

Sixty-eighth  
Legislative Assembly  
of North Dakota

## ENGROSSED HOUSE BILL NO. 1276

Introduced by

Representatives Satrom, Brandenburg, Grueneich, Hagert, Headland, Kempenich, Kiefert,  
Ostlie, Thomas

Senators Conley, Luick, Wanzek

1 A BILL for an Act to create and enact a new section to chapter 4.1-01 of the North Dakota  
2 Century Code, relating to the agriculture infrastructure grant program; to amend and reenact  
3 section 4.1-01.1-07 of the North Dakota Century Code, relating to the agriculture diversification  
4 and development fund; to provide an appropriation for the agriculture diversification and  
5 development fund; and to provide for a transfer.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1.** A new section to chapter 4.1-01 of the North Dakota Century Code is created  
8 and enacted as follows:

9 **Agriculture infrastructure grant program.**

10 The agriculture commissioner shall develop policies to administer the agriculture  
11 infrastructure grant program to include a grant application process and eligibility criteria. A grant  
12 provided to a political subdivision, under this section, is limited to one million two hundred-fifty  
13 thousand dollars per project and may not exceed eighty percent of the infrastructure project  
14 cost. A grant provided to an individual or organization, under this section, is limited to three  
15 hundred-fifty thousand dollars per project and may not exceed eighty percent of the capital  
16 improvement project costs. Eligible uses of grant funding include road and bridge  
17 improvements, water and sewer line improvements, and electrical and gas supply  
18 improvements. Grant funding may not be used for routine maintenance or operating costs. For  
19 purposes of grant eligibility, value-added agriculture businesses includes the same businesses  
20 as provided under section 4.1-01.1-07. The agriculture commissioner shall distribute all funds  
21 related to the agriculture infrastructure grant program.

22 **SECTION 2. AMENDMENT.** Section 4.1-01.1-07 of the North Dakota Century Code is  
23 amended and reenacted as follows:

1           **4.1-01.1-07. Agriculture diversification and development fund - Continuing**  
2 **appropriation.**

- 3           1. There is created in the state treasury the agriculture diversification and development  
4 fund. The fund consists of all moneys transferred to the fund by the legislative  
5 assembly, interest upon moneys in the fund, and payments of interest and principal on  
6 loans made from the fund. Moneys in the fund are appropriated to the Bank of North  
7 Dakota on a continuing basis for loan disbursements, ~~grants~~, and administrative costs  
8 pursuant to this section. ~~No more than twenty-five percent of the fund may be utilized~~  
9 ~~for grants in a biennium, and moneys in the fund are appropriated to the agriculture~~  
10 ~~commissioner on a continuing basis for grants pursuant to this section. The agriculture~~  
11 ~~diversification and development committee shall designate the amount available from~~  
12 ~~the fund for loans, interest rate buydowns, and grants.~~
- 13           2. Loans, interest rate buydowns, or grants under subsections 3 and 4 may be issued  
14 from the fund to support new or expanding value-added agriculture businesses that  
15 demonstrate financial feasibility, enhance profitability for farmers and ranchers, create  
16 jobs, and grow the state's economy. Grants under ~~subsection 5~~section 1 of this Act  
17 may be issued from the fund for infrastructure improvements necessary for the  
18 development or expansion of new or existing value-added agriculture businesses.  
19 Value-added agriculture businesses include food production or processing facilities;  
20 feed or pet food processing facilities; commodity processing facilities; agriculture  
21 product manufacturers; and animal agriculture production facilities, including swine,  
22 poultry, dairy, and feed lot production facilities.
- 23           3. The Bank of North Dakota shall develop policies for loans and interest rate buydowns  
24 from the fund in consultation with the agriculture diversification and development  
25 committee. The Bank shall review loan applications. To be eligible for a loan under this  
26 section, an entity shall agree to provide the Bank with information as requested. The  
27 Bank may develop policies for loan participation with local financial institutions. The  
28 Bank shall deposit in the fund all principal and interest paid on the outstanding loans.  
29 The Bank may use a portion of the interest paid as a servicing fee to pay for  
30 administrative costs, which may not exceed one-half of one percent of the amount of  
31 the outstanding loans. ~~The Bank shall contract with a certified public accounting firm to~~

1           audit the fund if the fund has any loans. The fund must be audited annually pursuant  
2           to section 6-09-29, and the cost of the audit must be paid from the fund.

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

8           ~~5. The agricultural diversification and development committee shall develop policies for~~  
9           ~~grants from the fund to political subdivisions, individuals, or organizations for~~  
10           ~~infrastructure improvements necessary for the development or expansion of new or~~  
11           ~~existing value-added agriculture businesses, including eligibility criteria and reporting~~  
12           ~~requirements. Grants to political subdivisions are limited to one million two hundred~~  
13           ~~fifty thousand dollars per project and may not exceed eighty percent of the~~  
14           ~~infrastructure improvement costs. Grants to individuals or organizations are limited to~~  
15           ~~three hundred fifty thousand dollars and may not exceed eighty percent of the~~  
16           ~~infrastructure improvement costs. Eligible uses of grant funding include water and~~  
17           ~~sewer line improvements and electrical and gas supply improvements. Grant funding~~  
18           ~~may not be used for routine maintenance or operating costs. Based on~~  
19           ~~recommendations from the agricultural diversification and development committee, the~~  
20           ~~agriculture commissioner shall distribute the grant funding.~~

21           **SECTION 3. APPROPRIATION - TRANSFER TO AGRICULTURE DIVERSIFICATION**

22           **AND DEVELOPMENT FUND.** There is appropriated out of any moneys in the general fund in  
23           the state treasury, not otherwise appropriated, the sum of \$30,000,000, which the office of  
24           management and budget shall transfer to the agriculture diversification and development fund,  
25           during the biennium beginning July 1, 2023, and ending June 30, 2025. Of the \$30,000,000, up  
26           to \$10,000,000 is available for agriculture infrastructure grants to political subdivisions.