

Frequently Asked Questions (FAQs) about HB 1371

How long has North Dakota had the corporate farming law?

The law has been around since 1932. It was put on the ballot as an initiated measure and approved by voters. There have been several changes to it over the years.

What is the corporate farming law?

It is a law that relates to the ownership or leasing of farm and ranch land by those that have corporate structure.

Why the proposed change to the current law?

Exemptions for animal agriculture have been talked about for many years. The legislation will only allow for the development of animal agriculture operations in the state, which will create opportunities that complement our farmers, not compete with them.

It is a tool to put in place a corporate structure that allows farmers and nonfarmers to partner with each other to incorporate and create or operate an animal agriculture operation. Farmers would likely provide feed and forages to an operation, and utilize the manure from the facility.

What types of opportunities will the bill create?

- It would allow additional marketing opportunities for our grain producers by selling feed and forages to animal agriculture operations.
- It would decrease the amount of commercial fertilizer purchased, while improving soil health.
- It would allow for better utilization of products from our processing facilities.
- It would support our young people to come back to the farm/ranch to be involved in part of the operation. Animal agriculture operations have a small footprint and complement farming activities.
- It would provide economic stability to our farming operations and rural communities.
- It will support new and emerging technologies, including hydroponics and aquaculture.
- It creates the ability to partner and work together in agriculture.

Why is it hard to start up animal agriculture operations today?

Animal agriculture operations require significant capital – millions of dollars. A typical dairy has startup costs between \$50-\$67 million and a typical swine production facility has startup costs between \$30-40 million. Not many family partnerships have access to this level of funding.

What prevents a corporation from buying up large chunks of land and farming in North Dakota?

The law only allows the purchase of 160 acres or less for dairy, swine, poultry, and cattle feedlots. Hydroponics and aquaculture operations are limited to just 40 acres. They will not be

buying up large swaths of land or competing against a local farmer to purchase land they cannot farm.

Does this bill remove swine production, poultry, dairy, and cattle backgrounding and feedlots out of the definition of farming and ranching?

The bill creates carve-outs for these animal agriculture activities. These carve-outs are solely related to the anti-corporate farming law.

What other states have corporate farming laws?

Only six states out of 50 currently have a law in place that prohibits or limits corporate farming (North Dakota, Kansas, Minnesota, Missouri, Oklahoma and Wisconsin).

Of these six states, North Dakota is by far the most restrictive. Of the remaining five, most have reasonable exemptions, or carve-outs, for animal agriculture like dairy, poultry and swine. They also have carve-outs for hydroponics, greenhouses and aquaculture.

Despite most of the country not having restrictive laws, only 2.3% of all farms in the U.S. are identified as corporate or nonfamily farms.

Why does the bill insert the words “surviving spouse” into the degrees of kinship of the family farm requirements?

Current law requires that in the event of a spouse’s death, the surviving spouse must divest their interest in the family corporation. No one else would have to, just the surviving spouse. This bill would correct this.

North Dakota Department of Agriculture

Doug Goehring,
Agriculture Commissioner



www.nd.gov/ndda

1-800-242-7535

North Dakota Livestock Industry Comparison



North Dakota Livestock Records

Commodity	Record High	Year
Cattle and Calves	2,635,000	1975
Cattle on Feed	136,000	1965
Dairy Cows	701,000	1934
Hogs	1,101,000	1943



