

2025 SENATE AGRICULTURE AND VETERANS AFFAIRS

SB 2342

2025 SENATE STANDING COMMITTEE MINUTES

Agriculture and Veterans Affairs Committee

Fort Union Room, State Capitol

SB 2342

2/6/2025

A bill relating to a value-added milk processing facility incentive program; and to provide for a transfer.

3:30 p.m. Chairman Luick opened the hearing.

Members present: Chairman Luick, Vice-Chair Myrdal, Senator Marcellais, Senator Weber, Senator Lemm

Discussion Topics:

- Bismarck milk processing plant
- Transportation cost
- Agriculture Diversification Fund
- Construction and expansion cost
- Site acquisition
- Strategic Investment Improvement Fund
- Livestock industry development and infrastructure
- Private investment
- Fund distribution
- Processing plant location
- Current ND dairies
- State-owned facilities
- DOT transport regulations

3:31 p.m. Senator Paul Thomas, District 6, testified in favor and introduced the bill.

3:43 p.m. Senator David Hogue, District 38, testified in favor.

3:51 p.m. Senator Paul Thomas, District 6, testified in favor.

3:56 p.m. Pete Hanebutt, Director of Public Policy for the ND Farm Bureau, testified in favor.

3:57 p.m. Lesley Icenogle, ND Corn Grower's Association, testified in favor and submitted testimony #35701.

3:59 p.m. Matt Perdue, Government Relations Director with ND Farmer's Union's Members, testified in favor and submitted testimony #35966.

4:05 p.m. Samuel Wagner, Ag and Food Field Organizer with Dakota Resource Council, testified in opposition and submitted testimony #35591.

4:17 p.m. Amber Wood, Executive Director, ND Livestock Alliance, testified in neutral.

4:21 p.m. Haley Viger, Ag Field Inspector, ND Department of Agriculture, testified in neutral.

Additional written testimony:

Gregory Lardy, Vice President of North Dakota State University, submitted testimony #33823 in favor.

Kathrin Volochenko, Treasurer of the Nonpartisan League, submitted testimony #35500 in opposition.

4:28 p.m. Chairman Luick adjourned the meeting.

Audrey Oswald, Committee Clerk



February, 2025

Testimony in Support of SB2342

For the record, my name is Greg Lardy and I serve as the Joe and Norma Peltier Vice President for Agriculture at North Dakota State University where I have the privilege to direct the activities of NDSU Extension and the North Dakota Agricultural Experiment Station.

Livestock development is crucial to enhancing the long-term economic impact of agriculture on the state's economy. For decades, North Dakota has lagged behind neighboring states in relation to the economic contribution of the livestock sector. As North Dakota continues to look to the future, enhancing livestock development through incentivizing food processing will be critical to our overall success.

This proposed legislation is a crucial step toward fostering economic growth and sustainability in North Dakota's agricultural sector. By providing grant funding for the construction of value-added milk processing facilities, the state will not only support local dairy farmers but also create long-term job opportunities and strengthen regional economies. The ability to access up to ten million dollars or five percent of the construction costs for milk processing facilities is an important step in securing a stable and reliable market for milk for the state's dairy farmers. Infrastructure such as access to natural gas, electricity, water, and rail lines is critical to the success of such projects. Additional processing capacity will enhance the state's milk production capabilities and improve the economic outlook of the dairy industry, and will create a more robust agricultural industry in North Dakota.

Furthermore, this legislation encourages innovation and investment within the state's dairy industry by making these grants a reimbursement for critical infrastructure costs. This incentivizes private investment while simultaneously lowering the financial barriers that often hinder the construction of large-scale facilities. The provision that grants will be awarded once the value-added milk processing facility reaches full production capacity ensures accountability and guarantees that the infrastructure investment leads to tangible results. By enhancing North Dakota's capacity to process and add value to its milk, this legislation provides a solid foundation for long-term growth, helping local dairy producers thrive and boosting the state's economy as a whole.

If you have any questions regarding my testimony, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "G. Lardy", is written over the printed name.

Greg Lardy

Joe and Norma Peltier Vice President for Agriculture

JOE AND NORMA PELTIER VICE PRESIDENT FOR NDSU AGRICULTURE

314 Morrill Hall | NDSU Dept 7520 | PO Box 6050 | Fargo ND 58108-6050 | 701-231-7660 | Cell 701-799-7863 | www.ndsu.edu/vpag

College of Agriculture, Food Systems, and Natural Resources
www.ndsu.edu/agriculture/academics

North Dakota Agricultural Experiment Station
www.ndsu.edu/agriculture/ag-research

North Dakota State University Extension
www.ndsu.edu/agriculture/extension

Greetings Mr./Madam Chair, members of the Committee, I'm Kathrin Volochenko of the **Nonpartisan League**.

I request that this committee bring **Senate Bill 2342** in its current form to the floor with a **"Do Not Pass"** recommendation. The reasons are as follows:

"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 a value - added milk processing facility in the state capable of producing at least five million gallons of milk each year.

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 production 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."

This proposed addition to "Section 4.1-01.1-07 of the North Dakota Century Code", which, if approved and signed into law, would allow North Dakota taxpayer dollars to subsidize private entities that few residents would want **upwind** of their cities and homes with the added risk of aquifer contamination.

A better idea would be to take the proposed "10 million dollar cap, or five percent of the total construction cost", and build a North Dakota State-Owned "Value-Added" milk production facility using the same or similar business model as the State Mill and Elevator, provided that there are strict odor and environmental controls in place. Then, as stakeholders, we would have the opportunity to express our ideas and opinions.

It's one thing to subsidize a new start-up ag-oriented business or expand an existing ag-oriented business with a cap on animal numbers, acres planted, or

building square footage. However, it's quite another to use taxpayer dollars to subsidize extremely large-scale facilities such as you're proposing.

