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Title.

Prepared by the Legislative Council staff for Senator Thomas
March 17, 2025

Sixty-ninth Legislative Assembly of North Dakota

PROPOSED AMENDMENTS TO FIRST ENGROSSMENT

ENGROSSED SENATE BILL NO. 2342

Introduced by

Senators Thomas, Hogue, Kessel, Klein

Representative Beltz

A BILL for an Act to amend and reenact section 4.1-01.1-07 of the North Dakota Century Code, relating to a value-added milk processing facility incentive program; and to authorize a Bank of North Dakota line of credit.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

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

1. There is created in the state treasury the agriculture diversification and development fund. The fund consists of all moneys transferred to the fund by the legislative assembly, interest upon moneys in the fund, and payments of interest and principal on loans made from the fund. Moneys in the fund are appropriated to the Bank of North Dakota on a continuing basis for loan disbursements and administrative costs pursuant to this section, and moneys in the fund are appropriated to the agriculture commissioner on a continuing basis for grants pursuant to this section and section 4.1-01-27. The agriculture diversification and development committee shall designate the amount available from the fund for loans, interest rate buydowns, and grants.
2. Loans, interest rate buydowns, or grants under subsections 3 and 4 may be issued 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 agriculture diversification and development committee shall develop a value-added milk processing facility incentive program to provide grants.

    a. Grant funding under this subsection is limited to the lesser of ten million dollars or five percent of the total construction cost of building or expanding a value-added milk processing facility in the state capable of processing at least three million pounds [1360777 kilograms] of milk each year. An organization must contribute at least twenty million dollars from nonstate sources toward the total construction cost to be eligible for a grant under this subsection.

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

c. Upon achieving one hundred percent of the processing capacity of the value-added milk processing facility, the agriculture commissioner shall distribute the grant award from funding available in the agriculture diversification and development fund.

SECTION 2. BANK OF NORTH DAKOTA - LINE OF CREDIT - VALUE-ADDED MILK PROCESSING FACILITY INCENTIVE PROGRAM. If the agriculture diversification and development committee approves a grant under this Act, the agriculture commissioner may borrow up to $10,000,000 through a line of credit from the Bank of North Dakota during the biennium beginning July 1, 2025, and ending June 30, 2027. The interest rate associated with the line of credit must be the prevailing interest rate charged to North Dakota governmental entities. If the agriculture commissioner accesses the line of credit, the agriculture commissioner shall request a deficiency appropriation from the seventieth legislative assembly to repay the line of credit.