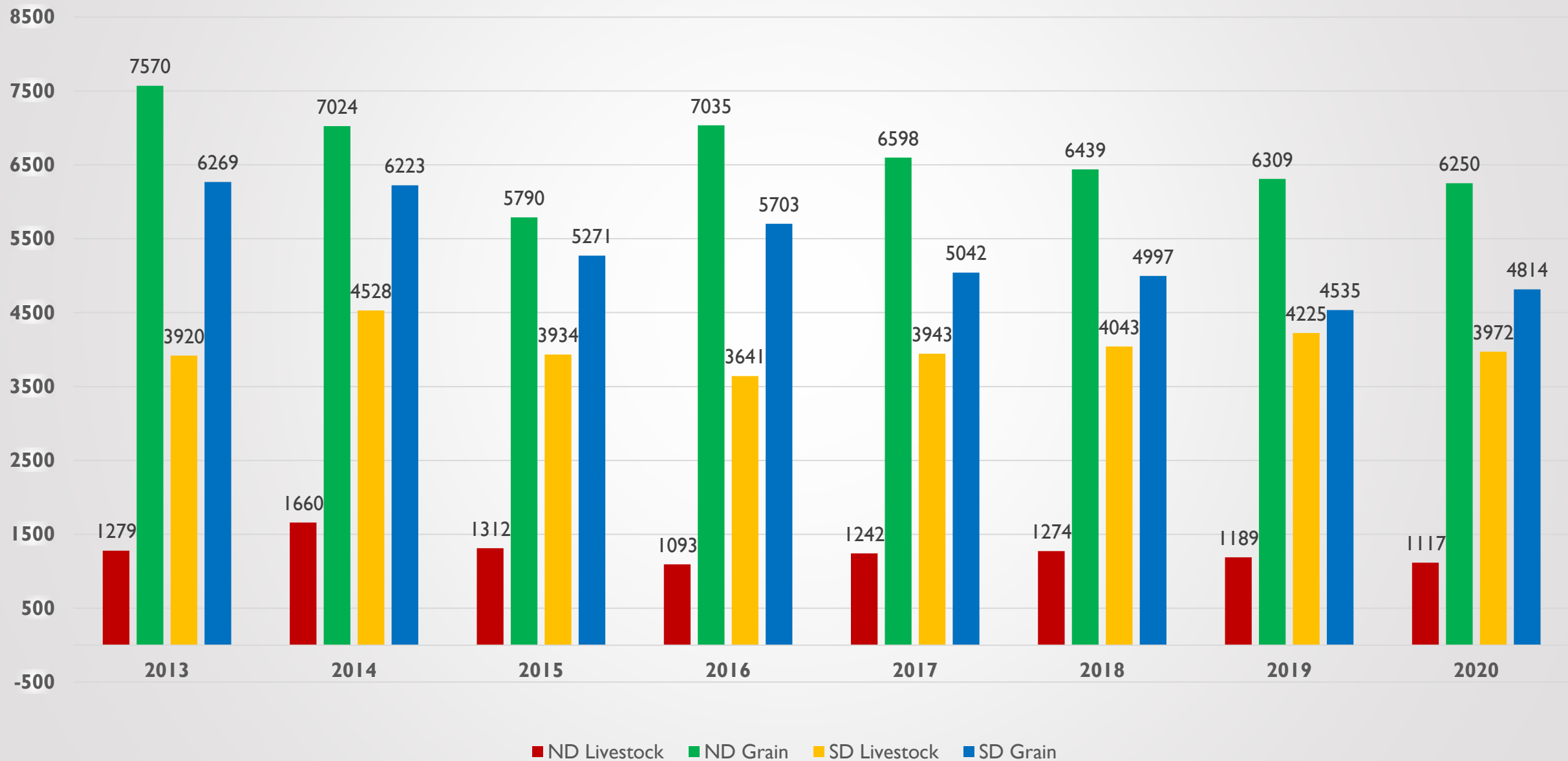
North Dakota vs South Dakota

State	Acres Operated	Number of Operations	Avg size of operation
North Dakota	39,300,000	26,000	1512 acres
South Dakota	43,200,000	29,400	1469 acres



North Dakota and South Dakota Cash Receipts

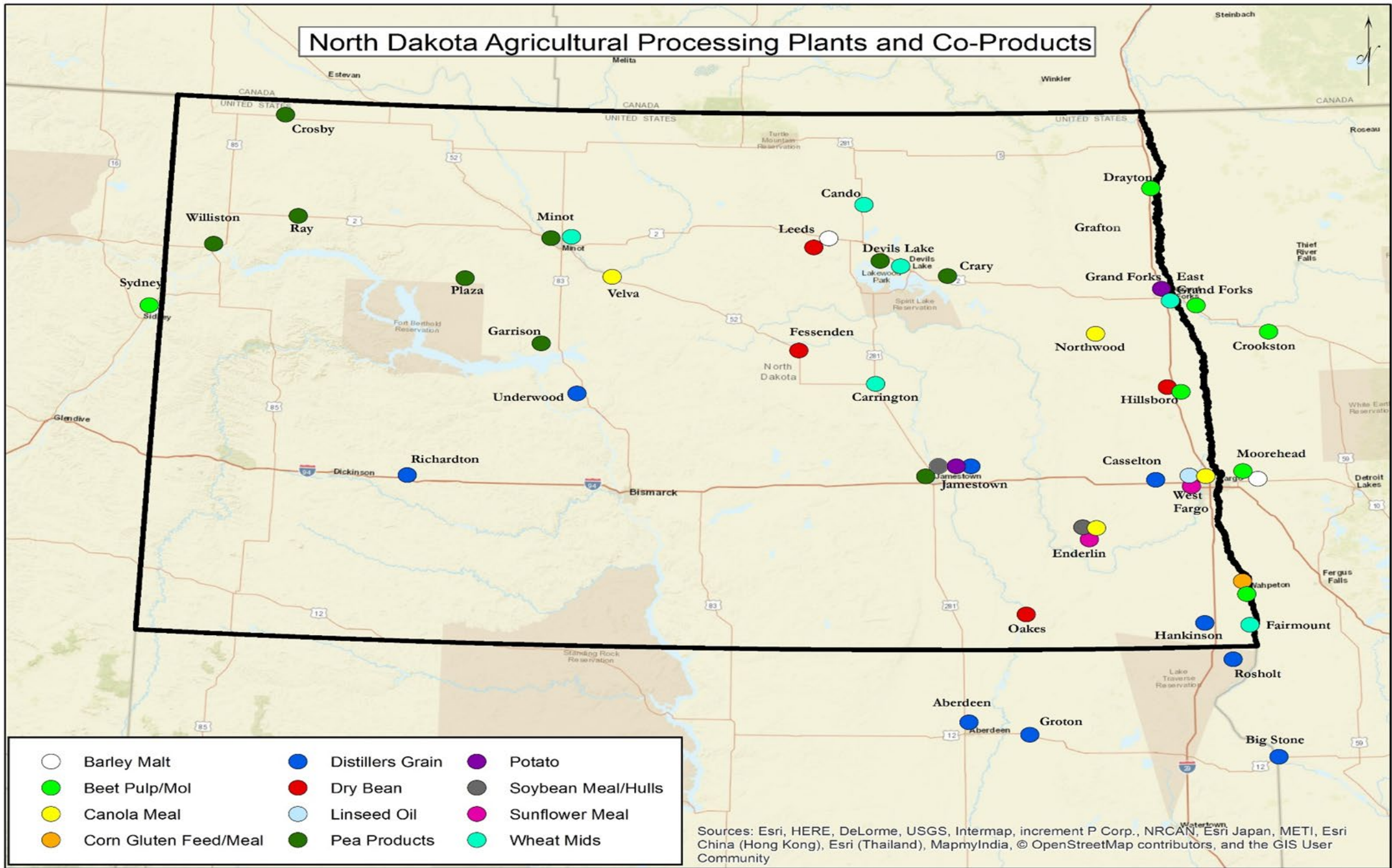
(in 1,000,000 dollars)