In conclusion, please consider the implications of such a revision and recommend a **"Do Not Pass"** for SB 2342 in its current form.

Thanks for your time and attention.

Testimony SB2342

Sam Wagner
Ag and Food Field Organizer
Dakota Resource Council
1902 E Divide Ave
Bismarck ND 58501
Testimony in Opposition for SB2342

To the Senate Ag and Veterans Committee,

Mr Chairman,

We here at the Dakota Resource Council have supported state run value added agriculture facilities or to establish farmer owned Co Ops rather than trying to lure out of state or multinational corporations to set up our industries in North Dakota. And because of that we oppose this bill and will outline why in the next few paragraphs.

- 1. If a creamery or an organization is willing to break a promise to us in order to set up a dairy in our state then we shouldn't be rewarding them with state money.**

According to the information that we have gathered from various sources across the state including statements by senators, house representatives, and officials from the Farmers Union at their annual convention in December 2024, it seems apparent that the Riverview Dairy being proposed has been known by insider circles for close to 2-3 years before it was announced publicly. In that time it was promised to officials and the city of Wahpeton North Dakota that in exchange for building a creamery, they would support setting up dairy facilities in Abercrombie North Dakota, and Trail County. In the end, negotiations broke down, no creamery was announced but the dairies still remained. If the dairies are as profitable as they say they are and bring in business the investors should be able to do this without state money.

- 2. We already have a value added ag and ag infrastructure fund. If you intend to pass those bills let a milk processing facility apply to it like every other facility.**

The ND legislature is already considering SB2327 and HB1332 are already looking at giving grants related to these types of projects. We would respectfully ask the committee if this means that a dairy processing facility would be able to double dip and apply for all of the programs being offered or would this be the only program a dairy processing facility would be eligible for. If we already have bills for value added industries we should not have a special bill for this one type of industry.

- 3. If we want to truly promote value added services in this state they should be state owned like the State Mill.**

Instead of throwing money to private entities and setting up businesses based on luring out of state entities, I think we should take a serious look at the money budgeted and set up state run facilities similar to the State Mill. The North Dakota State mill has been profitable every year in its 100 year existence and has brought valuable revenue to our state while always having a consistent market to our farmers. There should be no reason that a well run facility for meat packing, dairy processing, or rendering carcasses shouldn't be profitable in our state.

Thank you for your consideration and we urge a DO NOT PASS



In Favor of SB 2342
Senate Agriculture and Veterans Affairs
February 6, 2025

Chairman Luick and Committee members:

For the record, my name is Lesley Icenogle. Thank you for the opportunity to testify on behalf of the North Dakota Corn Growers Association (NDCGA) in favor of Senate Bill 2342.

Expanding value-added agriculture in the state is a policy priority for NDCGA. SB 2342 uses the Agriculture Diversification and Development (ADD) fund to incentivize a value-added milk processing facility in North Dakota. Importantly, grant funding under the program can reimburse necessary infrastructure for the facility, including roads and water conveyance. This processing facility will provide dairy farmers in North Dakota with a stable market. In addition, livestock development increases in-state demand for corn and distillers grains, a value co-product of ethanol production.

The North Dakota Corn Growers urge a Do Pass recommendation on SB 2342 to strengthen and diversify North Dakota's agriculture economy. Thank you for your consideration, and I will stand for questions.



Contact:
Matt Perdue, Lobbyist
mperdue@ndfu.org | 701.641.3303

**Testimony of
Matt Perdue
North Dakota Farmers Union
Before the
Senate Agriculture and Veterans Affairs Committee
February 6, 2025**

Chairman Luick and members of the committee,

Thank you for the opportunity to testify on Senate Bill No. 2342. My name is Matt Perdue, and I am testifying on behalf of North Dakota Farmers Union's (NDFU) members. NDFU supports SB 2342.

SB 2342 establishes a new Value-Added Milk Processing Facility Incentive Program. The program would provide incentives to a new dairy processor after the facility is fully operational. The new program would operate under the purview of the Agriculture Diversification and Development (ADD) committee. The ADD Committee has demonstrated a strong ability to make wise investments that benefit agriculture and the broader economy.

As you know, North Dakota dairy producers have faced significant headwinds in recent years. The 2023 closure of the processing facility in Bismarck has forced our remaining dairy farms to ship their milk much longer distances. Increased transportation costs cut into dairy farmers' already razor thin margins.

Two proposed dairies in the eastern half of the state will reverse North Dakota's trend of declining production. However, the survival of the state's existing dairy farms and the future growth of the industry depend on producers' access to processing. This legislation sends a strong signal to any potential processor that North Dakota is willing to be a strong partner.

We respectfully request a "Do Pass" recommendation on SB 2342. Thank you for your consideration. I will stand for any questions.

2025 SENATE STANDING COMMITTEE MINUTES

Agriculture and Veterans Affairs Committee

Fort Union Room, State Capitol

SB 2342

2/7/2025

A bill relating to a value-added milk processing facility incentive program; and to provide for a transfer.

2:38 p.m. Chairman Luick opened the hearing.

Members present: Chairman Luick, Vice-Chair Myrdal, Senator Marcellais, Senator Weston, Senator Weber, Senator Lemm

Discussion Topics:

- Agriculture Diversification Fund
- Committee action

2:39 p.m. Senator Lemm moved a Do Pass and Rerefer to Appropriations.

2:39 p.m. Senator Myrdal seconded the motion.

Senators	Vote
Senator Larry Luick	Y
Senator Janne Myrdal	Y
Senator Randy D. Lemm	Y
Senator Richard Marcellais	Y
Senator Mark F. Weber	Y
Senator Kent Weston	Y

Motion passed 6-0-0.

Senator Lemm will carry the bill.

