

**Agriculture Commissioner  
Budget No. 602  
House Bill Nos. 1009 and 1505**

	FTE Positions	General Fund	Other Funds	Total
2021-23 legislative appropriation	79.00	\$23,959,712 <sup>1</sup>	\$34,510,775	\$58,470,487
2019-21 legislative appropriation	<u>78.00</u>	<u>10,910,429</u>	<u>49,229,956</u>	<u>60,140,385</u>
2021-23 appropriation increase (decrease) to 2019-21 appropriation	1.00	\$13,049,283	(\$14,719,181)	(\$1,669,898)

<sup>1</sup>This amount includes \$10,500,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$13,459,712.

**Item Description**

**FTE position changes** - The Legislative Assembly approved 79 FTE positions for the Agriculture Commissioner for the 2021-23 biennium, an increase of 1 FTE position from the 2019-21 biennium level of 78 FTE positions. The Legislative Assembly added 1 FTE grain inspector position. The Legislative Assembly also added \$68,279 from the general fund to reclassify a program coordinator position to an attorney position.

**One-time funding** - The Legislative Assembly appropriated \$20.9 million of one-time funding for the Agriculture Commissioner, of which \$10.5 million is from the general fund and \$10.4 million is from other funds. The following is a summary of one-time funding provided for the Agriculture Commissioner for the 2021-23 biennium:

	General Fund	Other Funds	Total Funds
Soil health cover crop grant program <sup>1</sup>		\$700,000	\$700,000
Grasslands grazing grant program <sup>2</sup>		5,000,000	5,000,000
Agricultural Products Utilization Commission (APUC) <sup>3</sup>		2,700,000	2,700,000
Bioscience innovation grant program	\$5,500,000		5,500,000
Federal environmental law impact review costs	5,000,000		5,000,000
Intermodal facility construction grant program		2,000,000	2,000,000
<b>Total</b>	<b>\$10,500,000</b>	<b>\$10,400,000</b>	<b>\$20,900,000</b>

<sup>1</sup>Funding for the soil health cover crop grant program is from Bank of North Dakota profits (\$300,000) and other federal and special funds the Agriculture Commissioner may receive during the 2021-23 biennium (\$400,000).

<sup>2</sup>Funding for the grasslands grazing grant program is from the strategic investment and improvements fund.

<sup>3</sup>Funding for APUC is from the Bank of North Dakota profits.

<sup>4</sup>Funding for the intermodal facility construction grant program is from the federal State Fiscal Recovery Fund.

**Status/Result**

The Agriculture Commissioner filled the FTE grain inspector position in May 2021. The individual was hired during the 2019-21 biennium due to other vacancies in the department. The FTE attorney position was hired in August 2021.

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

Soil health cover crop grant program	See the <b>Soil health cover crop grant program</b> section below.
Grasslands grazing grant program	Through March 2022, the Agriculture Commissioner has spent \$2,264,547 on the program. Funding obligations through June 2023 total \$4,554,503. The Agriculture Commissioner indicated certain grazing projects are in progress and the entire \$5 million appropriation is expected to be spent.
APUC	See the <b>Agricultural Products Utilization Commission</b> section below.
Bioscience innovation grant program	See the <b>Bioscience innovation grant program</b> section below.
Federal environmental law impact review costs	Funding from the general fund was transferred to the federal environmental law impact review fund in September 2021. Through March 2022, the Agriculture Commissioner has spent \$106,688 on the program. Funding obligations through June 2023 total \$349,550. It is unknown how much will be spent during the 2021-23 biennium due to uncertainty of federal administrative decisions, lawsuits, and regulations, including Waters of the United States concerns.
Intermodal facility construction grant program	The Minot Area Economic Development Corporation submitted designs for the project and a contractor has been selected. Due to supply chain delays, construction is scheduled to begin in mid-to-late summer 2022. Through March 2022, the Agriculture Commissioner has distributed \$1 million and will distribute the remaining \$1 million upon completion of the project, which is anticipated to be complete by the end of the 2021-23 biennium.

