

Department 602 - Agriculture Commissioner
Senate Bill No. 2009

First Chamber Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 First Chamber Version	\$15,680,401	\$30,135,848	\$45,816,249
2023-25 Base Level	13,459,712	24,110,775	37,570,487
Increase (Decrease)	\$2,220,689	\$6,025,073	\$8,245,762

First Chamber Changes

A summary of the first chamber's changes to the agency's base level appropriations and the executive budget is attached as an appendix.

Selected Bill Sections Included in the First Chamber Version

Transfer - Strategic investment and improvements fund to bioscience innovation grant fund - Section 3 provides for a transfer of \$5.5 million from the strategic investment and improvements fund to the bioscience innovation grant fund for the bioscience innovation grant program. The Agriculture Commissioner has continuing appropriation authority for the bioscience innovation grant fund.

Transfer - Legacy earnings fund to bioscience innovation grant fund - Section 4 provides for a transfer of \$6.5 million from the legacy earnings fund to the bioscience innovation grant fund for the bioscience innovation grant program to provide a total of \$12 million for the program for the 2023-25 biennium. The Agriculture Commissioner has continuing appropriation authority for the bioscience innovation grant fund.

Transfer - Environment and rangeland protection fund to environmental impact mitigation fund - Section 5 provides for a transfer of \$250,000 from the environment and rangeland protection fund to the environmental impact mitigation fund for the environmental impact mitigation program. The Agriculture Commissioner has continuing appropriation authority for the environmental impact mitigation fund.

Transfer - Department of Water Resources - Wildlife Services program - Section 6 identifies \$125,000 in the estimated income line item is from the Department of Water Resources, which the department shall transfer to the Agriculture Commissioner for the Wildlife Services program.

Transfer - Environment and rangeland protection fund to minor use pesticide fund - Section 7 requires the Agriculture Commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund.

Environment and rangeland protection fund - Section 8 identifies \$7,344,029 in the estimated income line item is from the environment and rangeland protection fund for various Department of Agriculture programs.

Transfer - Bank of North Dakota profits - Section 10 identifies \$3 million in the estimated income line item, which is from funding transferred from Bank of North Dakota profits to the Agriculture Commissioner for deposit in the Agricultural Products Utilization Commission (APUC) fund for the APUC program.

Abandoned oil and gas well plugging site reclamation fund - Section 11 identifies \$700,000 in the estimated income line item is from the abandoned oil and gas well plugging and site reclamation fund, of which \$200,000 is for the pipeline restoration and reclamation program and \$500,000 is for the post-production royalty oversight program.

North Dakota Trade Office - Matching funds requirement - Section 12 identifies \$2.1 million of the funding appropriated from the general fund in Section 1 is for the North Dakota Trade Office. The Agriculture Commissioner may spend 60 percent of this amount without requiring any matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for every \$1 provided by the Agriculture Commissioner. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, to provide training, and to buy computer equipment as part of the North Dakota Trade Office's export assistance program.

Post-production royalty oversight program - Section 15 creates a new section to North Dakota Century Code Chapter 4.1-01 to establish a post-production royalty oversight program, allowing the Agriculture Commissioner to contract for ombudsmen to assist mineral owners, lease owners, and mineral companies in royalty payment issues.

Wildlife Services program - Indirect costs - Section 19 provides the funding appropriated in the wildlife services line item may not be used to pay indirect costs as part of the United States Department of Agriculture Animal and Plant Health Inspection Service Wildlife Services program.

Continuing Appropriations

Advisory Committee on Sustainable Agriculture - Section 4.1-01-11 - Provides the Agriculture Commissioner may accept gifts, grants, and donations of money, property, and services for duties related to the Advisory Committee on Sustainable Agriculture.

Bioscience innovation grant fund - Section 4.1-01-20.1 - Includes funding appropriated to the Agriculture Commissioner on a continuing basis to award grants to North Dakota bioscience businesses to support biotechnology innovation and commercialization, promote the creation of bioscience jobs in the state, encourage the development of new bioscience technologies and bioscience startup companies in the state, leverage the agriculture industry in the state to support the development of bioscience technologies impacting livestock operations and crop production, promote bioscience research and development at institutions under the control of the State Board of Higher Education; and encourage coordination and collaboration among other entities and programs in the state to promote bioscience innovation goals.

