

FISCAL NOTE
SENATE BILL NO. 2161
LC# 25.0616.01000
01/15/2025

1 - State Fiscal Effect

Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2023-2025 Biennium		2025-2027 Biennium		2027-2029 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$4,740,000		\$4,740,000
Expenditures				\$3,036,000		\$3,595,750
Appropriations						

2 - County, City, School District, and Township Fiscal Effect

Identify the fiscal effect on the appropriate political subdivision.

	2023-2025 Biennium	2025-2027 Biennium	2027-2029 Biennium
Counties			
Cities			
School Districts			
Townships			

3 - Bill and Fiscal Impact Summary

Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).

SB 2161 proposes: 1) amend NDCC section 4.1-02-12 to increase barley check-off from current rate of 20 mills (two cents per bushel) to 30 mills (three cents per bushel); 2) increase current wheat check-off from fifteen mills per bushel to twenty mills per bushel on all wheat sold in the state.

4 - Fiscal Impact Sections Detail

Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.

Funding for the North Dakota Barley Council is considered special funds which are generated by the check-off, and thus are not appropriated from the general fund. Continuing appropriation authority is granted by the North Dakota Century Code. The check-off fee is assessed at the first point of sale and serves as the only source of funding for the Barley Council. The check-off funds are used to support the mission of the Council to enhance the utilization of

barley through targeted research and education at the production, processing, and marketing levels. The current check-off of \$0.02 per bushel generates approximately \$1,100,000.00 in gross revenue per biennium (based upon the most recent 3 year average of barley assessments per Council records).

The USDA-NASS Census of Agriculture for 2022 indicates there are 1,627 farms producing barley in North Dakota. The average barley production per farm is approximately 22,655 bushels on approximately 350 acres. On average, the \$0.02 per bushel check-off costs a barley farm approximately \$450.00 per year. Increasing the check off from \$0.02 per bushel to \$0.03 per bushel would result in an increase of approximately \$225.00 per year.

The NDWC mill levy, which is assessed solely at the first point of sale, is the Commission's only source of funding, and is used to support the NDWC mission, which is in short to aid in the marketing of North Dakota wheat by enhancing market opportunities through promotion, education and research. Commonly known as the wheat checkoff, the program at the current assessment level has the potential to generate \$9,000,000 in gross revenues per biennium, based on a 5-year average North Dakota wheat crop of 300 million bushels, less on farm seed and feed use. The proposed increase would raise those potential gross revenues by \$3,000,000 per biennium, based on similar assumptions of average production.

5 - Revenues Detail

For information shown under state fiscal effect in 1 or 2, please explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

Increasing the barley check-off directly impacts barley producers, but does not impact counties, cities, school districts, or townships. Increasing the check-off from \$0.02 per bushel to \$0.03 per bushel would result in potential gross revenue generation of approximately \$1,740,000.00 per biennium (an increase of approximately \$580,000.00 per biennium based upon a 3 year average of Barley Council assessment records). This revenue increase is provided in section 1 of this fiscal note. This allows the Barley Council to maintain and expand programs in barley variety development, crop quality, market development, risk management, domestic policy, promotion, education, administration, and operating. This would also allow for maintaining sufficient reserves to respond to unforeseen barley issues when they occur while simultaneously providing financial stability during unanticipated production declines.

The proposed five mill increase in the wheat check-off would potentially generate an additional \$3,000,000 in gross revenues per biennium. Potential gross revenue gains are diminished to some degree by deductions for refunds which currently average 6.5 percent. This refund rate would reduce the gross revenue generated by the five mill increase by \$195,000.

6 - Expenditures Detail

For information shown under state fiscal effect in 1 or 2, please explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

Expenditures for the barley check-off would primarily focus on developing varieties with higher yields, thus allowing barley to remain competitive with other crops that have experienced yield increases due to advanced variety development research. Expenditures would also support efforts in other programs, including but not necessarily limited to market development, risk management, and crop quality. Total expenditures per biennium are estimated to increase from current levels of approximately \$1,200,000.00 to a range \$1,500,000.00 to \$1,600,000.00, a resultant increase of \$300,000.00 to \$400,000.00 per biennium.

Total projected expenditures for the wheat check-off programs associated with this proposal would increase to a range of \$11,000,000 to \$11,600,000, an increase of \$1,500,000 to \$2,000,000 per biennium, compared to current law and current assessment levels. NDWC core program expenses currently include export marketing, research and customer service, domestic product promotion, trade and domestic policy, producer education and administration. The projected increase in expenditures is to help with inflationary pressures in all core program areas but more significantly to enable the NDWC to enhance support in areas of research, market promotion, and consumer and producer outreach.

7 - Appropriations Detail

For information shown under state fiscal effect in 1 or 2, please explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.

The barley check-off is a continuing appropriation. The barley council has only one fund account.

The wheat check-off is a continuing appropriation. The wheat commission has only one fund account.

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Date Prepared: 01/15/2025