Value Added Processing



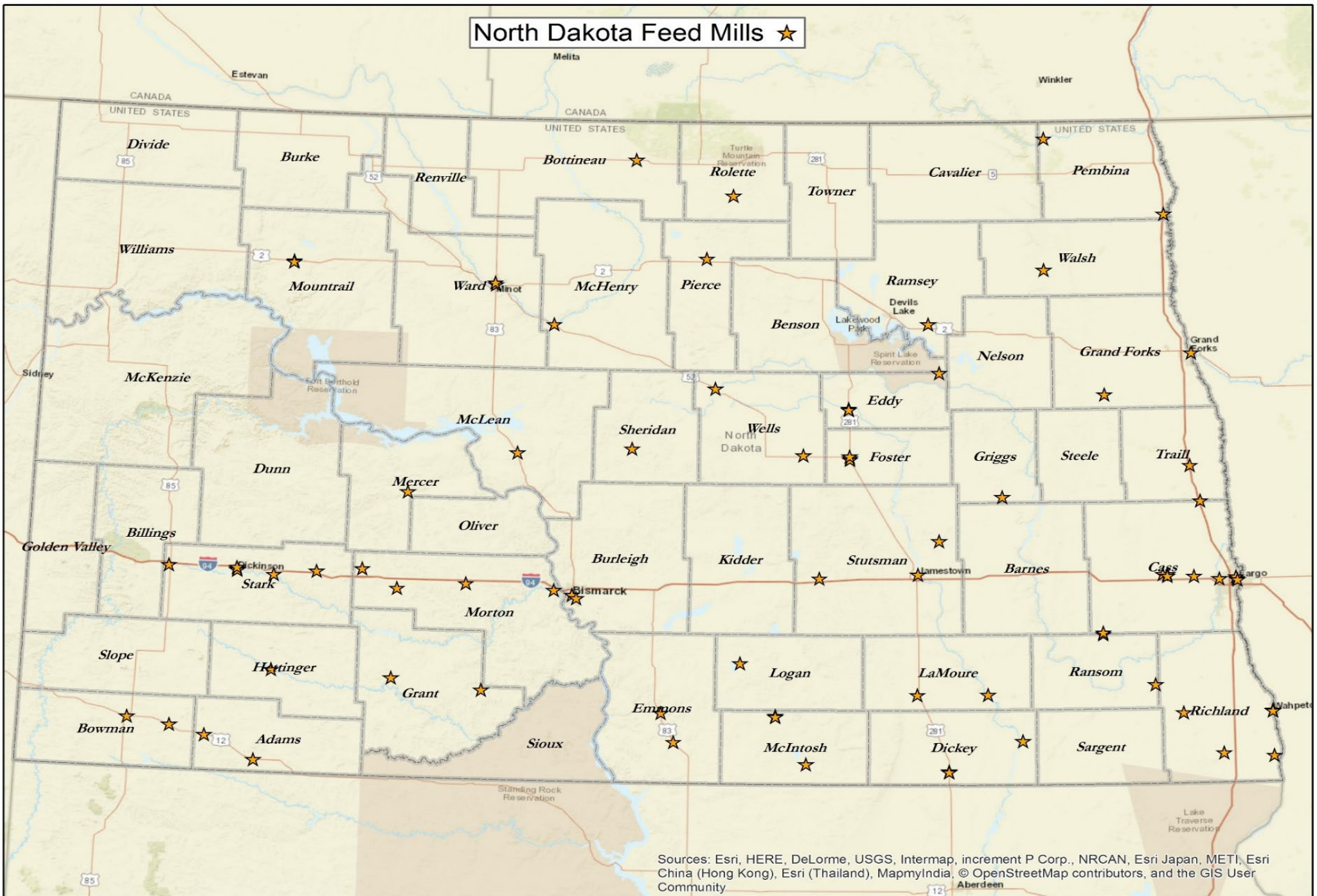
North Dakota Agricultural Processing Plants and Co-Products



Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), MapmyIndia, © OpenStreetMap contributors, and the GIS User Community



