

**Agriculture Commissioner  
Budget No. 602  
Senate Bill Nos. 2009 and 2290; House Bill Nos. 1276, 1437, and 1519**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2023-25 legislative appropriation	80.00	\$47,519,573 <sup>1</sup>	\$32,454,618	\$79,974,191 <sup>3</sup>
2021-23 legislative appropriation	<u>79.00</u>	<u>25,659,712<sup>2</sup></u>	<u>34,510,775</u>	<u>60,170,487</u>
2023-25 appropriation increase (decrease) to 2021-23 appropriation	1.00	\$21,859,861	(\$2,056,157)	\$19,803,704

<sup>1</sup>This amount includes \$33,000,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$14,519,573.

<sup>2</sup>This amount includes \$12,200,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation was \$13,459,712.

<sup>3</sup>This amount does not include any transfers of appropriation authority from the Office of Management and Budget funding pools for targeted market equity adjustments, retirement contribution increases, or new and vacant FTE positions.

**Item Description**

**Full-time equivalent changes** - The Legislative Assembly approved 80 FTE positions for the Agriculture Commissioner for the 2023-25 biennium, an increase of 1 FTE position from the 2021-23 biennium authorization of 79 FTE positions. The Legislative Assembly added 1 FTE marketing specialist position.

**Targeted market equity** - The Legislative Assembly appropriated \$82.5 million, of which \$45.1 million is from the general fund, to the Office of Management and Budget for a targeted market equity pool to be distributed to state agencies.

**New and vacant FTE funding pool** - The Legislative Assembly reduced the 2023-25 biennium appropriation authority for the Agriculture Commissioner by \$877,000, including \$608,727 from the general fund and \$268,273 from other funds, for the new and vacant FTE funding pool. The reduction included \$214,930 for new FTE positions and \$662,070 for estimated vacant salary positions.

**Deficiency appropriation - Emergency feed transportation assistance grant program** - In August 2021, the Emergency Commission authorized the Agriculture Commissioner to borrow \$2.5 million from the Bank of North Dakota for the emergency feed transportation assistance grant program to provide assistance to livestock owners who lost feed supplies due to drought conditions. Eligible applicants must own at least 25 animal unit equivalents, must use feed for the producer's own livestock operations, and must have verifiable feed losses due to drought conditions. Costs must have been incurred between April 8, 2021, and December 31, 2021. The program is similar to the emergency hay transportation assistance grant program

**Status/Result**

The Agriculture Commissioner filled the FTE marketing specialist position in September 2023.

The Agriculture Commissioner received \$384,515, including \$261,731 from the general fund and \$122,784 from other funds, for targeted market equity increases. Equity increases were provided to 68 employees.

Through January 2024, the Agriculture Commissioner received \$210,407 from the new and vacant FTE funding pool to fill a new FTE position and had estimated vacant FTE position savings of \$303,527. The office used \$52,553 of the savings for other purposes, including accrued leave payouts, extra salary increases, bonuses, and reclassifications. The number of vacancies in the office has ranged from seven to five with an average monthly vacancy rate of 6 FTE positions.

The Agriculture Commissioner approved 346 applications for funding and in March 2022, distributed \$1,699,368 in grant funding to livestock owners, reimbursing approximately 48 percent of eligible expenses submitted. The Agriculture Commissioner did not distribute the entire \$2,500,000 of loan proceeds due to the federal government offering a similar livestock feed assistance program while the state program was in progress. The federal program reimbursed livestock owners 60 percent of eligible expenses submitted. The Agriculture Commissioner reviewed applications to ensure livestock owners who were eligible for funding through the federal program did not receive funding through the state program.

The loan was repaid in April 2023 at a cost of \$1,779,635, including interest of \$80,267. Of the total, \$1,700,000 was paid from the deficiency appropriation from

authorized by the Emergency Commission in August 2017 and the emergency feed transportation assistance grant program authorized in December 2019.

