for the 2023-25 biennium. Of this amount, up to \$10 million is available for grants to political subdivisions and any remaining funding is available to individuals or organizations.

Senate Bill No. 2027 - This bill would repeal Section 4.1-01-11 related to the Advisory Committee on Sustainable Agriculture.

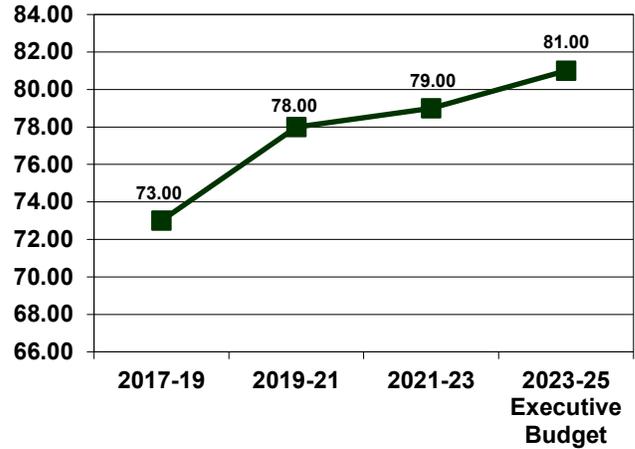
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$9,961,137	\$9,109,101	\$10,700,429	\$13,459,712	\$15,277,408
Increase (decrease) from previous biennium	N/A	(\$852,036)	\$1,591,328	\$2,759,283	\$1,817,696
Percentage increase (decrease) from previous biennium	N/A	(8.6%)	17.5%	25.8%	13.5%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(8.6%)	7.4%	35.1%	53.4%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

1. Removed 4 FTE positions and related funding (\$600,304)
2. Adjusted funding for IT operating expenses (\$296,836)

2019-21 Biennium

1. Added funding to transfer APUC from the Department of Commerce to provide total ongoing funding of \$2,000,000, of which \$1,760,417 is from the APUC fund \$239,583
2. Added funding to transfer the grain warehouse license and inspection program from the Public Service Commission \$853,499

2021-23 Biennium

1. Added funding to address employee salary compression concerns \$369,866
2. Added 1 FTE grain inspector position, of which \$152,670 is for salaries and \$30,729 is for related operating expenses \$183,399
3. Added funding to fully fund a previously underfunded FTE meat inspector position, of which \$90,478 is for salaries and \$15,980 is for operating expenses \$106,458
4. Added funding to reclassify a program coordinator position to an attorney position \$68,279
5. Transferred the North Dakota Trade Office program from the Department of Commerce to the Agriculture Commissioner \$1,600,000

2023-25 Biennium (Executive Budget Recommendation)

- | | |
|---|-----------|
| 1. Adds funding for an FTE project manager and systems coordinator position, including \$170,326 for salaries and wages and \$10,000 of related operating expenses | \$180,326 |
| 2. Adds funding for an FTE marketing specialist position, including \$214,930 for salaries and wages and \$101,300 of related operating expenses | \$316,230 |
| 3. Adds funding for aerial contract services for the Wildlife Services program to provide a total of \$1,657,400, of which \$598,600 is from the general fund and \$1,058,800 is from special funds | \$200,000 |

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$861,360	\$0	\$210,000	\$10,500,000	\$500,000

Major One-Time General Fund Appropriations

2017-19 Biennium

None \$0

2019-21 Biennium

- | | |
|--------------------------------|-----------|
| 1. Grain insolvency litigation | \$100,000 |
| 2. Master customer database | \$110,000 |

2021-23 Biennium

- | | |
|--|-------------|
| 1. Bioscience innovation grant program | \$5,500,000 |
| 2. Federal environmental law impact review costs | \$5,000,000 |

2023-25 Biennium (Executive Budget Recommendation)

- | | |
|------------------------------|-----------|
| 1. North Dakota Trade Office | \$500,000 |
|------------------------------|-----------|

