

SECOND ENGROSSMENT

REENGROSSED 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; to provide a transfer; and to
3 provide an expiration date.

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

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

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

- 9 1. There is created in the state treasury the agriculture diversification and development
10 fund. The fund consists of all moneys transferred to the fund by the legislative
11 assembly, interest upon moneys in the fund, and payments of interest and principal on
12 loans made from the fund. Moneys in the fund are appropriated to the Bank of North
13 Dakota on a continuing basis for loan disbursements and administrative costs
14 pursuant to this section, and moneys in the fund are appropriated to the agriculture
15 commissioner on a continuing basis for grants and value-added agriculture facility
16 incentive funding pursuant to this section and section 4.1-01-27. The agriculture
17 diversification and development committee shall designate the amount available from
18 the fund for loans, interest rate buydowns, and grants, and value-added agriculture
19 facility incentive funding.
- 20 2. Loans, interest rate buydowns, or grants under subsections 3 and 4 may be issued
21 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 section 4.1-01-27 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 and interest rate buydowns from the fund in consultation with the agriculture 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 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 a value-added agriculture production facility incentive program to provide grants. Grant award funding for the value-added agriculture production facility incentive program under this subsection is limited to thirty million dollars.

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

(1) Be located within the state;

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

3 (3) Have capital investment of at least three hundred fifty million dollars and
4 leverage regional agricultural producer capital investment to support the
5 facility's operations;

6 (4) Have a competing offer from at least one other midwestern state;

7 (5) Produce a new agriculture product or variant of an existing agriculture
8 product to provide a domestic supply of the product and to diversify the
9 market for agriculture products; and

10 (6) Have an estimated economic contribution of at least twenty million dollars
11 when fully operational based on an economic analysis conducted by the
12 Bank.

13 b. Grant funding under the program is a reimbursement for infrastructure, site
14 acquisition, or other capital expenditures necessary for the value-added
15 agriculture facility construction, including natural gas supply, electricity supply,
16 roads, water lines, wastewater lines, storm water conveyance, or rail lines.

17 c. Upon issuance of a certificate of occupancy for the value-added agriculture
18 production facility, the agriculture commissioner shall distribute a grant equal to
19 fifty percent of the total grant award from funding available in the agriculture
20 diversification and development fund.

21 d. Upon achieving fifty percent of the production capacity of the value-added
22 agriculture production facility, the agriculture commissioner shall distribute the
23 remainder of the grant award from funding available in the agriculture
24 diversification and development fund.

25 e. The Bank of North Dakota may extend a line of credit of up to thirty million dollars
26 to the agriculture commissioner to support a grant from the fund under this
27 subsection. The interest rate associated with the line of credit must be the
28 prevailing interest rate charged to North Dakota governmental entities.

29 f. If the agriculture diversification and development committee approves a grant
30 under this subsection, the agriculture commissioner may access the line of credit
31 under this subsection through June 30, 2029, to provide funding for the grant.

1 Any moneys borrowed from the Bank pursuant to this subsection must be
2 transferred to the fund. If the agriculture commissioner accesses the line of
3 credit, the commissioner shall request from the legislative assembly a deficiency
4 appropriation to repay the line of credit.

5 **SECTION 2. EXPIRATION DATE.** This Act is effective through June 30, 2029, and after that
6 date is ineffective.