2:42 p.m. Chairman Luick closed the hearing

Audrey Oswald, Committee Clerk

REPORT OF STANDING COMMITTEE
SB 2342 ([25.1308.01000](#))

Agriculture and Veterans Affairs Committee (Sen. Luick, Chairman) recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (6 YEAS, 0 NAYS, 0 ABSENT OR EXCUSED AND NOT VOTING). SB 2342 was rereferred to the **Appropriations Committee**. This bill does not affect workforce development.

2025 SENATE APPROPRIATIONS

SB 2342

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

SB 2342
2/17/2025

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 provide for a transfer.

9:36 a.m. Chairman Wanzek opened the hearing.

Members present: Chairman Wanzek, Vice-Chair Dwyer, Senator Burckhard, Senator Erbele, and Senator Sickler.

Discussion Topics:

- Dairy processing plants
- Animal agriculture growth opportunity

9:36 a.m. Matt Perdue, Government Relations Director, ND Farmers Union, testified in favor.

9:43 a.m. Pete Hanebutt, Director of Public Policy, ND Farm Bureau, testified in favor.

9:50 a.m. Chairman Wanzek closed the hearing.

Carol Thompson, Committee Clerk

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

SB 2342
2/17/2025

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 provide for a transfer.

11:51 a.m. Chairman Wanzek opened the hearing.

Members present: Chairman Wanzek, Vice-Chair Dwyer, Senator Burckhard, and Senator Erbele. Member absent: Senator Sickler.

Discussion Topics:

- Building or expanding facility
- Processing (dairy product)

11:52 a.m. Senator Dwyer distributed language for proposed amendments, and submitted testimony #38090.

11:55 a.m. Senator Dwyer moved amendments to SB 2342, as described in testimony #38090 on Page 2, line 3, removing the word 'production' and inserting 'processing' in its place, and making it a loan, not a grant.

11:55 a.m. Senator Burckhard seconded the motion

Senators	Vote
Senator Terry M. Wanzek	Y
Senator Randy A. Burckhard	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Jonathan Sickler	A

Motion passed 4-0-1

11:56 a.m. Senator Dwyer moved a Do Pass as Amended for SB 2342.

11:56 a.m. Senator Erbele seconded the motion.

Senators	Vote
Senator Terry M. Wanzek	Y
Senator Randy A. Burckhard	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Jonathan Sickler	A

Motion passed 4-0-1

Senate Appropriations, Government Operations Division
SB 2342
02/17/25

Senator Dwyer will carry the bill.

11:59 a.m. Chairman Wanzek closed the meeting.

Carol Thompson, Committee Clerk

4/1/20
Senator Dwyer
SB 2342

Sixty-ninth
Legislative Assembly

- 1 jobs, and grow the state's economy. Grants under section 4.1-01-27 may be issued
- 2 from the fund for infrastructure/improvements necessary for the development or
- 3 expansion of new or existing value-added agriculture businesses. Value-added
- 4 agriculture businesses include food production or processing facilities; feed or pet food
- 5 processing facilities; commodity processing facilities; agriculture product
- 6 manufacturers; and animal agriculture production facilities, including swine, poultry,
- 7 dairy, and feed lot production facilities.
- 8 3. The Bank of North Dakota shall develop policies for loans and interest rate buydowns
- 9 from the fund in consultation with the agriculture diversification and development
- 10 committee. The Bank shall review loan applications. To be eligible for a loan under this
- 11 section, an entity shall agree to provide the Bank with information as requested. The
- 12 Bank may develop policies for loan participation with local financial institutions. The
- 13 Bank shall deposit in the fund all principal and interest paid on the outstanding loans.
- 14 The Bank may use a portion of the interest paid as a servicing fee to pay for
- 15 administrative costs, which may not exceed one-half of one percent of the amount of
- 16 the outstanding loans. The fund must be audited annually pursuant to section 6-09-29,
- 17 and the cost of the audit must be paid from the fund.
- 18 4. The agricultural diversification and development committee shall develop policies for
- 19 grants from the fund to support new or expanding value-added agriculture businesses,
- 20 including eligibility criteria, maximum grant amounts, and reporting requirements.
- 21 Based on recommendations from the agricultural diversification and development
- 22 committee, the agriculture commissioner shall distribute the grant funding.
- 23 5. The agriculture diversification and development committee shall develop a
- 24 value-added milk processing facility incentive program to provide grants.
- 25 a. Grant funding under this subsection is limited to the lesser of ten million dollars or
- 26 five percent of the total construction cost of building or expanding a value-added
- 27 milk processing facility in the state capable of producing processing at least
- 28 five million gallons three million pounds [1360777 kilograms] of milk each year.
- 29 b. Grant funding under the program is a reimbursement for infrastructure, site
- 30 acquisition, or other capital expenditures necessary for the value-added milk

Processing

- 1 processing facility construction, including natural gas supply, electricity supply,
2 roads, water lines, wastewater lines, storm water conveyance, or rail lines.
3 c. Upon achieving one hundred percent of the production capacity of the
4 value-added milk processing facility, the agriculture commissioner shall distribute
5 the grant award from funding available in the agriculture diversification and
6 development fund.

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

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

SB 2342
2/18/2025

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 provide for a transfer.

10:35 a.m. Chairman Wanzek opened the hearing.

Discussion Topics:

- Employment opportunities
- Animal agriculture

10:35 a.m. Senator Dwyer moved to Reconsider SB 2342.

10:35 a.m. Senator Erbele seconded the motion.

Chairman Wanzek called for a voice vote. Motion carried.

10:37 a.m. Senator Dwyer distributed new proposed amendments and submitted testimony #38045.

10:38 a.m. Senator Dwyer moved to adopt amendment #25.1308.01005.

10:38 a.m. Senator Burckhard seconded the motion.