North Dakota Feed Mills ★



Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

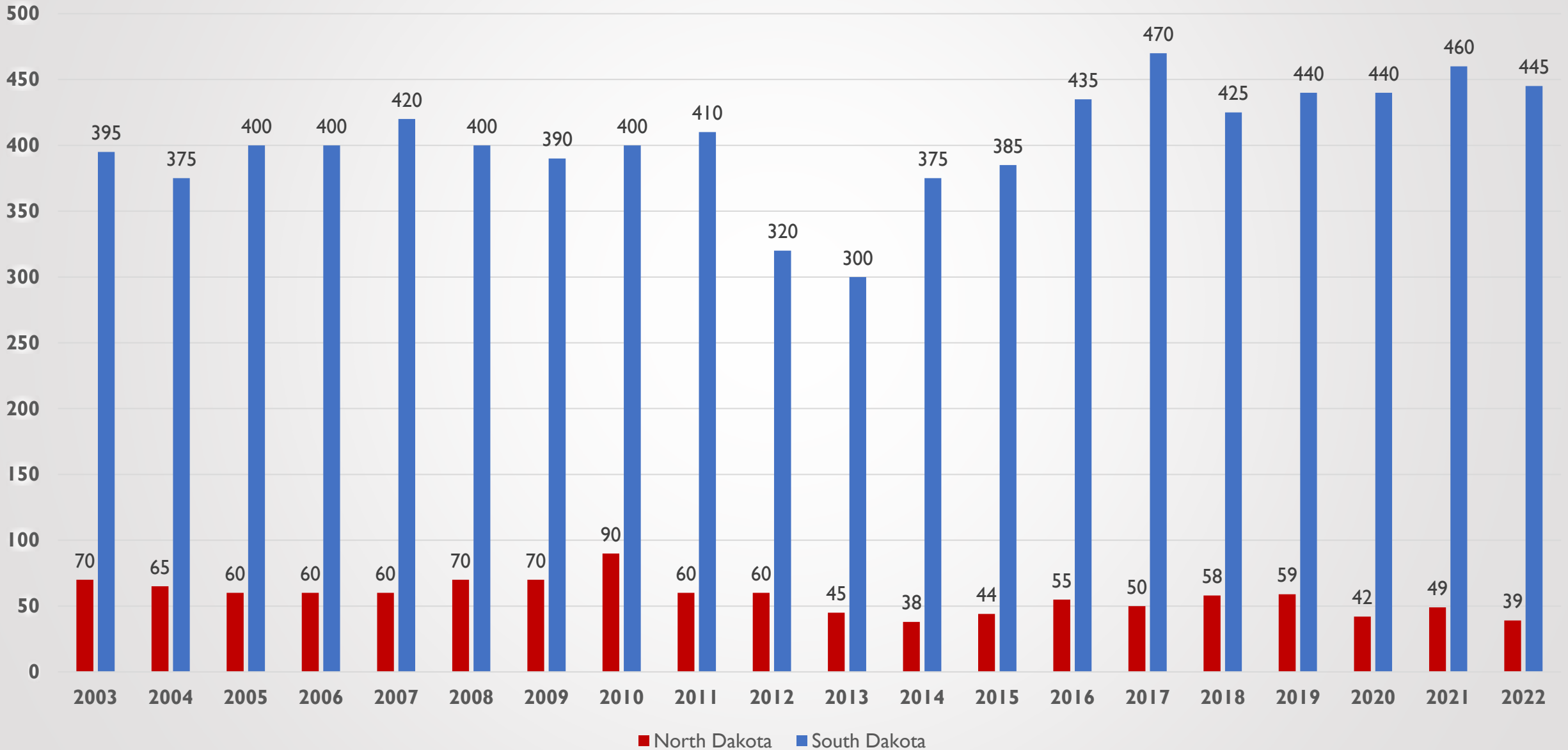


Cattle

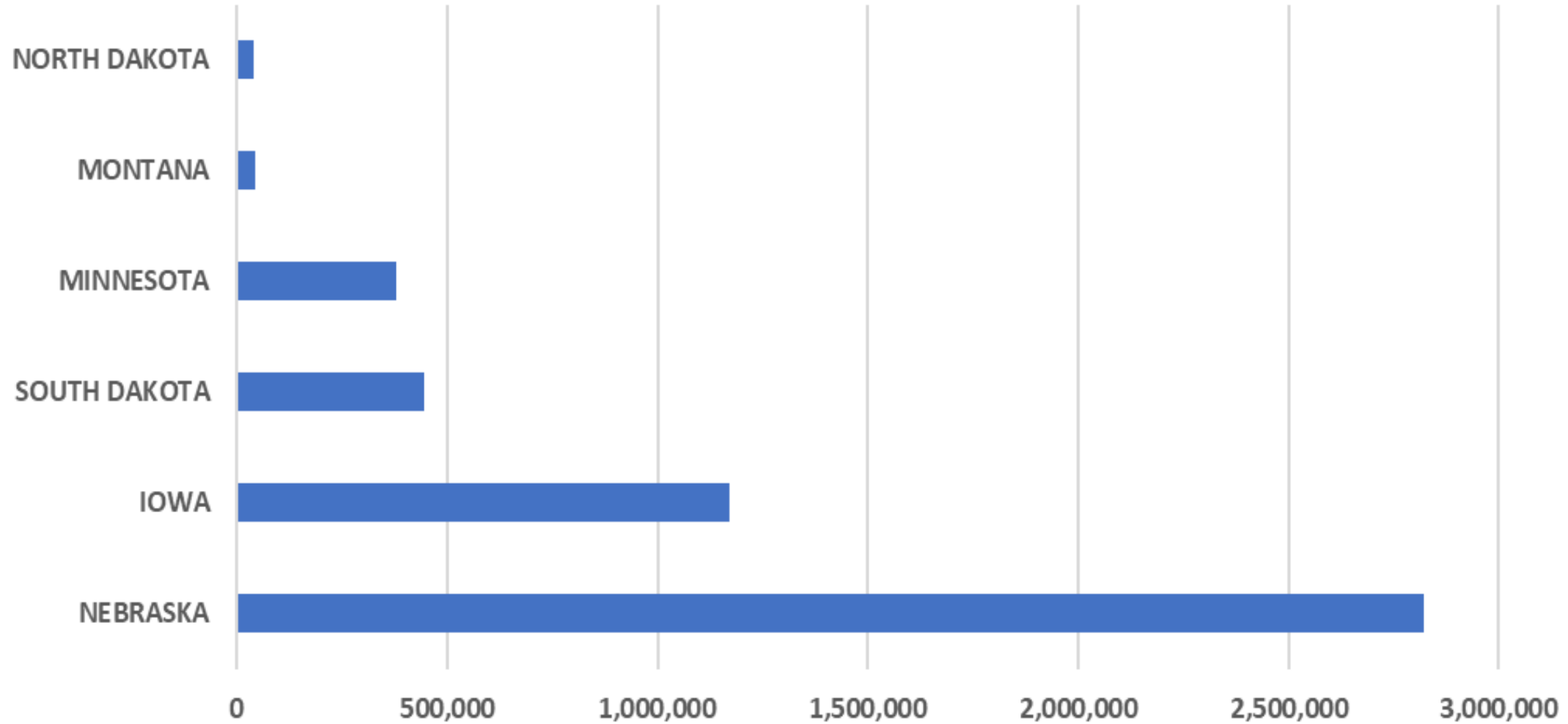


North Dakota and South Dakota Cattle on Feed

(Thousand Head)