Agriculture Commissioner - Budget No. 602
Senate Bill No. 2009
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	79.00	\$13,459,712	\$24,110,775	\$37,570,487
2023-25 Ongoing Funding Changes				
Base payroll changes		(\$47,344)	(\$275,703)	(\$323,047)
Adds funding for the cost to continue salary increases		65,314	49,755	115,069
Salary increase		606,203	412,980	1,019,183
Health insurance increase		233,922	183,910	417,832
Adds funding for an FTE project manager and systems coordinator position	1.00	180,326		180,326
Adds funding for an FTE marketing specialist position	1.00	316,230		316,230
Adds funding for IT rate increases		17,565	12,568	30,133
Adds funding for IT data processing, communications, and services		10,078	215,059	225,137
Reduces funding for travel, operating fees and services, and other operating expenses		47,266	(659,851)	(612,585)
Adjusts funding for capital assets		(10,000)	2,000	(8,000)
Adds funding for noxious weeds grants			118,695	118,695
Reduces funding for the waterbank program			(200,000)	(200,000)
Adds federal funding for speciality crop block grants			4,555,500	4,555,500
Adds funding for APUC			350,000	350,000
Reduces federal funding for the Board of Animal Health			(170,500)	(170,500)
Adds funding for aerial contract services for the Wildlife Services program		200,000		200,000
Adds funding for a new Capitol space rent model		198,136		198,136
Total ongoing funding changes	2.00	\$1,817,696	\$4,594,413	\$6,412,109
One-time funding items				
Adds funding for bioscience innovation grants			\$5,500,000	\$5,500,000
Adds one-time funding for APUC			3,000,000	3,000,000
Adds one-time funding for the North Dakota Trade Office		\$500,000		500,000
Total one-time funding changes	0.00	\$500,000	\$8,500,000	\$9,000,000
Total Changes to Base Level Funding	2.00	\$2,317,696	\$13,094,413	\$15,412,109
2023-25 Total Funding	81.00	\$15,777,408	\$37,205,188	\$52,982,596
<i>Federal funds included in other funds</i>			\$16,900,416	
<i>Total ongoing changes as a percentage of base level</i>	2.5%	13.5%	19.1%	17.1%
<i>Total changes as a percentage of base level</i>	2.5%	17.2%	54.3%	41.0%

Other Sections in Agriculture Commissioner - Budget No. 602

	Executive Budget Recommendation
Transfer - Environment and rangeland protection fund	Section 3 would require the Agriculture Commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund.
Environment and rangeland protection fund	Section 4 would identify \$7,104,225 in the estimated income line item in Section 1 is from the environment and rangeland protection fund for various Department of Agriculture programs.
Game and Fish Department operating fund	Section 5 would identify \$661,270 in the estimated income line item in Section 1 is from the Game and Fish Department operating fund for various Department of Agriculture programs.
Transfer - Department of Water Resources	Section 6 would identify \$125,000 in the estimated income line item in Section 1 is from the Department of Water Resources, which the department shall transfer to the Agriculture Commissioner for the Wildlife Services program.
Waterbank program	Section 7 would identify of the amount appropriated in the salary and wages line item in Section 1, the Agriculture Commissioner may use up to \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.
Pipeline restoration and reclamation program	Section 8 would identify \$200,000 in the estimated income line item in Section 1 is from the abandoned oil and gas well plugging and site reclamation fund for the pipeline restoration and reclamation program.

Other Sections in Agriculture Commissioner - Budget No. 602

Agriculture Commissioner salary

North Dakota Trade Office - Matching fund requirement

Transfer - Strategic investment and improvements fund to bioscience innovation grant fund - One-time funding

Transfer - Bank of North Dakota profits to the APUC fund

Executive Budget Recommendation

Section 9 would provide the statutory changes necessary to increase the Agriculture Commissioner's salary. The Agriculture Commissioner's annual salary would increase from the current level of \$123,984 to \$131,423 effective July 1, 2023, and to \$136,679 effective July 1, 2024, to reflect the 6 percent and 4 percent annual recommended salary increases.

Section 10 would identify \$2.1 million of the funding appropriated in Section 1 is from the general fund for the North Dakota Trade Office. The Agriculture Commissioner may spend 60 percent of this amount without requiring any matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for every \$1 provided by the Agriculture Commissioner. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, to provide training, and to buy computer equipment as part of the North Dakota Trade Office's export assistance program.

Section 11 would identify \$5.5 million in the estimated income line item in Section 1 is one-time funding transferred from the strategic investment and improvements fund to the bioscience innovation grant fund for the bioscience innovation grant program.

Section 12 would identify \$3 million in the estimated income line item in Section 1 is one-time funding transferred from Bank of North Dakota profits to the Agriculture Commissioner for deposit in the APUC fund for the APUC program.

**SENATE BILL NO. 2009
(Governor's Recommendation)**

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an Act to provide an appropriation for defraying the expenses of the agriculture commissioner; to amend and reenact section 4-01-21 of the North Dakota Century Code, relating to the salary of the agriculture commissioner; and to provide for transfers.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the agriculture commissioner for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2023 and ending June 30, 2025, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$15,717,126	\$1,614,293	\$17,331,419
Operating Expenses	6,848,052	(47,879)	6,800,173
Capital Assets	15,000	(8,000)	7,000
Grants	9,031,774	974,195	10,005,969
Covid 19 Specialty Grants	0	3,500,000	3,500,000
Bioscience Innovation Grants	0	5,500,000	5,500,000
Ag Products Utilization Program	1,760,417	3,350,000	5,110,417
Board of Animal Health	865,718	(170,500)	695,218
Wildlife Services	1,457,400	200,000	1,657,400
Pipeline Restoration and Reclamation Oversite Program	200,000	0	200,000
North Dakota Trade Office	1,600,000	500,000	2,100,000
Crop Harmonization Board	<u>75,000</u>	<u>0</u>	<u>75,000</u>
Total All Funds	\$37,570,487	\$15,412,109	\$52,982,596
Less Estimated Income	<u>24,110,775</u>	<u>13,094,413</u>	<u>37,205,188</u>
Total General Fund	\$13,459,712	\$ 2,317,696	\$15,777,408
Full-Time Equivalent Positions	79.00	2.00	81.00