Senators	Vote
Senator Terry M. Wanzek	Y
Senator Randy A. Burckhard	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Jonathan Sickler	Y

Motion passed 5-0-0

10:40 a.m. Senator Dwyer moved a Do Pass as Amended for SB 2342.

10:40 a.m. Senator Erbele seconded the motion.

Senators	Vote
Senator Terry M. Wanzek	Y
Senator Randy A. Burckhard	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Jonathan Sickler	y

Motion passed 5-0-0

Senator Dwyer will carry the bill.

Senate Appropriations Government Operations Division
SB 2342
2/18/2025
Page 2

10:40 a.m. Chairman Wanzek closed the hearing.

Carol Thompson, Committee Clerk

25.1308.01005
Title.

Prepared by the Legislative Council
staff for Senator Dwyer
February 18, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

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~~authorize
3 a ~~transfer~~Bank of North Dakota line of credit.

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

1 jobs, and grow the state's economy. Grants under section 4.1-01-27 may be issued
2 from the fund for infrastructure improvements necessary for the development or
3 expansion of new or existing value-added agriculture businesses. Value-added
4 agriculture businesses include food production or processing facilities; feed or pet food
5 processing facilities; commodity processing facilities; agriculture product
6 manufacturers; and animal agriculture production facilities, including swine, poultry,
7 dairy, and feed lot production facilities.

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

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

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

25 a. Grant funding under this subsection is limited to the lesser of ten million dollars or
26 five percent of the total construction cost of building or expanding a value-added
27 milk processing facility in the state capable of producing processing at least
28 five million gallons three million pounds [1360777 kilograms] of milk each year.
29 b. Grant funding under the program is a reimbursement for infrastructure, site
30 acquisition, or other capital expenditures necessary for the value-added milk

1 processing facility construction, including natural gas supply, electricity supply,
2 roads, water lines, wastewater lines, storm water conveyance, or rail lines.

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

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

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

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

SB 2342
2/19/2025

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 provide for a transfer.

8:49 a.m. Chairman Bekkedahl opened the hearing.

Members Present: Chairman Bekkedahl, Vice-Chairman Erbele, and Senators Burckhard, Cleary, Conley, Davison, Dever, Dwyer, Magrum, Mathern, Meyer, Schaible, Sickler, Sorvaag, Thomas, Wanzek.

Discussion Topics:

- Grant Program vs. Loan Program
- ND Dairy Challenges
- Economic Opportunity in ND

8:49 a.m. Senator Dwyer introduced the bill and submitted testimony #38027.

8:51 a.m. Senator Dwyer moved amendment LC 25.1308.01005.

8:52 a.m. Senator Wanzek seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Robert Erbele	Y
Senator Randy A. Burckhard	Y
Senator Sean Cleary	Y
Senator Cole Conley	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Jeffery J. Magrum	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Donald Schaible	Y
Senator Jonathan Sickler	Y
Senator Ronald Sorvaag	Y
Senator Paul J. Thomas	Y
Senator Terry M. Wanzek	Y

Motion Passed 16-0-0.

9:04 a.m. Senator Dwyer moved a Do Pass as Amended.

9:04 a.m. Senator Wanzek seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Robert Erbele	Y
Senator Randy A. Burckhard	Y
Senator Sean Cleary	Y
Senator Cole Conley	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Jeffery J. Magrum	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Donald Schaible	Y
Senator Jonathan Sickler	Y
Senator Ronald Sorvaag	Y
Senator Paul J. Thomas	Y
Senator Terry M. Wanzek	Y

Motion Passed 16-0-0.

Senator Lemm will carry the bill.

9:05 a.m. Chairman Bekkedahl closed the hearing.

Elizabeth Reiten, Committee Clerk

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

2-19-25

JB 1 of 3

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~~ authorize
3 a ~~transfer~~ Bank of North Dakota line of credit.

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

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 producing at least five million gallons three million pounds [1360777 kilograms] of milk each year.
- b. Grant funding under the program is a reimbursement for infrastructure, site acquisition, or other capital expenditures necessary for the value-added milk

1 processing facility construction, including natural gas supply, electricity supply,
2 roads, water lines, wastewater lines, storm water conveyance, or rail lines.

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

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

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

**REPORT OF STANDING COMMITTEE
SB 2342**

Appropriations Committee (Sen. Bekkedahl, Chairman) recommends **AMENDMENTS** ([25.1308.01005](#)) and when so amended, recommends **DO PASS** (16 YEAS, 0 NAYS, 0 ABSENT OR EXCUSED AND NOT VOTING). SB 2342 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

25.1308.01005
Title.

Prepared by the Legislative Council
staff for Senator Dwyer
February 18, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

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~~ authorize
- 3 a ~~transfer~~ Bank of North Dakota line of credit.

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

1 jobs, and grow the state's economy. Grants under section 4.1-01-27 may be issued
2 from the fund for infrastructure improvements necessary for the development or
3 expansion of new or existing value-added agriculture businesses. Value-added
4 agriculture businesses include food production or processing facilities; feed or pet food
5 processing facilities; commodity processing facilities; agriculture product
6 manufacturers; and animal agriculture production facilities, including swine, poultry,
7 dairy, and feed lot production facilities.

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

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

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

25 a. Grant funding under this subsection is limited to the lesser of ten million dollars or
26 five percent of the total construction cost of building or expanding a value-added
27 milk processing facility in the state capable of producing processing at least
28 five million gallons three million pounds [1360777 kilograms] of milk each year.
29 b. Grant funding under the program is a reimbursement for infrastructure, site
30 acquisition, or other capital expenditures necessary for the value-added milk

1 processing facility construction, including natural gas supply, electricity supply,

2 roads, water lines, wastewater lines, storm water conveyance, or rail lines.