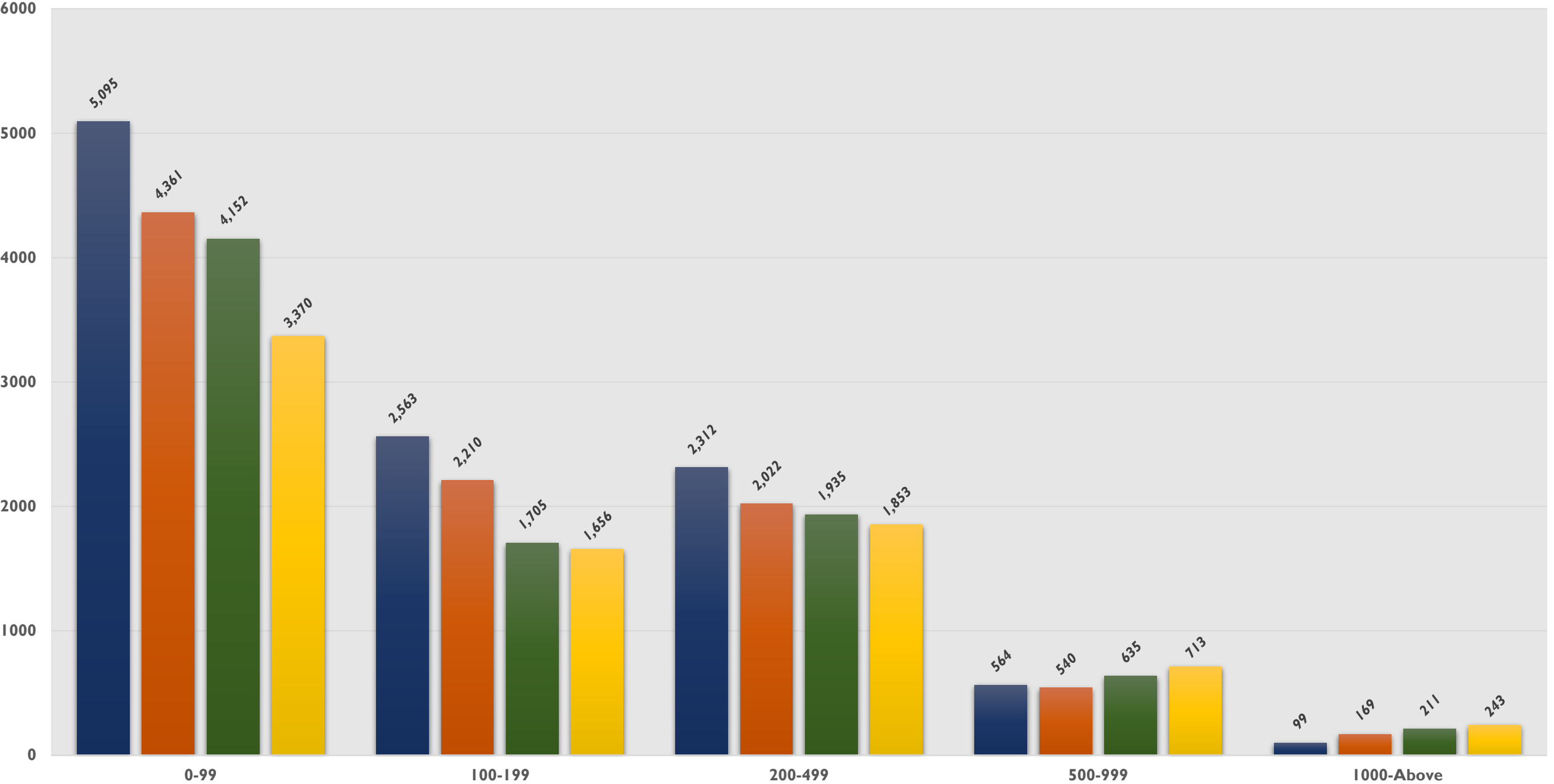


2022 Cattle on Feed Inventory



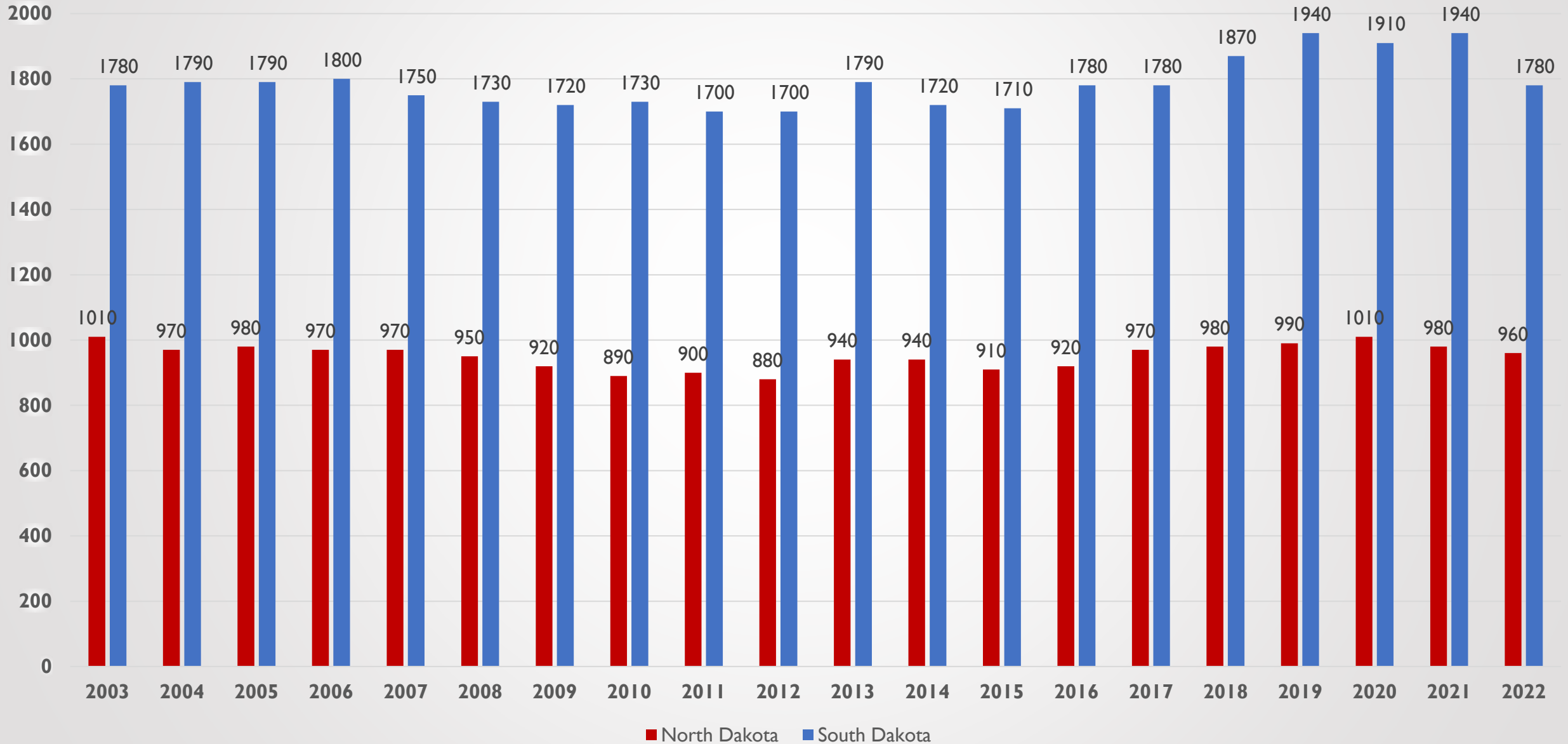
North Dakota Cattle Operation Size in Head