**2019-21 biennium federal COVID-19 funding** - In House Bill No. 1394 (2021), the Legislative Assembly appropriated one-time funding of \$5.5 million from federal COVID-19 funds to the Agriculture Commissioner for the 2019-21 biennium, of which \$500,000 is for stress assistance programs to provide behavioral health services to agriculture producers and \$5 million is for specialty crop block grants to enhance the competitiveness of special crops, including fruits, vegetables, tree nuts, dried fruits, and horticulture and nursery crops.

In House Bill No. 1395 (2021), the Legislative Assembly appropriated one-time funding of \$13,407,550 from the federal Coronavirus Relief Fund to the Agriculture Commissioner for the 2019-21 biennium as follows:

Program	Coronavirus Relief Fund Planned Use of Funding
Meat processor cost-share program for meat processing plants to address increased demand for retail meat products and slaughter of livestock	\$6,199,979
Purchase of database software to gather and organize animal health data to detect, contain, and eradicate outbreaks of dangerous animal diseases	95,000
Competitive grant program to North Dakota research companies for COVID-19 research	4,990,802
Grant program to provide organizations with proper storage equipment to store perishable food items	2,000,000
Grain inspection software upgrades, including automation of grain license software to provide electronic application processing for livestock auction and livestock dealer's licenses	70,998
Contracted service costs to upgrade local food access and Internet connectivity through local food maps and the department website	50,771
Total	\$13,407,550

**Soil health cover crop grant program** - In House Bill No. 1009, the Legislative Assembly appropriated \$700,000 to the Agriculture Commissioner for a soil health cover crop grant program, of which \$300,000 is to be transferred from the Bank of North Dakota's current earnings and undivided profits and \$400,000 is from other income derived from federal and special funds the Agriculture Commissioner may receive for the program during the 2021-23 biennium. The Agriculture Commissioner is required to submit an application to the North Dakota Outdoor Heritage Advisory Board for funding from the North Dakota outdoor heritage fund for the program, which the board shall consider pursuant to North Dakota Century Code Section 54-17.8-03. The Agriculture Commissioner is required to establish guidelines for the use of grant funding provided for this program.

Through March 2022, the Agriculture Commissioner spent \$1,227 for the stress assistance for agriculture producers program and has obligated \$393,000 through the end of the 2021-23 biennium. Through March 2022, the Agriculture Commissioner spent \$33,665 on the specialty crop block grant program and has obligated \$3,692,713 through the end of the 2021-23 biennium.

Of the \$13,407,550 appropriated to the Agriculture Commissioner from the Coronavirus Relief Fund, the Agriculture Commissioner spent \$13,398,112 and returned \$9,438 of unobligated funding as a result of the grain inspection software upgrades costing \$61,560 of the planned \$70,998.

The \$300,000 of profits from the Bank of North Dakota were transferred in September 2021.

In October 2021, the Agriculture Commissioner applied to the Outdoor Heritage Fund Advisory Board to provide \$400,000 from the outdoor heritage fund for the soil health cover crop grant program, which would provide program participants a reimbursement rate of \$15 per acre up to a maximum of 50 acres. The Outdoor Heritage Fund Advisory Board awarded \$300,000 of the \$400,000 request.

Due to severe drought conditions, the effects of increasing inflation, and a lack of program participation, in April 2022, the Agriculture Commissioner requested authority to revise program guidelines to provide program participants a reimbursement rate of \$25 per acre up to a maximum of 160 acres. The Outdoor Heritage Fund Advisory Board denied the request.

The Agriculture Commissioner believes the program will not be successful without the revised program guidelines. As a result, the Agriculture Commissioner

**Agricultural Products Utilization Commission** - In Senate Bill Nos. 2009 and 2328 and House Bill No. 1018, the 2019 Legislative Assembly approved the transfer of the APUC program from the Department of Commerce to the Agriculture Commissioner beginning in the 2019-21 biennium.