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

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

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

2025 HOUSE AGRICULTURE

SB 2342

2025 HOUSE STANDING COMMITTEE MINUTES

Agriculture Committee
Room JW327C, State Capitol

SB 2342
3/13/2025

A BILL for an Act to amend and reenact sections 47-20.2-01, 47-20.2-02, 47-20.2-03, 47-20.2-05, and 47-20.2-06 of the North Dakota Century Code, relating to the North Dakota coordinate system zones.

7:59 a.m. Chairman Beltz opened the meeting.

Members Present: Chairman Beltz, Vice Chairman Hauck, Representatives Anderson, Dobervich, Henderson, Holle, Hoverson, Kiefert, Nehring, Olson, Rios, Schreiber-Beck, Tveit, Vollmer

Member Absent: Representative Dobervich, Schreiber-Beck

Discussion Topics:

- Decline in dairy farms
- Shipping costs
- Coalition of dairy producers
- BND grant
- Robotic dairy
- Feasibility study

8:00 a.m. Senator Paul J. Thomas, District 6, Velva, ND, introduced and testified.

8:18 a.m. Tom Bodine, Deputy Agriculture Commissioner, ND Department of Agriculture, testified in favor and submitted testimony #41348 and #41355.

8:30 a.m. Pete Hanebutt, North Dakota Farm Bureau (NDFB), testified in favor.

8:33 a.m. Lesley Icenogle, North Dakota Corn Growers Association, testified in favor and submitted testimony #41142.

8:35 a.m. Matt Perdue, Government Relations Director, North Dakota Farmers Union (NDFU), testified in favor and submitted testimony #41221.

8:41 a.m. Representative Vollmer moved to amend Page 2, line 26 by changing the word "year" to "day".

8:41 a.m. Representative Tveit seconded the motion.

Representatives	Vote
Representative Mike Beltz	N
Representative Dori Hauck	N
Representative Karen A. Anderson	Y

Representative Gretchen Dobervich	N
Representative Donna Henderson	N
Representative Dawson Holle	N
Representative Jeff Hoverson	N
Representative Dwight Kiefert	N
Representative Dennis Nehring	N
Representative SuAnn Olson	N
Representative Nico Rios	N
Representative Cynthia Schreiber-Beck	N
Representative Bill Tveit	N
Representative Daniel R. Vollmer	Y

Motion failed 2-12-0

Additional Written Testimony:

Rachel Grosz, Government Affairs, North Dakota Farm Bureau (NDFU), submitted testimony in favor #41202

8:45 a.m. Chairman Beltz closed the meeting.

Diane Lillis, Committee Clerk



In Favor of SB 2342

House Agriculture

March 13, 2025

Chairman Beltz and Committee members:

For the record, my name is Lesley Icenogle. Thank you for the opportunity to testify on behalf of the North Dakota Corn Growers Association (NDCGA) in favor of Senate Bill 2342.

Growing value-added agriculture in the state is a policy priority for NDCGA. SB 2342 uses the Agriculture Diversification and Development (ADD) fund to incentivize a new or expanding value-added milk processing facility in North Dakota. Importantly, grant funding under the program can reimburse necessary infrastructure for the facility, including roads and water conveyance. This processing facility will provide dairy farmers in North Dakota with a stable market. In addition, livestock development increases in-state demand for corn and dried distillers grains, a value co-product of ethanol production.

The North Dakota Corn Growers urge a Do Pass recommendation on SB 2342 to strengthen and diversify North Dakota's agriculture economy. Thank you for your consideration, and I will stand for questions.



Chairman Beltz and Honorable Members of the House Agriculture Committee, for the record, I am Rachel Grosz, writing on behalf of North Dakota Farm Bureau (NDFB). NDFB would like to express our strong support for SB2342, in relation to a value-added milk processing facility incentive program. We thank you for the opportunity to testify on this bill.

It is no secret the dairy sector has faced a multitude of hardships over the last several decades. While some dairy producers have hung on, we continue to see a steady decline in the number of dairy operations in the state.

NDFB represents 28,000 member-families and develops policy with a truly grass-roots approach. The bill before you aligns with the values and ideals our membership holds. We believe efforts to expand, diversify, and adopt value-added opportunities in agriculture are critical to our sustainability in the future.

The following policies reflect our support for this critical funding program:

We support the diversification of our economy within the state of North Dakota including, but not limited to, energy, technology, and agriculture.

We believe state government programs which are designed to encourage business growth, should be equally available to production agriculture ventures.

Senate Bill 2342 offers a strategic approach to revitalizing this important sector. Encouraging the development of value-added facilities within North Dakota will reduce transportation burdens for producers. Ultimately, the economic viability of our dairy industry depends on access to milk-processing facilities.

The interest in supporting processing via grants also incentivizes private investment in our ag economy—and our state. This bill will be an integral component in creating a once-again robust dairy sector. We are hopeful this program will give existing dairies opportunity to continue operating and increase profitability; as well as create the stability for new operations to enter the market. This bill, coupled with similar efforts seek to reinvigorate North Dakota's milk-production and bolster dairy cow inventory within our state.

Investing in value-added infrastructure not only aids the dairy sector, also it enhances the overall economic climate, as complementary sectors in ag will benefit from processing and potential increase in animal agriculture. In turn, our rural communities will also be positively impacted.

Fargo

1101 1st Ave. N. | PO Box 2064, Fargo, ND 58107-2064
Phone: 701-298-2200 | 1-800-367-9668

Bismarck

4900 Ottawa St. | PO Box 2793, Bismarck, ND 58502-2793
Phone: 701-224-0330 | 1-800-932-8869



Senate Bill 2342 represents a proactive initiative that addresses the current challenges dairy farmers face, as well as the importance of North Dakota remaining competitive and diverse in agricultural production. Supporting this bill is an investment in the future of North Dakota agriculture, making our state an attractive place to do business. We respectfully urge the committee to make a "Do-Pass" recommendation, thank you for your consideration.