Federal environmental law impact review fund - Section 4.1-01-21 - Includes funding appropriated to the Agriculture Commissioner on a continuing basis for certain administrative costs related to the Federal Environmental Law Impact Review Committee, which reviews federal environmental legislation and regulations detrimentally impacting or potentially detrimentally impacting the state's agricultural, energy, or oil production sectors.

Environmental impact mitigation fund - Section 4.1-01-21.1 - Includes funding appropriated to the Agriculture Commissioner on a continuing basis for distribution to landowners for the mitigation of agricultural land impacted by assessed adverse direct environmental impacts of a proposed site, corridor, route, or facility.

Honey promotion fund - Chapter 4.1-08 - Commodity checkoff for market development of honey.

Turkey fund - Chapter 4.1-12 - Commodity checkoff for market development of turkeys and turkey products.

Industrial hemp - Section 4.1-18.1-03 - Provides for the Agriculture Commissioner to assess a fee of \$350 to each applicant requesting to grow or process industrial hemp. Fees collected for this purpose are deposited in the Agriculture Commissioner operating fund and appropriated to the Department of Agriculture on a continuing basis.

Minor use pesticide fund - Section 4.1-39-08 - For studies, investigations, and evaluations regarding registration and use of pesticides.

Domestic animals and nontraditional livestock - Section 36-01-08 - Provides the Agriculture Commissioner shall collect fees for the actual direct cost of providing brucellosis tags, identification tags, and health books distributed by the Board of Animal Health for the protection and health of domestic animals and nontraditional livestock.

Equine processing fund - Section 36-21-19 - Provides for the Agriculture Commissioner to assess a fee of \$5 for equine processing facility assessments. The first \$50,000 of fees collected is deposited in the general fund and any additional amounts are deposited in the equine processing fund. All funds in the equine processing fund are appropriated to the Agriculture Commissioner on a continuing basis.

State waterbank fund - Section 61-31-10 - Authorizes the Agriculture Commissioner to receive funds from any private or public source, including from state agencies for the state waterbank program. The state waterbank fund and interest earned are appropriated to the Agriculture Commissioner on a continuing basis.

Agriculture diversification and development fund - House Bill No. 1276, as approved by the House, provides the Agriculture Commissioner a continuing appropriation from the agriculture diversification and development fund to provide grants to political subdivisions for infrastructure necessary for the development or expansion of a value-added agriculture facility.

Deficiency Appropriations

Emergency feed transportation assistance program - Senate Bill No. 2025 includes a \$1.7 million general fund deficiency appropriation to the Agriculture Commissioner to repay a Bank of North Dakota loan for the emergency feed transportation assistance program during 2021-23 biennium.

Significant Audit Findings

The operational audit for the Department of Agriculture conducted by the State Auditor's office for the period ending June 30, 2021, did not identify any significant audit findings.

Major Related Legislation

House Bill No. 1099 - This bill would repeal Section 57-43.1-03 which requires one-half cent per gallon of the motor vehicle fuel tax refund be deposited in the APUC fund.

House Bill No. 1101 - This bill would repeal the Agriculture Commissioner's domestic animals and nontraditional livestock continuing appropriation from Section 36-01-08 and amend it into Section 36-01-33.

House Bill No. 1276 - This bill authorizes the Agriculture Commissioner to provide grants from the agriculture diversification and development fund, including grants to political subdivisions for infrastructure necessary for the development or expansion of a value-added agriculture facility. The Agriculture Diversification and Development Committee is required to develop grant guidelines and to make grant recommendations. The committee is required to designate the amount available from the agriculture diversification and development fund for loans to be spent by the Bank of North Dakota and for grants to be spent by the Agriculture Commissioner. The bill includes a \$30 million one-time appropriation from the general fund, which is transferred to the agriculture diversification and development fund. Of this amount, \$10 million is available for grants to political subdivisions. The Agriculture Commissioner is provided a continuing appropriation from the agriculture diversification and development fund to provide grants.