In Senate Bill No. 2025 (2023), the Legislative Assembly provided a \$1.7 million deficiency appropriation from the general fund to the Agriculture Commissioner to repay the Bank of North Dakota loan for the emergency hay transportation program.

**One-time funding** - The Legislative Assembly approved \$38.5 million of one-time funding for the Agriculture Commissioner for the 2023-25 biennium as follows:

	General Fund	Other Funds	Total Funds
Agricultural Products Utilization Commission (APUC) <sup>1</sup>		\$3,000,000	\$3,000,000
Bioscience innovation grants <sup>2</sup>	\$6,500,000		6,500,000
North Dakota Trade Office	500,000		500,000
Grasslands grazing grants <sup>3</sup>		1,000,000	1,000,000
Food distribution grant program	1,000,000		1,000,000
Agriculture infrastructure grant program (House Bill No. 1276) <sup>4</sup>	25,000,000		25,000,000
Regional livestock development and planning grant program (House Bill No. 1437) <sup>5</sup>		1,200,000	1,200,000
Uncrewed aircraft system, autonomous vehicle, and other autonomous technology grants (House Bill No. 1519) <sup>6</sup>		287,500	287,500
Total	\$33,000,000	\$5,487,500	\$38,487,500

<sup>1</sup>One-time funding for the APUC program is from Bank of North Dakota profits.

<sup>2</sup>One-time funding for the bioscience innovation grants is from the general fund.

<sup>3</sup>Funding for the grasslands grazing grants program is from the strategic investment and improvements fund (SIIF).

<sup>4</sup>Funding appropriated from the general fund for the agriculture infrastructure grant program is transferred to the agriculture diversification and development fund.

<sup>5</sup>Funding appropriated for the regional livestock development and planning grant program is from the environment and rangeland protection fund.

<sup>6</sup>Of the \$287,500 appropriated for uncrewed aircraft system, autonomous vehicle, and other autonomous technology grants, \$275,000 is from the federal State Fiscal Recovery Fund for grants and \$12,500 is from SIIF for administration of the program.

the general fund, \$73,824 was paid from excess funding available in the environment and rangeland protection fund, and \$5,811 was paid from excess funding available in the Agriculture Commissioner's operating fund.

The following is a summary of the status of the Agriculture Commissioner's one-time funding items:

APUC	See the <b>Agricultural Products Utilization Commission</b> section below.
Bioscience innovation grants	See the <b>Bioscience innovation grant program</b> section below.
North Dakota Trade Office	See the <b>North Dakota Trade Office</b> section below.
Grasslands grazing grants	See the <b>Grasslands grazing grants</b> section below.
Food distribution grant program	Through April 2024, the Agriculture Commissioner spent \$39,251 on the food distribution grant program. The grant was awarded to the Great Plains Food Bank and the Agriculture Commissioner anticipates the entire appropriation will be spent during the 2023-25 biennium.
Agriculture infrastructure grant program	Of the \$25,000,000 appropriated, \$7,500,000 is for agriculture infrastructure loans, and \$17,500,000 is for agriculture infrastructure grants. Through March 2024, the Agriculture Commissioner has spent \$1,586,625, with obligations totaling \$4,034,831 for 15 projects relating to agriculture diversification and development fund grants. Additionally, four loans have been approved totaling \$1,900,000.
Regional livestock development and planning grant program	Through March 2024, the Agriculture Commissioner has spent \$115,500 on the project. The Agriculture Commissioner has approved applications for two regional councils to begin site analysis in 9 counties. The program is open for additional applications. The Agriculture Commissioner expects two additional regional councils representing 15 counties to submit applications for approximately \$362,000 in May 2024. The Agriculture Commissioner anticipates requesting authority to continue any unexpended funding into the 2025-27 biennium.
Uncrewed aircraft system, autonomous vehicle, and other autonomous technology grants	Through March 2024, the Agriculture Commissioner has awarded \$274,710 of the \$275,000 appropriated to a single project to identify Palmer amaranth in Barnes, Traill, Richland, and Cass Counties. The Agriculture Commissioner anticipates the project to be completed by early 2025.