Respectfully,

Rachel Grosz
Government Affairs Liaison
North Dakota Farm Bureau- NDFB

Fargo

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Phone: 701-224-0330 | 1-800-932-8869



Contact:

Matt Perdue, Lobbyist

mperdue@ndfu.org | 701.641.3303

**Testimony of
Matt Perdue
North Dakota Farmers Union
Before the
House Agriculture Committee
March 13, 2025**

Chairman Beltz and members of the committee,

Thank you for the opportunity to testify on Senate Bill No. 2342. My name is Matt Perdue, and I am testifying on behalf of North Dakota Farmers Union's (NDFU) members. NDFU supports SB 2342.

SB 2342 establishes a new Value-Added Milk Processing Facility Incentive Program. The program would provide incentives to a new dairy processor after the facility is fully operational. The new program would operate under the purview of the Agriculture Diversification and Development (ADD) committee. The ADD Committee has demonstrated a strong ability to make wise investments that benefit agriculture and the broader economy.

As you know, North Dakota dairy producers have faced significant headwinds in recent years. The 2023 closure of the processing facility in Bismarck has forced our remaining dairy farms to ship their milk much longer distances. Increased transportation costs cut into dairy farmers' already razor thin margins.

Two proposed dairies in the eastern half of the state will reverse North Dakota's trend of declining production. However, the survival of the state's existing dairy farms and the future growth of the industry depend on producers' access to processing. This legislation sends a strong signal to any potential processor that North Dakota is willing to be a strong partner.

We respectfully request a "Do Pass" recommendation on SB 2342. Thank you for your consideration. I will stand for any questions.

5.4.3 Impact of a 1,600 Head Robotic Dairy Farm

Table 21 shows the estimated economic impact of the construction of a 1,600 head robotic dairy facility in North Dakota. The construction of this facility is expected to support 65 total jobs and have a one-time impact of \$4.6 million in labor income, \$6.4 million in value added, and nearly \$13.2 million in total sales.

Table 21. Robotic Dairy Farm Construction Impact Summary

Robotic Dairy Farm Construction Impact Summary					
Impact Type	Employment	Labor Income	Value Added	Output	
Direct	41	\$ 3,000,636	\$ 3,661,799	\$	7,817,658
Indirect	10	\$ 777,878	\$ 1,435,321	\$	2,998,904
Induced	14	\$ 778,113	\$ 1,297,899	\$	2,410,063
Total	65	\$ 4,556,627	\$ 6,395,019	\$	13,226,625

The dairy's construction is estimated to generate around \$1.4 million in total tax revenue, with around \$545,000 paid at the federal level and \$133,000 paid at the state and local levels (Table 22).

Table 22. Robotic Dairy Farm Construction Tax Impact

Robotic Dairy Farm Construction Tax Impact				
Impact Type	State and Local	Federal	Total	
Direct	\$ 221,023	\$ 610,326	\$	831,350
Indirect	\$ 200,240	\$ 174,793	\$	375,033
Induced	\$ 67,512	\$ 173,080	\$	240,592
Total	\$ 488,776	\$ 958,199	\$	1,446,974

Some of the industries most impacted by the dairy's construction include sand and gravel mining, truck transportation, healthcare, and banking (Table 23).

Table 23. Robotic Dairy Farm Top Industries Impacted

Robotic Dairy Farm Construction Top Industries Impacted	
Industry	Total Value Added
Construction of new commercial structures, including farm structures	\$ 2,185,462
Ready-mix concrete manufacturing	\$ 1,258,809
Sand and gravel mining	\$ 421,857
Owner-occupied dwellings	\$ 184,664
Truck transportation	\$ 157,360
Hospitals	\$ 134,473
Monetary authorities and depository credit intermediation	\$ 111,225
Wholesale - Other durable goods merchant wholesalers	\$ 108,027
Offices of physicians	\$ 75,669
Oil and gas extraction	\$ 69,857

The estimated operations impact of a 1,600 head robotic dairy in North Dakota is shown in Table 24. The new farm is expected to directly employ 10 workers who make a collective \$1.2 million in labor income and generate more than \$1.1 million in value added annually. After accounting for indirect and induced

effects, the total operations impact is nearly \$14.3 million in output, nearly \$4.8 million in value added, and 36 jobs.

Table 24. Robotic Dairy Farm Operations Impact Summary

Robotic Dairy Farm Operations Impact Summary				
Impact Type	Employment	Labor Income	Value Added	Output
Direct	10	\$ 1,201,244	\$ 1,911,847	\$ 7,594,858
Indirect	17	\$ 1,159,569	\$ 2,031,421	\$ 5,156,330
Induced	9	\$ 485,777	\$ 810,521	\$ 1,505,254
Total	36	\$ 2,846,590	\$ 4,753,789	\$ 14,256,443

The operations of a 1,600 head robotic dairy is estimated to generate nearly \$763,000 in total annual tax revenue, with around \$599,000 paid at the federal level and \$164,000 paid at the state and local levels (Table 25).

Table 25. Robotic Dairy Farm Operations Tax Impact

Robotic Dairy Farm Operations Tax Impact			
Impact Type	State and Local	Federal	Total
Direct	\$ 50,689	\$ 238,074	\$ 288,764
Indirect	\$ 71,813	\$ 252,391	\$ 324,204
Induced	\$ 41,908	\$ 108,071	\$ 149,979
Total	\$ 164,411	\$ 598,536	\$ 762,947

In addition to the industry representing milk production (dairy cattle and milk production), other industries impacted by the dairy's operations include grain farming, truck transportation, and other animal food manufacturing (Table 26).

