



# North Dakota Legislative Council

Prepared for the House Appropriations Committee  
LC# 21.9709.01000  
March 2021

## SUMMARY OF VALUE-ADDED AGRICULTURE PROGRAMS

### FUEL PRODUCTION FACILITY LOAN GUARANTEE PROGRAM

The fuel production facility loan guarantee program is established in North Dakota Century Code Chapter 6-09.7 and is administered by the Bank of North Dakota. If a loan is approved for a guarantee, funding is transferred from the strategic investment and improvements fund to a guarantee reserve fund. If the loan is in default, the Bank may reimburse the lender from the guarantee reserve fund, and the Bank may proceed to collect any unpaid or outstanding portion of the loan from the borrower. Under current law, the Bank is required to establish a formula to determine the amount needed as a reserve to guarantee the loans, and the amount available from the strategic investment and improvements fund to provide the funding for the reserve is limited to \$50 million.

Senate Bill No. 2296 (2019) increased the limit for loan guarantees by \$25 million, from \$25 million to \$50 million. As amended by the House Agriculture Committee, Senate Bill No. 2230 (2021) proposes to increase the amount available from the strategic investment and improvements fund for loan guarantees by \$50 million, from \$50 million to \$100 million.

### AGRICULTURE PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION

The agriculture partnership in assisting community expansion (Ag PACE) fund is established in Section 6-09.13-04 and is administered by the Bank of North Dakota. The Ag PACE fund is used to provide interest rate buydowns on agriculture-related loans for nontraditional agriculture or other value-added processes. Generally, the buydowns are limited to \$20,000 per project or biennium with a lifetime limit of \$60,000 per borrower. The Legislative Assembly provides transfers to the Ag PACE fund to support the buydowns. As amended by the Senate Appropriations Committee, Senate Bill No. 2014 (2021) includes a transfer of \$5 million from Bank profits to the Ag PACE fund for the 2021-23 biennium.

### BIOFUELS PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION

The biofuels partnership in assisting community expansion (PACE) fund is administered by the Bank of North Dakota to provide interest rate buydowns on loans related to biodiesel production facilities, ethanol production facilities, and livestock operations pursuant to Chapter 17-03. The buydowns are limited to \$500,000 for biodiesel production facility and ethanol production facility loans and are limited to \$250,000 for livestock operation loans. As amended by the Senate Appropriations Committee, Senate Bill No. 2014 (2021) includes a transfer of \$1 million from Bank profits to the biofuels PACE fund for the 2021-23 biennium.

### AGRICULTURAL PRODUCTS UTILIZATION COMMISSION

The purpose of the Agricultural Products Utilization Commission (APUC) is to provide grants to develop and expand the use of agricultural products in accordance with Chapter 4.1-01.1. Funding to support the initiatives of the commission is available from 5 percent of the Mill and Elevator Association's annual profits, one-half cent per gallon of the motor vehicle fuel tax refund for industrial purposes, the general fund, and transfers from Bank of North Dakota profits authorized by the Legislative Assembly. Senate Bill No. 2014, as amended by the Senate Appropriations Committee, includes a transfer of \$2.7 million from Bank profits to the APUC fund for the 2021-23 biennium.

### AGRICULTURE DIVERSIFICATION AND DEVELOPMENT FUND

House Bill No. 1475 (2021), as amended by the Senate Agriculture Committee, creates a new agriculture diversification and development fund to provide grants or loans for 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. An agriculture diversification and development committee recommends grant awards, which the Bank of North Dakota distributes. The Bank administers any loans from the fund. Up to 25 percent of the money in the fund may be used for grants each biennium.