**Agricultural Products Utilization Commission** - In Senate Bill Nos. 2009 and 2328 and House Bill No. 1018, the 2019 Legislative Assembly approved

Bank of North Dakota profits were transferred in August 2023. Pursuant to North Dakota Century Code Section 54-18-21, 5 percent of the net income earned by the Mill and Elevator Association must be transferred to the APUC fund within 30 days

the transfer of the APUC program from the Department of Commerce to the Agriculture Commissioner beginning in the 2019-21 biennium.

In Senate Bill No. 2009, the 2023 Legislative Assembly appropriated \$5,110,417 for APUC, of which \$3,000,000 is from Bank of North Dakota profits and \$2,110,417 is from the APUC fund derived from 5 percent of Mill and Elevator Association profits. The Agriculture Commissioner is also authorized 1 FTE APUC position funded from the general fund.

**Bioscience innovation grant program** - In Senate Bill No. 2224 (2019), the Legislative Assembly established a bioscience innovation grant program, provided a continuing appropriation to the Agriculture Commissioner for the program, and required 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 was to be awarded to entities providing assistance to develop bioscience companies. The Agriculture Commissioner was 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.

In Senate Bill No. 2018 (2021), the Legislative Assembly removed funding for the Department of Commerce's biotechnology grant program, eliminating the program.

In Senate Bill No. 2009 (2023), the Legislative Assembly appropriated one-time funding of \$6.5 million from the general fund to be transferred to the bioscience innovation grant fund during the 2023-25 biennium, \$1 million more than the 2021-23 biennium. In addition, Section 3 provides for a \$5.5 million transfer from SIIF to the bioscience innovation grant fund to provide a total of \$12 million for bioscience innovation grants.

**North Dakota Trade Office** - The 2021 Legislative Assembly transferred the North Dakota Trade Office program from the Department of Commerce to the Agriculture Commissioner.

In Section 10 of Senate Bill No. 2018 (2021), the Legislative Assembly added a new section to Chapter 4.1-01 to establish the North Dakota Trade Office, also known as the International Business and Trade Office, in the Agriculture Commissioner's chapter. Section 13 of the bill repeals Section 54-60-16 related to the North Dakota Trade Office in the Department of Commerce's chapter.

In Senate Bill No. 2009, the Legislative Assembly appropriated \$1.6 million of ongoing funding from the general fund to the Agriculture Commissioner for the North Dakota Trade Office program for the 2023-25 biennium, the same amount as the 2021-23 biennium. The Legislative Assembly also appropriated \$500,000 of one-time funding from the general fund for the North Dakota Trade Office.

of the conclusion of each fiscal year. Mill and Elevator Association profits transferred to the APUC fund during the 2021-23 biennium totaled \$1.6 million.

Through March 2024, the Agriculture Commissioner has spent \$1,193,122 on APUC and funding obligations total \$1,282,932 for 31 projects.

Both the general fund and SIIF transfers to the bioscience innovation grant fund were made in August 2023. Through March 2024, the Agriculture Commissioner has spent \$1,791,170, with obligations totaling \$7,481,863 for 26 projects. All projects have completion dates of June 30, 2025. The Agriculture Commissioner anticipates spending the entire \$12,000,000 appropriation during the 2023-25 biennium.

Through March 2024, the Agriculture Commissioner spent \$1,475,181 on the North Dakota Trade Office program and anticipates spending the entire \$2,100,000 appropriation during the 2023-25 biennium. The Agriculture Commissioner has worked with the North Dakota Trade Office on international trade missions, international trade shows, and a reverse trade mission.