Table 26. Robotic Dairy Farm Operations Top Industries Impacted

Robotic Dairy Farm Operations Top Industries Impacted	
Industry	Total Value Added
Dairy cattle and milk production	\$ 1,911,936
Wholesale - Other nondurable goods merchant wholesalers	\$ 505,129
Other real estate	\$ 192,722
Grain farming	\$ 129,866
Owner-occupied dwellings	\$ 116,466
Truck transportation	\$ 115,139
Hospitals	\$ 83,467
Monetary authorities and depository credit intermediation	\$ 79,530
Other animal food manufacturing	\$ 76,439
Oil and gas extraction	\$ 65,303

SB 2342

Attached is an economic impact study, we had performed on a 1600 HD Robotic dairy.

We searched and had no copies of the Blimling study which was paid for by ND Dairy Coalition as Rep. Holle discussed.

Additionally, we found some rough figures for dairy construction cost which I will post below. Please forward to the committee members.

Freestall Barn – Electric & Plumbing extra Your Project Size Your Project Cost \$3,000 - \$3,500 / stall or \$22 - \$26 / ft²

Robot Milking Facility – Bldg., robots, gates, \$14,000 - \$15,000 / stall or \$35 - \$38 / ft²

New Parlors w/ structure \$28,000 - \$36,000 / milking stall

Retrofit Parlors \$3,500 - \$7,000 / milking stall

Calf Barn w/ warm room \$1,500 - \$2,000 / head

Heifer Barn (bedded pack) \$2,400 - \$3,600 / head

If any additional information is needed please let me know.

Shaun Quissell

Director

Grain and Livestock Licensing Division

North Dakota Dept. of Agriculture

Office: 701-328-4761

<http://www.nd.gov/ndda>



2025 HOUSE STANDING COMMITTEE MINUTES

Agriculture Committee
Room JW327C, State Capitol

SB 2342
3/14/2025

A BILL for an Act to amend and reenact sections 47-20.2-01, 47-20.2-02, 47-20.2-03, 47-20.2-05, and 47-20.2-06 of the North Dakota Century Code, relating to the North Dakota coordinate system zones.

10:49 a.m. Chairman Beltz opened the meeting.

Members Present: Chairman Beltz, Vice Chairman Hauck, Representatives Anderson, Dobervich, Henderson, Holle, Hoverson, Kiefert, Nehring, Olson, Rios, Schreiber-Beck, Tveit, Vollmer

Discussion Topics:

- Milk processing
- 3 million pounds per year

10:49 a.m. Representative Schreiber-Beck moved Do Pass.

10:49 a.m. Representative Vollmer seconded the motion.

Representatives	Vote
Representative Mike Beltz	Y
Representative Dori Hauck	Y
Representative Karen A. Anderson	Y
Representative Gretchen Dobervich	Y
Representative Donna Henderson	Y
Representative Dawson Holle	Y
Representative Jeff Hoverson	Y
Representative Dwight Kiefert	Y
Representative Dennis Nehring	Y
Representative SuAnn Olson	Y
Representative Nico Rios	AB
Representative Cynthia Schreiber-Beck	Y
Representative Bill Tveit	Y
Representative Daniel R. Vollmer	Y

Motion passed 13-0-1

10:51 Representative Schreiber-Beck will carry the bill.

10:51 a.m. Chairman Beltz closed the meeting.

Diane Lillis, Committee Clerk

**REPORT OF STANDING COMMITTEE
ENGROSSED SB 2342 ([25.1308.02000](#))**

Agriculture Committee (Rep. Beltz, Chairman) recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT OR EXCUSED AND NOT VOTING). SB 2342 was placed on the Fourteenth order on the calendar.

2025 HOUSE APPROPRIATIONS

SB 2342

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

SB 2342
3/24/2025

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.

9:42 a.m. Chairman Vigesaa opened the meeting.

Members present: Chairman Vigesaa, Vice Chairman Kempenich, Representatives Anderson, Berg, Bosch, Brandenburg, Fisher, Hanson, Martinson, Meier, Monson, Murphy, Nathe, Nelson, O'Brien, Pyle, Richter, Sanford, Stemen, Swiontek, Wagner

Representatives absent: Louser, Mitskog

Discussion Topics:

- Milk Processing Facility Capacity
- Cheese and Liquid Whey
- Potato Processing Plant

9:42 a.m. Representative Beltz introduced the bill and amendment LC #25.1308.02001, #43634.

10:00 a.m. Senator Thomas, District 6, explained amendment LC #25.1308.02001.

10:10 a.m. Chairman Vigesaa closed the meeting.

Krystal Eberle, Committee Clerk

25.1308.02001
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

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 authorize a Bank of
3 North Dakota line of credit.

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

1 jobs, and grow the state's economy. Grants under section 4.1-01-27 may be issued
2 from the fund for infrastructure improvements necessary for the development or
3 expansion of new or existing value-added agriculture businesses. Value-added
4 agriculture businesses include food production or processing facilities; feed or pet food
5 processing facilities; commodity processing facilities; agriculture product
6 manufacturers; and animal agriculture production facilities, including swine, poultry,
7 dairy, and feed lot production facilities.

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

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

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

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

- 1 **b.** Grant funding under the program is a reimbursement for infrastructure, site
2 acquisition, or other capital expenditures necessary for the value-added milk
3 processing facility construction, including natural gas supply, electricity supply,
4 roads, water lines, wastewater lines, storm water conveyance, or rail lines.
5 **c.** Upon achieving one hundred percent of the processing capacity of the
6 value-added milk processing facility, the agriculture commissioner shall distribute
7 the grant award from funding available in the agriculture diversification and
8 development fund.

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

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

SB 2342
4/16/2025

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.

9:06 a.m. Chairman Vigesaa opened the meeting.