House Bill No. 1437 - This bill creates a regional livestock development and planning grant program and appropriates \$600,000 from the general fund for grants to counties and townships to identify rural areas for agricultural-related development and to assist with the review of township zoning and land use regulations.

House Bill No. 1519 - This bill provides a one-time appropriation of \$250,000 from the federal State Fiscal Recovery Fund to the Agriculture Commissioner for uncrewed aircraft system, autonomous vehicle, or other autonomous technology grants to individuals and entities in the agriculture industry for inspecting, operating, maintaining, or constructing agriculture property or infrastructure. The department may require \$1 of matching funds from the applicant for every \$4 provided by the department.

Senate Bill No. 2027 - This bill would repeal Section 4.1-01-11 related to the Advisory Committee on Sustainable Agriculture.

Senate Bill No. 2194 - This bill creates a new section to Chapter 4.1-01 to establish a post-production royalty oversight program, allowing the Agriculture Commissioner to contract for ombudsmen to assist mineral owners, lease owners, and mineral companies in royalty payment issues.

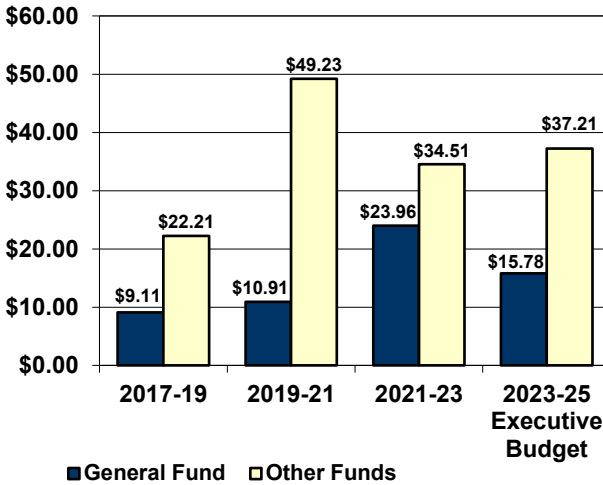
Senate Bill No. 2290 - This bill appropriates \$3 million of one-time funding from the strategic investment and improvements fund to the Agriculture Commissioner for the purpose of providing grasslands grazing grants to an organization representing cooperative grazing associations in the state. The organization must provide \$1 of matching funds for every \$4 provided by the Agriculture Commissioner. The bill also provides the Agriculture Commissioner an exemption to continue the \$5 million appropriated from the strategic investment and improvements fund for grassland grazing grants for the 2021-23 biennium into the 2023-25 biennium.

Senate Bill No. 2374 - This bill creates a new section to Chapter 4.1-01 to establish a post-production royalty oversight program, allowing the Agriculture Commissioner to contract for ombudsmen to assist mineral owners, lease owners, and mineral companies in royalty payment issues.

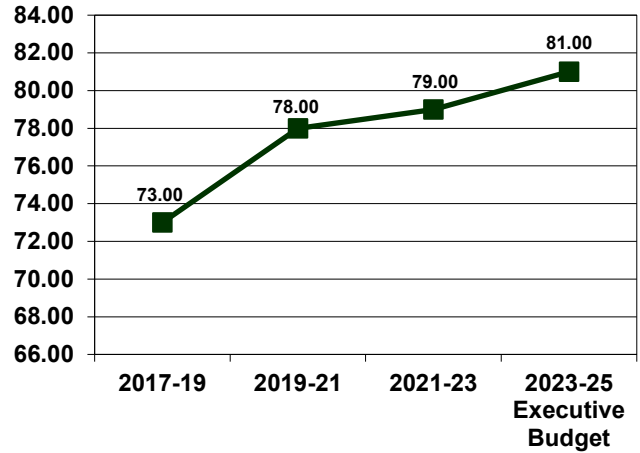
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$9,961,137	\$9,109,101	\$10,700,429	\$13,459,712	\$15,277,408
Increase (decrease) from previous biennium	N/A	(\$852,036)	\$1,591,328	\$2,759,283	\$1,817,696
Percentage increase (decrease) from previous biennium	N/A	(8.6%)	17.5%	25.8%	13.5%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(8.6%)	7.4%	35.1%	53.4%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