**Grasslands grazing grants** - The Legislative Assembly, in Section 9 of House Bill No. 1009 (2021), provided one-time funding of \$5 million from SIIF to provide grassland grazing grants to organizations representing cooperative grazing associations in the state. To be eligible for a grant under this program, an organization must provide \$1 of matching funds from nonstate sources for every \$4 of grant funding. Section 21 of Senate Bill No. 2009 (2023) provides an exemption to continue unspent 2021-23 biennium funding for the grasslands grazing grants into the 2023-25 biennium. In Section 11 of Senate Bill No. 2009, the Legislative Assembly appropriated an additional \$1 million from SIIF for grassland grazing grants for the 2023-25 biennium.

**Pipeline restoration program** - In Senate Bill No. 2009, the Legislative Assembly provided \$200,000 from the abandoned oil and gas well plugging and site reclamation fund to the Agriculture Commissioner for the pipeline restoration and reclamation program for the 2023-25 biennium, the same as the 2021-23 biennium.

**Postproduction royalty oversight program** - In Senate Bill No. 2009, the Legislative Assembly provided \$500,000 to the Agriculture Commissioner for the postproduction royalty oversight program established in Senate Bill No. 2194 (2023). This program allows the Agriculture Commissioner to contract for ombudsmen to assist individuals and companies with mineral royalty payment issues.

**Transfers** - Section 6 of Senate Bill No. 2009 requires the Department of Water Resources to transfer \$125,000 to the Agriculture Commissioner for the Wildlife Services program, the same as the 2021-23 biennium. Section 7 of the bill requires the Agriculture Commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund, the same as the 2021-23 biennium.

**Emergency resilient food systems infrastructure program** - In September 2023, the Emergency Commission and Budget Section authorized the Agriculture Commissioner to accept and spend \$2,345,140 from federal funds for a resilient food systems infrastructure grant program. The total funding awarded to the Agriculture Commissioner was \$4,690,280 and the program duration is through May 24, 2027.

The purpose of the program is to build resiliency across the "middle" of the state's food supply chain for food crops. Grants will be provided to "middle-of-the-supply" businesses to create more diverse local and regional market options and create more economic opportunities for communities to access domestic farm products.

Of the \$5,000,000 authorized in House Bill No. 1009, \$1,839,486 was continued into the 2023-25 biennium. The \$1,000,000 appropriated from SIIF was transferred in August 2023. As of March 31, 2024, the Agriculture Commissioner has spent \$345,054 of the \$2,839,486 available for the 2023-25 biennium. The Agriculture Commissioner anticipates spending all available funding during the 2023-25 biennium.

Through March 2024, the Agriculture Commissioner has spent \$17,617 of the \$200,000 appropriation. Since the inception of the program in 2015, there have been 85 cases reviewed, of which 62 cases have been closed, 15 cases are being monitored by the department, 4 cases are considered active, and 4 cases were outside the scope of the program. The Agriculture Commissioner estimates \$60,000 to \$70,000 may be spent on the program during the biennium; however, the amount of funding that will be spent will depend on the cost of the active cases and how many additional cases are opened during the biennium.

Through March 2024, the Agriculture Commissioner has spent \$34,125 of the \$500,000 appropriation. There have been 89 cases reviewed to date, of which 20 cases have been closed, 4 cases are being monitored by the department, and 65 cases are considered active. Most cases relate to nonpayment issues or difficulties contacting well operators. The Agriculture Commissioner anticipates spending \$125,000 on the program during the 2023-25 biennium.

The transfer from the Department of Water Resources to the Agriculture Commissioner operating fund was completed in October 2023. The transfer from the environment and rangeland protection fund to the minor use pesticide fund was completed in July 2023.

Through March 2024, the Agriculture Commissioner has spent \$5,460 reviewing applications for the resilient food systems infrastructure grant program. The Agriculture Commissioner anticipates requesting spending authority during the 2025 legislative session to spend the remaining funding during the 2025-27 biennium.