

**Agriculture Commissioner
Budget No. 602
Senate Bill No. 2009 and House Bill No. 1383**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	78.00	\$10,910,429	\$30,322,406	\$41,232,835
2019-21 base budget	73.00	9,109,101	21,087,676	30,196,777
Legislative increase (decrease) to base budget	5.00	\$1,801,328	\$9,234,730	\$11,036,058

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$10,700,429	\$210,000	\$10,910,429
2017-19 legislative appropriations	9,109,101	0	9,109,101
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$1,591,328	\$210,000	\$1,801,328
Percentage increase (decrease) to 2017-19 appropriations	17.5%	N/A	19.8%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		\$216,913	\$189,585	\$406,498
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		175,896	158,759	334,655
Added funding for temporary salaries.			159,852	159,852
Added funding for an Agriculture Commissioner salary equity increase.		14,586		14,586
Added funding for Microsoft Office 365 license expenses.		1,849	377	2,226
Adjusted funding for capital assets, including a decrease of \$13,000 for a 2017-19 biennium copier and an increase of \$15,000 for a 2019-21 biennium plotter.		2,000		2,000

Added funding from the environment and rangeland protection fund for Wildlife Services operating fees to provide total funding of \$1,457,400 for Wildlife Services.			49,400	49,400
Added \$3,900 for grape and wine grants to provide a total of \$80,000 from the general fund and added \$2,100 for apiary grants to provide a total of \$75,000 from the general fund.		6,000		6,000
Added funding for meat inspection operating expenses, of which \$11,033 is from the general fund and \$10,185 is from federal funds. The funding for 1 FTE meat inspection program director position was adjusted to increase funding from the general fund by \$69,969 and to reduce other funds by \$69,969.		81,002	(59,784)	21,218
Added funding to transfer the Agriculture Products Utilization Commission (APUC) from the Department of Commerce.	1.00	239,583	1,736,541	1,976,124
Added funding to transfer the grain warehouse license and inspection program from the Public Service Commission.	4.00	853,499		853,499
Added one-time funding from Bank of North Dakota profits for APUC.			2,000,000	2,000,000
Added one-time funding for grain insolvency litigation expenses.		100,000		100,000
Added one-time funding for a master customer database.		110,000		110,000
Added one-time funding from the environmental impact mitigation fund for providing grants to political subdivisions for the mitigation of environmental impacts (House Bill No. 1383).			5,000,000	5,000,000
Total	5.00	\$1,801,328	\$9,234,730	\$11,036,058

FTE Changes

The Legislative Assembly approved 78.00 FTE positions for the Agriculture Commissioner for the 2019-21 biennium, an increase of 5 FTE positions from the 2017-19 biennium. The Legislative Assembly authorized 4 FTE positions for the grain warehouse license and inspection program, including 3 FTE grain warehouse inspector positions and 1 FTE accounting budget specialist position, related to the transfer of the program from the Public Service Commission. The Legislative Assembly also authorized 1 FTE APUC position related to the transfer of APUC from the Department of Commerce.

One-Time Funding

The Legislative Assembly approved \$7.21 million of one-time funding for the Agriculture Commissioner for the 2019-21 biennium as follows:

	General Fund	Other Funds	Total Funds
Agricultural Products Utilization Commission (Bank of North Dakota profits)		\$2,000,000	\$2,000,000
Grain insolvency litigation (Section 11 of Senate Bill No. 2009)	\$100,000		100,000
Master customer database	110,000		110,000
Mitigation of environmental impacts (environmental impact mitigation fund) (House Bill No. 1383)		5,000,000	5,000,000
Total	\$210,000	\$7,000,000	\$7,210,000

