

Sixty-ninth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2342

Introduced by

Senators Thomas, Hogue, Kessel, Klein

Representative Beltz

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 milk processing facility incentive program; and to provide for a
3 transfer.

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 pursuant to this section and section
16 4.1-01-27. The agriculture diversification and development committee shall designate
17 the amount available from the fund for loans, interest rate buydowns, and grants.
- 18 2. Loans, interest rate buydowns, or grants under subsections 3 and 4 may be issued
19 from the fund to support new or expanding value-added agriculture businesses that
20 demonstrate financial feasibility, enhance profitability for farmers and ranchers, create
21 jobs, and grow the state's economy. Grants under section 4.1-01-27 may be issued
22 from the fund for infrastructure improvements necessary for the development or
23 expansion of new or existing value-added agriculture businesses. Value-added
24 agriculture businesses include food production or processing facilities; feed or pet food

1 processing facilities; commodity processing facilities; agriculture product
2 manufacturers; and animal agriculture production facilities, including swine, poultry,
3 dairy, and feed lot production facilities.

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

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

- 19 5. The agriculture diversification and development committee shall develop a
20 value-added milk processing facility incentive program to provide grants.

21 a. Grant funding under this subsection is limited to the lesser of ten million dollars or
22 five percent of the total construction cost of building a value-added milk
23 processing facility in the state capable of producing at least five million gallons of
24 milk each year.

25 b. Grant funding under the program is a reimbursement for infrastructure, site
26 acquisition, or other capital expenditures necessary for the value-added milk
27 processing facility construction, including natural gas supply, electricity supply,
28 roads, water lines, wastewater lines, storm water conveyance, or rail lines.

29 c. Upon achieving one hundred percent of the production capacity of the
30 value-added milk processing facility, the agriculture commissioner shall distribute

1 the grant award from funding available in the agriculture diversification and
2 development fund.

3 **SECTION 2. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO**
4 **AGRICULTURE DIVERSIFICATION AND DEVELOPMENT FUND.** The office of management
5 and budget shall transfer the sum of \$10,000,000 from the strategic investment and
6 improvements fund, to the agriculture diversification and development fund, for the biennium
7 beginning July 1, 2025, and ending June 30, 2027.