In House Bill No. 1009, the 2021 Legislative Assembly appropriated \$4,460,417 for APUC, of which \$2,700,000 is from Bank of North Dakota profits and \$1,760,417 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 Section 3 of House Bill No. 1009 (2021), the Legislative Assembly appropriated one-time funding of \$5.5 million from the general fund to be transferred to the bioscience innovation grant fund.

**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 chapter.

In House Bill No. 1009, the Legislative Assembly appropriated \$1.6 million from the general fund to the Agriculture Commissioner for the North Dakota

declined the \$300,000 awarded by the Outdoor Heritage Fund Advisory Board and will continue the program on a first-come, first-serve basis using the \$300,000 from Bank of North Dakota profits.

Bank of North Dakota profits were transferred in September 2021. Pursuant to 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 of the conclusion of each fiscal year. Mill and Elevator Association profits transferred to the APUC fund during the 2019-21 biennium totaled \$1,243,947.

Through March 2022, the Agriculture Commissioner has spent \$939,544 on APUC and funding obligations through February 2023 total \$1,740,909 for 28 projects.

The transfer from the general fund to the bioscience innovation grant fund was made in September 2021. The Agriculture Commissioner has awarded the entire \$5,500,000 to 10 organizations with grants ranging from \$100,000 to \$1,450,000. Through March 2022, the Agriculture Commissioner has spent \$2,279,248. Due to demand for the program, the Agriculture Commissioner anticipates requesting additional funding for the program from the 2023 Legislative Assembly.

Through March 2022, the Agriculture Commissioner spent \$1,102,684 on the North Dakota Trade Office program and anticipates spending the entire \$1,600,000 appropriation during the 2021-23 biennium. The Agriculture Commissioner has worked with the North Dakota Trade Office on trade missions and trade shows and has collaborated with the Department of Commerce on ambassador visits, trade delegation missions, reverse trade missions, and an upcoming mission to Japan for foreign direct investment and trade activities.

Trade Office program for the 2021-23 biennium, the same amount appropriated to the Department of Commerce for the 2019-21 biennium.

**Pipeline restoration program** - In House Bill No. 1009, 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 2021-23 biennium, the same amount authorized for the 2019-21 biennium.

**Transfers** - Section 6 of House Bill No. 1009 requires the State Water Commission to transfer \$125,000 to the Agriculture Commissioner for the Wildlife Services program, the same as the 2019-21 biennium. Section 8 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 2019-21 biennium.

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

**Avian influenza** - In March and April 2022, the Agriculture Commissioner's Animal Health Division investigated multiple requests to examine sick bird populations.

Through March 2022, the Agriculture Commissioner has spent \$7,623 of the \$200,000 appropriation. There has been 79 cases reviewed to date, of which 51 cases have been closed, 18 cases are being monitored by the department, and 10 cases are considered active. The amount of funding that will be spent on the program during the biennium will depend on the cost of the active cases and how many additional cases are opened during the biennium. The Agriculture Commissioner spent \$81,771 on the program during the 2019-21 biennium.

The transfer from State Water Commission to the Agriculture Commissioner operating fund was completed in September 2021. The transfer from the environment and rangeland protection fund to the minor use pesticide fund was completed in August 2021.

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 Agriculture Commissioner anticipates requesting a deficiency appropriation from the 2023 Legislative Assembly to pay for the loan and any interest accrued.

The Agriculture Commissioner's Animal Health Division confirmed 14 bird populations tested positive for a highly pathogenic avian influenza, including 4 commercial turkey and chicken operations and 10 privately owned, "backyard" chicken or mixed bird flocks, totaling approximately 167,000 birds. The birds were terminated in an effort to limit the spread of the disease to nearby bird populations. The Agriculture Commissioner has applied for an emergency cooperative agreement grant of \$48,556 from the United States Department of Agriculture for increased costs of labor, supplies, equipment, materials, and contracted services related to the response effort.