Environment and Rangeland Protection Fund

The environment and rangeland protection fund was established by the 1991 Legislative Assembly in Senate Bill No. 2451 and enacted as North Dakota Century Code Section 19-18-02.1 then amended and reenacted by the 2017 Legislative Assembly as Section 4.1-39-07 as part of the agriculture law rewrite. The fund contains collections from pesticide registration fees, fertilizer registration, inspection, and tonnage fees, and weed seed free forage fees. Prior to the 2009-11 biennium, the biennial fee was \$350 per pesticide product registered in the state. Of this amount, \$300 was deposited in the environment and rangeland protection fund and \$50 in the general fund. Beginning with the 2009-11 biennium, the entire pesticide registration fee is deposited in the environment and rangeland protection fund rather than a portion in the general fund. Funding in the environment and rangeland protection fund is utilized for various Agriculture Commissioner programs. Please refer to the **TRUST FUND ANALYSES** section of this report for an analysis of the environment and rangeland protection fund.

Section 3 of Senate Bill No. 2009 transfers \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund during the 2019-21 biennium.

Section 4 of Senate Bill No. 2009 identifies \$6,725,799 of funding from the environment and rangeland protection fund for Agriculture Commissioner programs.

Agricultural Products Utilization Commission

The 2019 Legislative Assembly approved the transfer of the APUC program from the Department of Commerce to the Agriculture Commissioner beginning in the 2019-21 biennium. The Legislative Assembly approved total funding of \$4,000,000 for APUC for the 2019-21 biennium, of which \$1,760,417 is from the APUC fund and \$2,000,000 is from the profits of the Bank of North Dakota for operating expenses and grants in the APUC line item. The remaining \$239,583 is from the general fund for 1 FTE position in the salaries and wages line item. The 2019-21 authorized funding level of \$4,000,000 is an increase of \$847,085 from the 2017-19 biennium authorized level of \$3,152,915 in the Department of Commerce, all of which was appropriation authority from the APUC fund in anticipation of receiving profits of the Mill and Elevator Association. The appropriation also includes an increase of 1 FTE APUC position, since no FTE positions were removed in the Department of Commerce for the transfer of APUC.

Section 9 of Senate Bill No. 2009 provides for a \$2 million transfer from the Bank of North Dakota's current earnings and undivided profits to the Agriculture Commissioner for deposit in the APUC fund for the 2019-21 biennium. Statutory changes necessary for the transfer of the APUC program from the Department of Commerce to the Agriculture Commissioner were made in Senate Bill No. 2328.

Grain Warehouse License and Inspection Program

The 2019 Legislative Assembly approved the transfer of the grain warehouse license and inspection program from the Public Service Commission to the Agriculture Commissioner beginning in the 2019-21 biennium. The Legislative Assembly authorized total funding of \$953,499 from the general fund for the program for the 2019-21 biennium. Of this amount, \$853,499 relates to 4 FTE positions authorized for the program, including \$728,499 for salaries and wages and \$125,000 for operating expenses. The remaining \$100,000 was provided as a one-time appropriation in Section 11 of Senate Bill No. 2009 to allow the Agriculture Commissioner to pay the Public Service Commission to continue providing services related to grain insolvency litigation that began prior to July 1, 2019, for the 2019-21 biennium. Sections 12 through 91 of Senate Bill No. 2009 provide the statutory changes necessary for the transfer of the grain warehouse license and inspection program from the Public Service Commission to the Agriculture Commissioner and also increase annual license fees, resulting in additional general fund revenues of approximately \$43,600 during the 2019-21 biennium.

Other Sections in Senate Bill No. 2009

Game and fish funding - Section 5 provides \$614,430 from the game and fish operating fund for the State Board of Animal Health (\$114,430) and Wildlife Services Program (\$500,000) for the 2019-21 biennium, the same as the 2017-19 biennium.

State Water Commission funding - Section 6 provides that \$125,000 be transferred from the State Water Commission to the Agriculture Commissioner for the Wildlife Services program for the 2019-21 biennium, the same as the 2017-19 biennium.

Waterbank program - Matching funds - Section 7 identifies \$50,000 from the general fund in the salaries and wages line item for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.

Pipeline restoration and reclamation - Section 8 identifies \$200,000 from the abandoned oil and gas well plugging and site reclamation fund for the pipeline restoration and reclamation program during the 2019-21 biennium, the same as the 2017-19 biennium.