1. Removed 4 FTE positions and related funding (\$600,304)
2. Adjusted funding for IT operating expenses (\$296,836)

2019-21 Biennium

1. Added funding to transfer APUC from the Department of Commerce to provide total ongoing funding of \$2,000,000, of which \$1,760,417 is from the APUC fund \$239,583
2. Added funding to transfer the grain warehouse license and inspection program from the Public Service Commission \$853,499

2021-23 Biennium

1. Added funding to address employee salary compression concerns \$369,866
2. Added 1 FTE grain inspector position, of which \$152,670 is for salaries and \$30,729 is for related operating expenses \$183,399
3. Added funding to fully fund a previously underfunded FTE meat inspector position, of which \$90,478 is for salaries and \$15,980 is for operating expenses \$106,458
4. Added funding to reclassify a program coordinator position to an attorney position \$68,279
5. Transferred the North Dakota Trade Office program from the Department of Commerce to the Agriculture Commissioner \$1,600,000

2023-25 Biennium (Executive Budget Recommendation)

1. Adds funding for an FTE project manager and systems coordinator position, including \$170,326 for salaries and wages and \$10,000 of related operating expenses \$180,326

- 2. Adds funding for an FTE marketing specialist position, including \$214,930 for salaries and wages and \$101,300 of related operating expenses \$316,230
- 3. Adds funding for aerial contract services for the Wildlife Services program to provide a total of \$200,000 \$200,000
\$1,657,400, of which \$598,600 is from the general fund and \$1,058,800 is from special funds

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$861,360	\$0	\$210,000	\$10,500,000	\$500,000

Major One-Time General Fund Appropriations

2017-19 Biennium

None \$0

2019-21 Biennium

- 1. Grain insolvency litigation \$100,000
- 2. Master customer database \$110,000

2021-23 Biennium

- 1. Bioscience innovation grant program \$5,500,000
- 2. Federal environmental law impact review costs \$5,000,000

2023-25 Biennium (Executive Budget Recommendation)

North Dakota Trade Office \$500,000

Agriculture Commissioner - Budget No. 602
Senate Bill No. 2009
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	79.00	\$13,459,712	\$24,110,775	\$37,570,487	79.00	\$13,459,712	\$24,110,775	\$37,570,487
2023-25 Ongoing Funding Changes								
Base payroll changes		(\$47,344)	(\$275,703)	(\$323,047)				\$0
Adds funding for the cost to continue salary increases		65,314	49,755	115,069		\$65,314	\$49,755	115,069
Salary increase		606,203	412,980	1,019,183		453,936	309,206	763,142
Health insurance increase		233,922	183,910	417,832		239,303	188,141	427,444
Adds funding for a salary equity increase for the Agriculture Commissioner				0		2,535		2,535
Adds funding for an FTE project manager and systems coordinator position	1.00	180,326		180,326	1.00	180,326		180,326
Adds funding for an FTE marketing specialist position	1.00	316,230		316,230	1.00	316,230		316,230
Adds funding for IT rate increases		17,565	12,568	30,133		17,565	12,568	30,133
Adds funding for IT data processing, communications, and services		10,078	215,059	225,137		10,078	215,059	225,137
Adjusts funding for travel, operating fees and services, and other operating expenses		47,266	(659,851)	(612,585)		47,266	(659,851)	(612,585)
Adds funding for a new Capitol space rent model		198,136		198,136		198,136		198,136
Adds funding for a post-production royalty oversight program				0			500,000	500,000
Adds federal funding for the plant and potato cyst nematode program				0			26,000	26,000
Adds federal funding for the local food purchase assistance program				0			978,000	978,000
Adjusts funding for capital assets		(10,000)	2,000	(8,000)		(10,000)	2,000	(8,000)
Adds funding for noxious weeds grants			118,695	118,695			198,695	198,695
Reduces funding for the waterbank program			(200,000)	(200,000)			(200,000)	(200,000)
Adds federal funding for speciality crop block grants			4,555,500	4,555,500			1,055,500	1,055,500
Adds funding for APUC			350,000	350,000			350,000	350,000
Reduces federal funding for the Board of Animal Health			(170,500)	(170,500)				0
Adds funding for aerial contract services for the Wildlife Services program		200,000		200,000		200,000		200,000
Total ongoing funding changes	2.00	\$1,817,696	\$4,594,413	\$6,412,109	2.00	\$1,720,689	\$3,025,073	\$4,745,762
One-Time Funding Items								
Adds funding for bioscience innovation grants			\$5,500,000	\$5,500,000				\$0
Adds one-time funding for APUC			3,000,000	3,000,000			\$3,000,000	3,000,000
Adds one-time funding for the North Dakota Trade Office		\$500,000		500,000		\$500,000		500,000
Total one-time funding changes	0.00	\$500,000	\$8,500,000	\$9,000,000	0.00	\$500,000	\$3,000,000	\$3,500,000
Total Changes to Base Level Funding	2.00	\$2,317,696	\$13,094,413	\$15,412,109	2.00	\$2,220,689	\$6,025,073	\$8,245,762
2023-25 Total Funding	81.00	\$15,777,408	\$37,205,188	\$52,982,596	81.00	\$15,680,401	\$30,135,848	\$45,816,249
<i>Federal funds included in other funds</i>			\$16,900,416				\$14,496,568	
<i>Total ongoing changes as a percentage of base level</i>	2.5%	13.5%	19.1%	17.1%	2.5%	12.8%	12.5%	12.6%
<i>Total changes as a percentage of base level</i>	2.5%	17.2%	54.3%	41.0%	2.5%	16.5%	25.0%	21.9%

