

**FIRST ENGROSSMENT**

**ENGROSSED HOUSE BILL NO. 1332**

Introduced by

Representatives Hagert, Brandenburg, Grueneich, Headland, Ista, Lefor, O'Brien, K.  
Anderson

Senators Meyer, Myrdal, Patten, Thomas

1 A BILL for an Act to amend and reenact section 4.1-01.1-07 of the North Dakota Century Code,  
2 relating to a value-added agriculture facility incentive program; and to provide a transfer.

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

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

6 **4.1-01.1-07. Agriculture diversification and development fund - Continuing**  
7 **appropriation.**

- 8 1. There is created in the state treasury the agriculture diversification and development  
9 fund. The fund consists of all moneys transferred to the fund by the legislative  
10 assembly, interest upon moneys in the fund, and payments of interest and principal on  
11 loans made from the fund. Moneys in the fund are appropriated to the Bank of North  
12 Dakota on a continuing basis for loan disbursements and administrative costs  
13 pursuant to this section, and moneys in the fund are appropriated to the agriculture  
14 commissioner on a continuing basis for grants and value-added agriculture facility  
15 incentive funding pursuant to this section and section 4.1-01-27. The agriculture  
16 diversification and development committee shall designate the amount available from  
17 the fund for loans, interest rate buydowns, ~~and~~ grants, and value-added agriculture  
18 facility incentive funding.
- 19 2. Loans, interest rate buydowns, or grants under subsections 3 and 4 may be issued  
20 from the fund to support new or expanding value-added agriculture businesses that  
21 demonstrate financial feasibility, enhance profitability for farmers and ranchers, create

1 jobs, and grow the state's economy. Grants under section 4.1-01-27 may be issued  
2 from the fund for infrastructure improvements necessary for the development or  
3 expansion of new or existing value-added agriculture businesses. Value-added  
4 agriculture businesses include food production or processing facilities; feed or pet food  
5 processing facilities; commodity processing facilities; agriculture product  
6 manufacturers; and animal agriculture production facilities, including swine, poultry,  
7 dairy, and feed lot production facilities.

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

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

23 5. The agricultural diversification and development committee shall develop a value-  
24 added agriculture production facility incentive program to provide grants. Grant award  
25 funding for the value-added agriculture production facility incentive program under this  
26 subsection is limited to thirty million dollars.

27 a. To be eligible for a grant award under the value-added agriculture production  
28 facility incentive program, the production facility must:

29 (1) Be located within the state;

30 (2) Be a new construction project on an industrial-ready site with access to  
31 existing municipal infrastructure;

- 1           (3) Have capital investment of at least three hundred fifty million dollars and  
2           leverage regional agricultural producer capital investment to support the  
3           facility's operations;
- 4           (4) Have a competing offer from at least one other midwestern state;
- 5           (5) Produce a new agriculture product or variant of an existing agriculture  
6           product to provide a domestic supply of the product and to diversify the  
7           market for agriculture products; and
- 8           (6) Have an estimated economic contribution of at least twenty million dollars  
9           when fully operational based on an economic analysis conducted by the  
10          Bank.
- 11          b. Grant funding under the program is a reimbursement for infrastructure, site  
12          acquisition, or other capital expenditures necessary for the value-added  
13          agriculture facility construction, including natural gas supply, electricity supply,  
14          roads, water lines, wastewater lines, storm water conveyance, or rail lines.
- 15          c. Upon issuance of a certificate of occupancy for the value-added agriculture  
16          production facility, the agriculture commissioner shall distribute a grant equal to  
17          fifty percent of the total grant award from funding available in the agriculture  
18          diversification and development fund.
- 19          d. Upon achieving fifty percent of the production capacity of the value-added  
20          agriculture production facility, the agriculture commissioner shall distribute the  
21          remainder of the grant award from funding available in the agriculture  
22          diversification and development fund.
- 23          e. If the agriculture diversification and development committee approves a grant  
24          under this subsection, the agriculture commissioner shall request from the  
25          legislative assembly during the next regular or special session, a transfer from  
26          the strategic investment and improvements fund to the agriculture diversification  
27          and development fund, to provide grant funding in an amount equal to the  
28          amount approved by the committee.