Salary of the Agriculture Commissioner - Section 10 includes the statutory changes necessary to provide a salary equity increase to the Agriculture Commissioner of \$5,889 per year, increasing the current annual salary of \$108,656 to \$114,545, and to increase the salary to \$116,836 (2 percent) on July 1, 2019, and to \$119,757 (2.5 percent) on July 1, 2020. The salary equity increase is the same as the amount provided to the State Treasurer for the 2019-21 biennium.

Related Legislation

House Bill No. 1134 - Commercial feed - This bill amends Chapter 4.1-41 relating to commercial feed and allows the Agriculture Commissioner to adopt rules to implement the commercial feed requirements in the chapter.

House Bill No. 1349 - Industrial hemp - This bill allows the Agriculture Commissioner to assess a fee of \$350 to each producer and processor applying for a license to grow or process hemp. The revenue collected from license fees is to be deposited in the Agriculture Commissioner's operating fund and is appropriated to the Agriculture Commissioner on a continuing basis. The bill also repeals Chapter 4.1-18 relating to industrial hemp.

House Bill No. 1383 - Mitigation of environmental impacts - This bill provides an appropriation of \$5 million from the environmental impact mitigation fund to the Agriculture Commissioner for the purpose of providing grants to political subdivisions for the mitigation of environmental impacts. The bill establishes an environmental impact mitigation fund, provides for a continuing appropriation to the Agriculture Commissioner from the fund, and allows applicants to make payments to the Agriculture Commissioner for mitigation of environmental impacts. Funds received by the Agriculture Commissioner for this purpose must be deposited in the environmental impact mitigation fund, which the Agriculture Commissioner may distribute to political subdivisions and landowners of agricultural land to offset impacts of energy development to agricultural land.

House Bill No. 1467 - Study of grain programs - This bill provides for the Legislative Management to consider studying agricultural issues in the state, including studying grain buyers, roving grain buyers, grain brokers, and grain handling facilities under Title 60, as well as issues related to prepayment for fertilizer, soil amendments, seed, and fuel in situations of insolvency. The study must include a review of the current law, industry practices, and background checks relating to grain buyers, roving grain buyers, grain brokers, and handling facilities and a review of any potential efficiencies that may exist, methods of maintaining financial security during the grain buying process including consideration of facility operating capital to ensure adequate solvency during licensing, and the process of confidential financial and physical audits. The study also must include a review of the law pertaining to grain handling facility asset lists to determine if changes are required to ensure producers are protected from facility insolvency if an end product is refined and no longer reflects the original product, the indemnity fund under Title 60, and grain handling facility bonding requirements.

Senate Bill No. 2024 - Emergency hay transportation loan repayment - This bill provides a \$1,586,061 deficiency appropriation from the environment and rangeland protection fund to the Adjutant General to repay Bank of North Dakota loans for the summer 2018 emergency hay transportation program that was administered by the Agriculture Commissioner.

Senate Bill No. 2152 - Anhydrous ammonia - This bill requires the Agriculture Commissioner to charge a one-time fee of \$100 for a retail anhydrous ammonia storage facility or a mobile storage container license.

Senate Bill No. 2224 - This bill establishes a bioscience innovation grant program, provides a continuing appropriation to the Agriculture Commissioner for the program, and requires the Office of Management and Budget to transfer \$700,000 from the Research North Dakota fund to the bioscience innovation grant fund during the 2019-21 biennium. Of the \$700,000 transferred, up to \$200,000 may be awarded to entities providing assistance to develop bioscience companies. The Agriculture Commissioner is required to collaborate with the Department of Commerce when awarding bioscience innovation grants and to coordinate the management of the Agriculture Commissioner's bioscience innovation grant program with the Department of Commerce's biotechnology grant program.

Senate Bill No. 2328 - This bill transfers APUC from the Department of Commerce to the Agriculture Commissioner.