■ 2002 ■ 2007 ■ 2012 ■ 2017

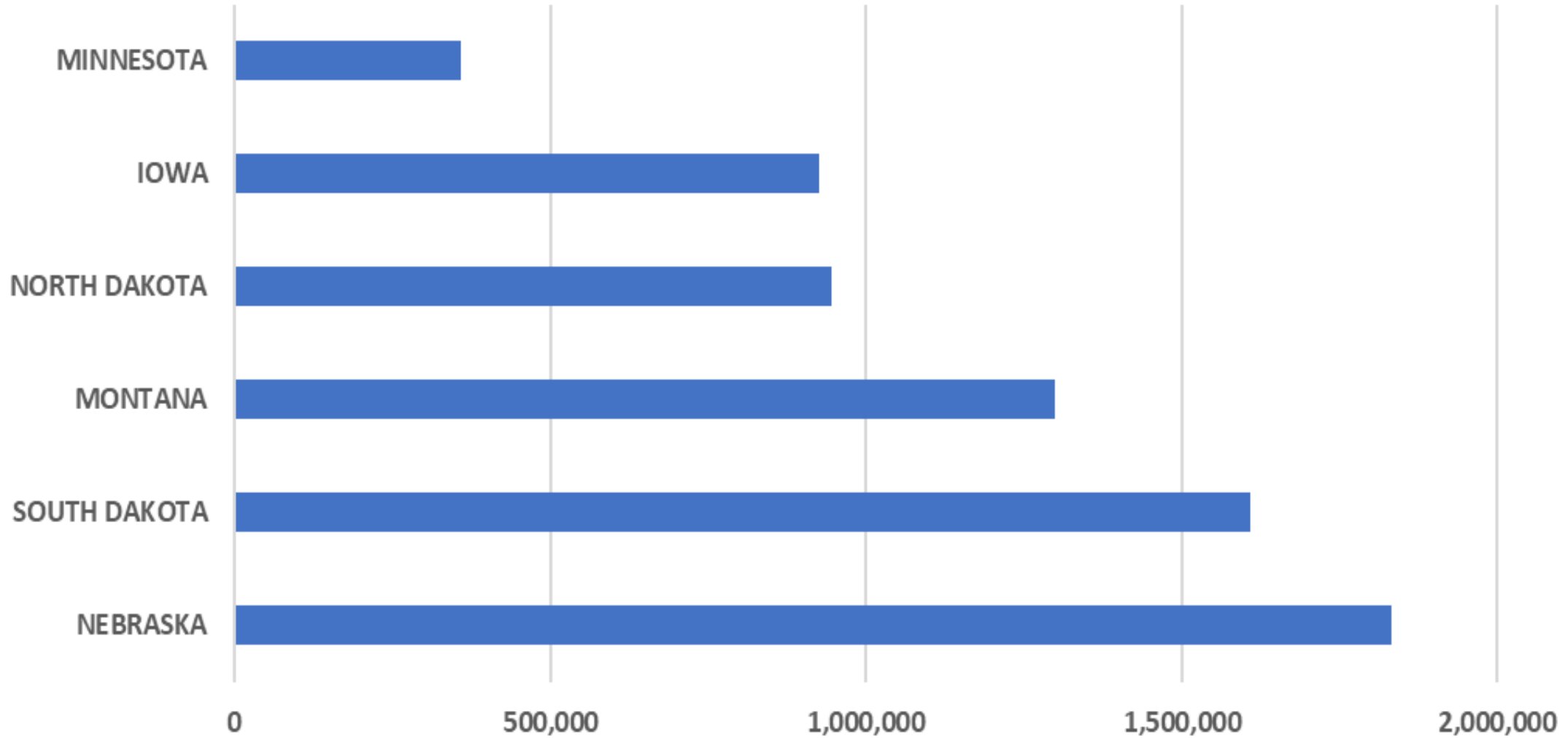


North Dakota and South Dakota Cow Inventory

(Thousand Head)



2022 Beef Cow Inventory



Cattle Economies of Scale

- Estimated Costs of Construction and Site:
 - 5,000 head open feedlot will cost \$3.5-4.0 million
 - 500 head cow/calf confinement barn cost \$0.5-1.25 million
- Finished steer will produce 1 ton of fertilizer
 - 10-20 lbs. of N, 15-25 lbs. of P
- Consume 50 bushels of corn