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY- EIGHTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the 2023-25 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
Agricultural Products Utilization Commission	\$2,700,000	\$3,000,000
Soil Health Grants	700,000	0
Grassland Grazing Grants	5,000,000	
North Dakota Trade Office	0	500,000
Bioscience Innovation Grants	<u>0</u>	<u>5,500,000</u>
Total All Funds	\$8,400,000	\$9,000,000
Total Special Funds	<u>8,400,000</u>	<u>8,500,000</u>
Total General Fund	\$0	\$ 500,000

The 2023-25 one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The agriculture commissioner shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 3. TRANSFER - ENVIRONMENT AND RANGELAND PROTECTION FUND – MINOR USE PESTICIDE FUND. The agriculture commissioner shall transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 4. ESTIMATED INCOME - ENVIRONMENT AND RANGELAND PROTECTION FUND. The estimated income line item in section 1 of this Act includes the sum of \$7,104,225 or so much of the sum as may be necessary, from the environment and rangeland protection fund for the purpose of defraying the expenses of various department of agriculture programs, for the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 5. ESTIMATED INCOME - GAME AND FISH FUND. The estimated income line item in section 1 of this Act includes the sum of \$661,270, or so much of the sum as may be necessary, from the game and fish department operating fund for the purpose of defraying the expenses of various department of agriculture programs, for the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 6. ESTIMATED INCOME – DEPARTMENT OF WATER RESOURCES - TRANSFER. The estimated income line item in section 1 of this Act includes the sum of \$125,000 which the department of water resources shall transfer to the agriculture commissioner for the wildlife services program, for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 7. WATERBANK PROGRAM - MATCHING FUNDS. The salaries and wages line item in section 1 of this Act includes up to \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.

SECTION 8. ESTIMATED INCOME – PIPELINE RESTORATION AND RECLAMATION. The estimated income line item in section 1 of this Act includes the sum of \$200,000 from the abandoned oil and gas well plugging and site reclamation fund for the purpose of defraying the expenses of the pipeline restoration and reclamation program, for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 9. AMENDMENT. Section 4.1-01-02 of the North Dakota Century Code is amended and reenacted as follows:

4.1-01-02. Salary of agriculture commissioner. The annual salary of the agriculture commissioner is one-hundred ~~twenty-one~~ thirty-one thousand ~~five~~ four hundred ~~fifty-three~~ twenty-three dollars through June 30, ~~2020~~ 2024, and one hundred ~~twenty-three~~ thirty-six thousand ~~nine~~ six hundred ~~eighty-four~~ seventy-nine dollars thereafter.

SECTION 10. TRADE OFFICE - MATCHING FUND REQUIREMENT. The operating line item and the general fund appropriation in section 1 of this Act include \$2,100,000 of funding relating to the North Dakota trade office. The agriculture commissioner may spend sixty percent of this amount without requiring any matching funds from the trade office. Any additional amounts may be spent only to the extent that the North Dakota trade office provides one dollar of matching funds from private or other public sources for each one dollar provided by the department for the biennium beginning July 1, 2023 and ending June 30, 2025. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants provide training to export assistants or buy computer equipment as part of the North Dakota trade office's export assistance program.

SECTION 11. APPROPRIATION – ESTIMATED INCOME – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND – BIOSCIENCE INOVATION GRANT FUND – ONE-TIME FUNDING. The estimated income line item in section 1 of this Act includes the sum of \$5,500,000 from the strategic investment and improvements fund for a transfer to the bioscience innovation grant fund for the biennium beginning July 1, 2023 and ending June 30, 2025. The agriculture commissioner shall use these funds for providing bioscience innovation grants in accordance with 4.1-01-20.1. This funding is considered a one-time funding item.

SECTION 12. ESTIMATED INCOME – TRANSFER – BANK OF NORTH DAKOTA PROFITS – AGRICULTURAL PRODUCTS UTILIZATION COMMISSION – ONE TIME FUNDING. The estimated income line item in section 1 of this Act includes the sum of \$3,000,000 which the Bank of North Dakota shall transfer from the Bank’s current earnings and undivided profits to the agriculture commissioner for deposit in the agricultural products utilization commission fund for defraying the expenses of the agricultural products utilization commission for the biennium beginning July 1, 2023 and ending June 30, 2023. This funding is considered a one-time funding item.