Members present: Chairman Vigesaa, Vice Chairman Kempenich, Representatives Berg, Bosch, Brandenburg, Fisher, Hanson, Louser, Martinson, Meier, Mitskog, Monson, Murphy, Nathe, Nelson, O'Brien, Pyle, Richter, Sanford, Stemen, Swiontek, Wagner

Member absent: Anderson

Discussion Topics:

- Committee Action

9:06 a.m. Chairman Vigesaa introduced Amendment LC #25.1308.02002, #45017.

9:12 a.m. Representative Brandenburg moved Amendment LC #25.1308.02002.

9:12 a.m. Representative Monson seconded the motion.

9:12 a.m. Roll Call Vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	AB
Representative Mike Berg	Y
Representative Glenn Bosch	Y
Representative Mike Brandenburg	Y
Representative Jay Fisher	Y
Representative Karla Rose Hanson	Y
Representative Scott Louser	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative David Monson	Y
Representative Eric J. Murphy	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy L. Pyle	Y
Representative David Richter	Y

Representative Mark Sanford	Y
Representative Gregory Stemen	Y
Representative Steve Swiontek	Y
Representative Scott Wagner	Y

9:12 a.m. Motion passed 22-0-1.

9:13 a.m. Representative Brandenburg moved Do Pass as Amended.

9:13 a.m. Representative Fisher seconded the motion.

9:13 a.m. Roll Call Vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	AB
Representative Mike Berg	Y
Representative Glenn Bosch	Y
Representative Mike Brandenburg	Y
Representative Jay Fisher	Y
Representative Karla Rose Hanson	Y
Representative Scott Louser	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative David Monson	Y
Representative Eric J. Murphy	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy L. Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Gregory Stemen	Y
Representative Steve Swiontek	Y
Representative Scott Wagner	Y

9:13 a.m. Motion passed 22-0-1.

9:13 a.m. Representative Brandenburg will carry the bill.

9:15 a.m. Chairman Vigesaa adjourned the meeting.

Krystal Eberle, Committee Clerk

Sixty-ninth
Legislative Assembly
of North Dakota

**PROPOSED AMENDMENTS TO
FIRST ENGROSSMENT**

YC 4/16/25
1 of 3

ENGROSSED 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 authorize a Bank of
3 North Dakota line of credit.

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

- 1 jobs, and grow the state's economy. Grants under section 4.1-01-27 may be issued
2 from the fund for infrastructure improvements necessary for the development or
3 expansion of new or existing value-added agriculture businesses. Value-added
4 agriculture businesses include food production or processing facilities; feed or pet food
5 processing facilities; commodity processing facilities; agriculture product
6 manufacturers; and animal agriculture production facilities, including swine, poultry,
7 dairy, and feed lot production facilities.
- 8 3. The Bank of North Dakota shall develop policies for loans and interest rate buydowns
9 from the fund in consultation with the agriculture diversification and development
10 committee. The Bank shall review loan applications. To be eligible for a loan under this
11 section, an entity shall agree to provide the Bank with information as requested. The
12 Bank may develop policies for loan participation with local financial institutions. The
13 Bank shall deposit in the fund all principal and interest paid on the outstanding loans.
14 The Bank may use a portion of the interest paid as a servicing fee to pay for
15 administrative costs, which may not exceed one-half of one percent of the amount of
16 the outstanding loans. The fund must be audited annually pursuant to section 6-09-29,
17 and the cost of the audit must be paid from the fund.
- 18 4. The agricultural diversification and development committee shall develop policies for
19 grants from the fund to support new or expanding value-added agriculture businesses,
20 including eligibility criteria, maximum grant amounts, and reporting requirements.
21 Based on recommendations from the agricultural diversification and development
22 committee, the agriculture commissioner shall distribute the grant funding.
- 23 5. The agriculture diversification and development committee shall develop a
24 value-added milk processing facility incentive program to provide grants.
- 25 a. Grant funding under this subsection is limited to the lesser of ~~ten~~five million
26 dollars or five percent of the total construction cost of building or expanding a
27 value-added milk processing facility in the state capable of processing at least
28 three million pounds [1360777 kilograms] of milk each year.
- 29 b. Grant funding under the program is a reimbursement for infrastructure, site
30 acquisition, or other capital expenditures necessary for the value-added milk

1 processing facility construction, including natural gas supply, electricity supply,
2 roads, water lines, wastewater lines, storm water conveyance, or rail lines.
3 c. Upon achieving one hundred percent of the processing capacity of the
4 value-added milk processing facility, the agriculture commissioner shall distribute
5 the grant award from funding available in the agriculture diversification and
6 development fund.

7 **SECTION 2. BANK OF NORTH DAKOTA - LINE OF CREDIT - VALUE-ADDED MILK**
8 **PROCESSING FACILITY INCENTIVE PROGRAM.** If the agriculture diversification and
9 development committee approves a grant under this Act, the agriculture commissioner may
10 borrow up to ~~\$10,000,000~~\$5,000,000 through a line of credit from the Bank of North Dakota for
11 deposit in the agriculture diversification and development fund during the biennium beginning
12 July 1, 2025, and ending June 30, 2027. The interest rate associated with the line of credit must
13 be the prevailing interest rate charged to North Dakota governmental entities. If the agriculture
14 commissioner accesses the line of credit, the agriculture commissioner shall request a
15 deficiency appropriation from the seventieth legislative assembly to repay the line of credit.

**REPORT OF STANDING COMMITTEE
ENGROSSED SB 2342**

Appropriations Committee (Rep. Vigesaa, Chairman) recommends **AMENDMENTS** ([25.1308.02002](#)) and when so amended, recommends **DO PASS** (22 YEAS, 0 NAYS, 1 ABSENT OR EXCUSED AND NOT VOTING). Engrossed SB 2342 was placed on the Sixth order on the calendar.

25.1308.02002
Title.

Prepared by the Legislative Council
staff for Representative Vigesaa
April 15, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO FIRST ENGROSSMENT

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