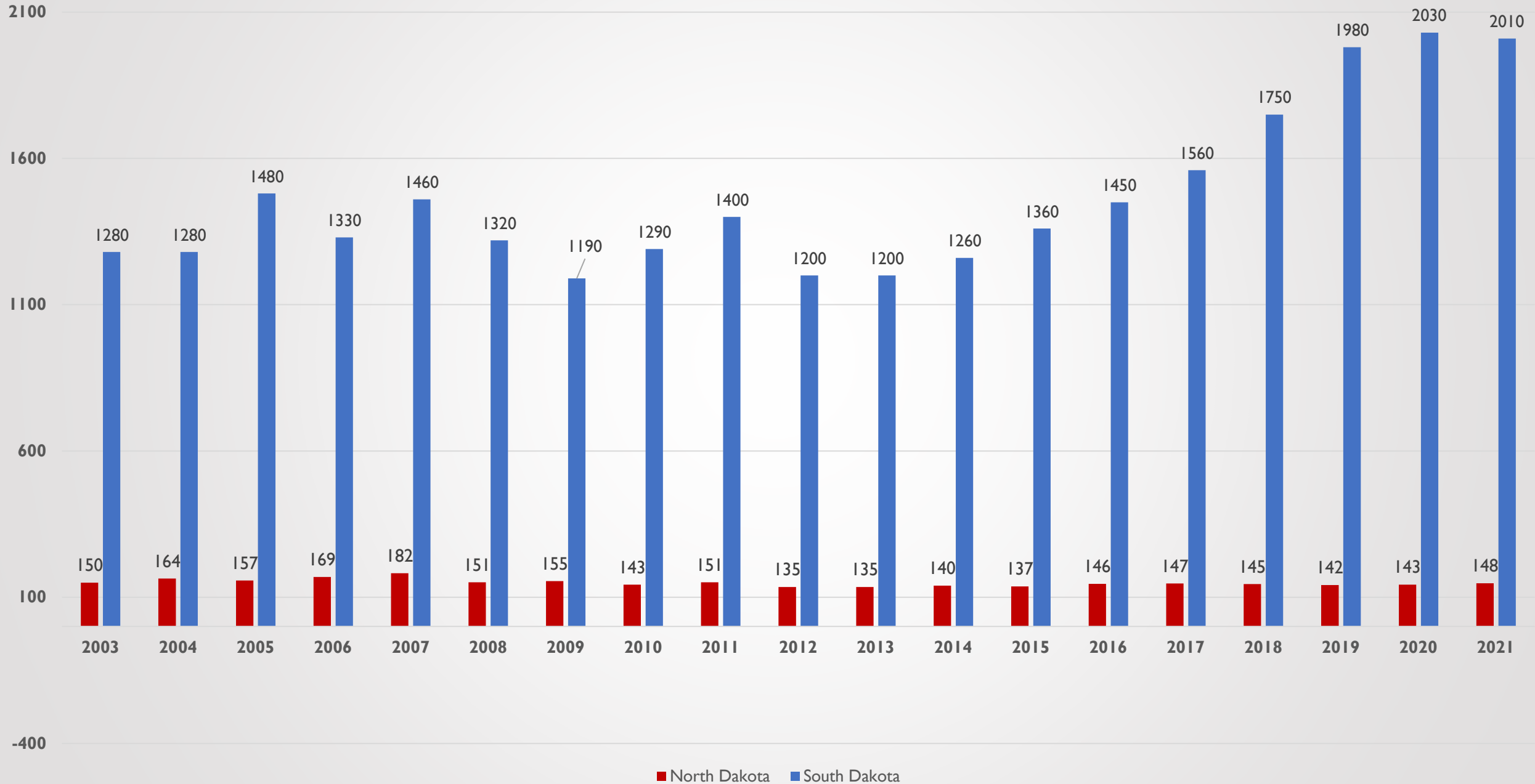


Swine

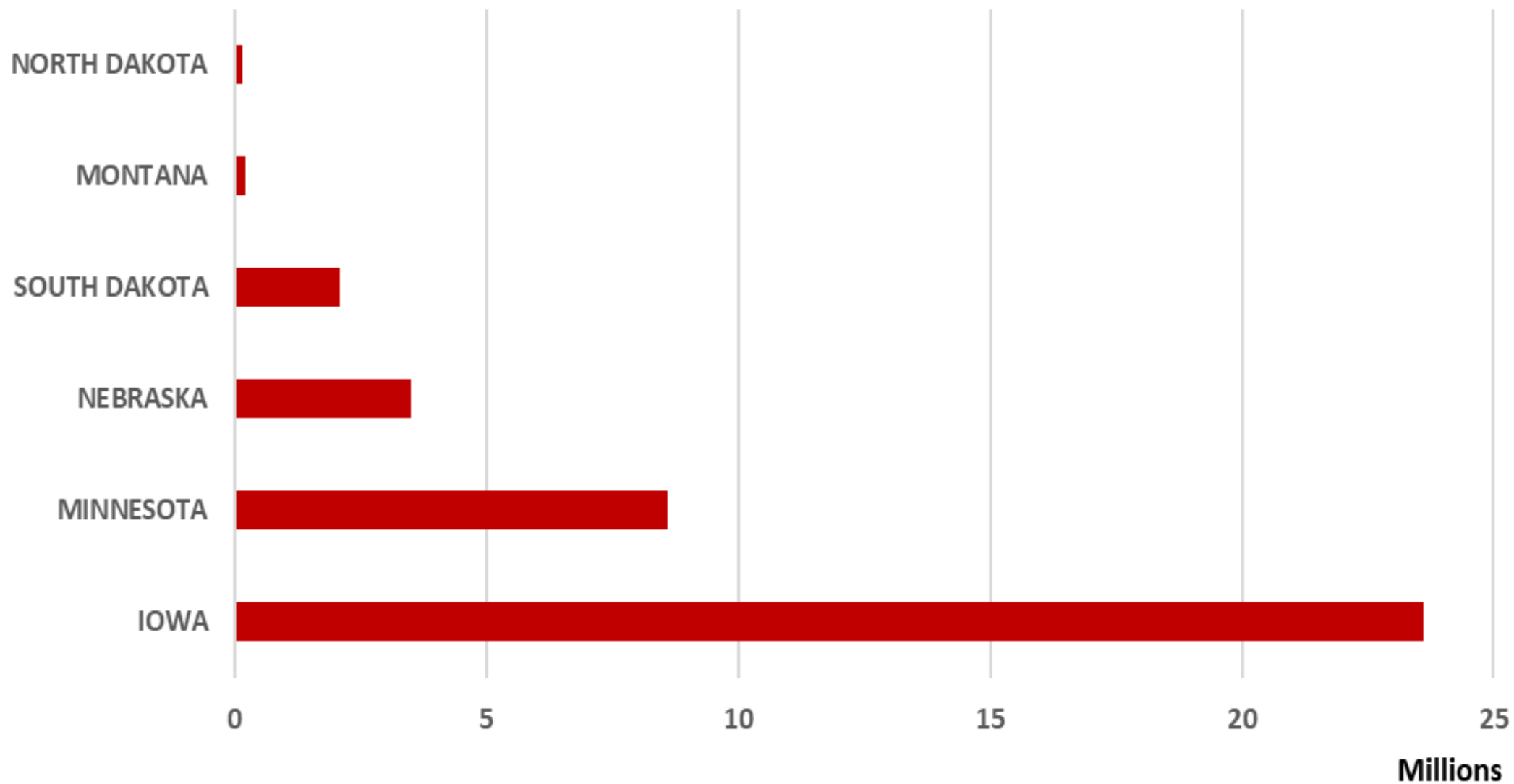


North Dakota and South Dakota Swine Headcount

(Thousand)