Other Sections in Agriculture Commissioner - Budget No. 602

Transfer - Strategic investment and improvements fund to bioscience innovation grant fund

Executive Budget Recommendation
 Section 11 would identify \$5.5 million in the estimated income line item is from a transfer from the strategic investment and improvements fund to the bioscience innovation grant fund for the bioscience innovation grant program.

Senate Version
 Section 3 provides for a transfer of \$5.5 million from the strategic investment and improvements fund to the bioscience innovation grant fund for the bioscience innovation grant program. The Agriculture Commissioner has continuing appropriation authority for the bioscience innovation grant fund.

Other Sections in Agriculture Commissioner - Budget No. 602

	<u>Executive Budget Recommendation</u>	<u>Senate Version</u>
Transfer - Legacy earnings fund to bioscience innovation grant fund		Section 4 provides for a transfer of \$6.5 million from the legacy earnings fund to the bioscience innovation grant fund for the bioscience innovation grant program to provide a total of \$12 million for the program for the 2023-25 biennium. The Agriculture Commissioner has continuing appropriation authority for the bioscience innovation grant fund.
Transfer - Environment and rangeland protection fund to environmental impact mitigation fund		Section 5 provides for a transfer of \$250,000 from the environment and rangeland protection fund to the environmental impact mitigation fund for the environmental impact mitigation program. The Agriculture Commissioner has continuing appropriation authority for the environmental impact mitigation fund.
Estimated income - Transfer - Department of Water Resources - Wildlife Services program	Section 6 would identify \$125,000 in the estimated income line item is from the Department of Water Resources, which the department shall transfer to the Agriculture Commissioner for the Wildlife Services program.	Section 6 identifies \$125,000 in the estimated income line item is from the Department of Water Resources, which the department shall transfer to the Agriculture Commissioner for the Wildlife Services program.
Transfer - Environment and rangeland protection fund to minor use pesticide fund	Section 3 would require the Agriculture Commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund.	Section 7 requires the Agriculture Commissioner to transfer \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund.
Estimated income - Environment and rangeland protection fund	Section 4 would identify \$7,104,225 in the estimated income line item is from the environment and rangeland protection fund for various Department of Agriculture programs.	Section 8 identifies \$7,344,029 in the estimated income line item is from the environment and rangeland protection fund for various Department of Agriculture programs.
Estimated income - Game and Fish Department operating fund	Section 5 would identify \$661,270 in the estimated income line item is from the Game and Fish Department operating fund for various Department of Agriculture programs.	Section 9 identifies \$648,228 in the estimated income line item is from the Game and Fish Department operating fund for various Department of Agriculture programs.
Estimated income - Transfer - Bank of North Dakota profits - APUC	Section 12 would identify \$3 million in the estimated income line item is from funding transferred from Bank of North Dakota profits to the Agriculture Commissioner for deposit in the APUC fund for the APUC program.	Section 10 identifies \$3 million in the estimated income line item, which is from funding transferred from Bank of North Dakota profits to the Agriculture Commissioner for deposit in the APUC fund for the APUC program.
Estimated income - Abandoned oil and gas well plugging site reclamation fund	Section 8 would identify \$200,000 in the estimated income line item is from the abandoned oil and gas well plugging and site reclamation fund for the pipeline restoration and reclamation program.	Section 11 identifies \$700,000 in the estimated income line item is from the abandoned oil and gas well plugging and site reclamation fund, of which \$200,000 is for the pipeline restoration and reclamation program and \$500,000 is for the post-production royalty oversight program.
North Dakota Trade Office - Matching funds requirement	Section 10 would identify \$2.1 million of the funding appropriated from the general fund in Section 1 is for the North Dakota Trade Office. The Agriculture Commissioner may spend 60 percent of this amount without requiring any matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for every \$1 provided by the Agriculture Commissioner. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, to provide training, and to buy computer equipment as part of the North Dakota Trade Office's export assistance program.	Section 12 identifies \$2.1 million of the funding appropriated from the general fund in Section 1 is for the North Dakota Trade Office. The Agriculture Commissioner may spend 60 percent of this amount without requiring any matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for every \$1 provided by the Agriculture Commissioner. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, to provide training, and to buy computer equipment as part of the North Dakota Trade Office's export assistance program.
Waterbank program - Matching funds requirement	Section 7 would identify of the amount appropriated in the salary and wages line item, the Agriculture Commissioner may use up to \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.	Section 13 identifies of the amount appropriated in the salary and wages line item, the Agriculture Commissioner may use up to \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.

Other Sections in Agriculture Commissioner - Budget No. 602

	<u>Executive Budget Recommendation</u>	<u>Senate Version</u>
Agriculture Commissioner salary	Section 9 would provide the statutory changes necessary to increase the Agriculture Commissioner's salary. The Agriculture Commissioner's annual salary would increase from the current level of \$123,984 to \$131,423 effective July 1, 2023, and to \$136,679 effective July 1, 2024, to reflect the 6 percent and 4 percent annual recommended salary increases.	Section 14 provides the statutory changes necessary to increase the Agriculture Commissioner's salary. The Agriculture Commissioner's annual salary would increase from the current level of \$123,984 to \$130,000 effective July 1, 2023, and to \$135,200 effective July 1, 2024, to reflect a 4 percent salary increase and a salary equity increase in the 1 st year of the biennium and a 4 percent salary increase in the 2 nd year of the biennium.
Post-production royalty oversight program		Section 15 creates a new section to Chapter 4.1-01 to establish a post-production royalty oversight program, allowing the Agriculture Commissioner to contract for ombudsmen to assist mineral owners, lease owners, and mineral companies in royalty payment issues.
Environmental impact mitigation fund		Sections 16, 17, and 18 amend Sections 4.1-01-21.1, 49-22-09, and 49-22-09.2 relating to the environmental impact fund, factors to be considered in evaluating applications and designation of sites, corridors, and routes, and mitigating direct and indirect environmental impacts.
Wildlife Services program - Indirect costs		Section 19 provides the funding appropriated in the wildlife services line item may not be used to pay indirect costs as part of the United States Department of Agriculture Animal and Plant Health Inspection Service Wildlife Services program.
Exemption - COVID-19 specialty crop block grant program		Section 20 provides an exemption to authorize the Agriculture Commissioner to continue funding appropriated for the 2019-21 biennium and continued into the 2021-23 biennium for the COVID-19 specialty crop block grant program into the 2023-25 biennium. The 2021 Legislative Assembly appropriated \$5 million for the program. Of this amount, the Agriculture Commissioner anticipates approximately \$3.5 million is needed to continue into the 2023-25 biennium.