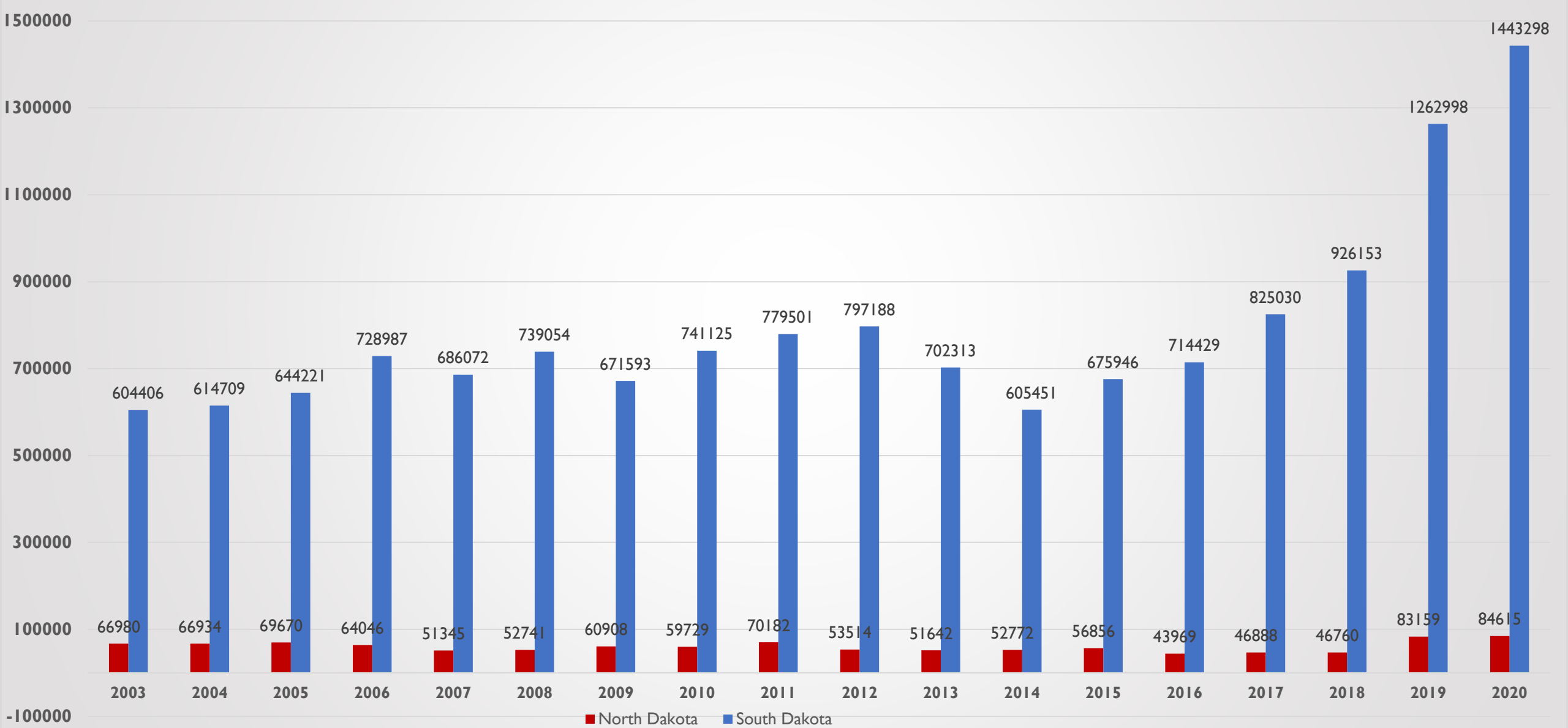


2022 Hog Inventory

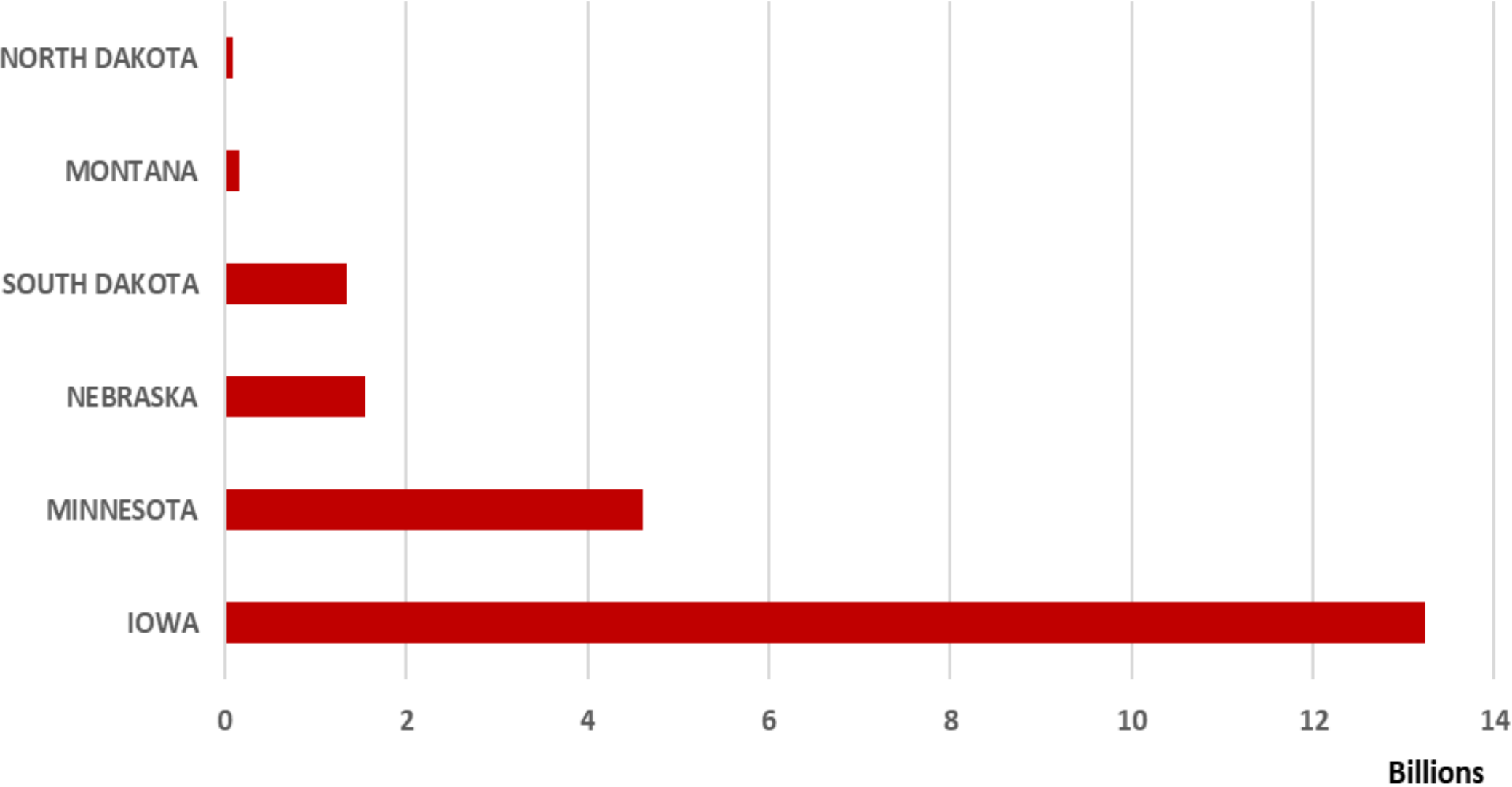


North Dakota and South Dakota Swine Production

(Thousand Pounds)



2021 Hog Production (lbs)



Swine Economies of Scale

- Estimated Costs of Construction, Site, and Start-up:
 - 5,400 head farrowing unit will cost \$18 -20 million
 - 2,400 head finish barn will cost \$1-1.25 million
- For every 1,000 pigs
 - Produce 80 acres of fertilizer
 - Consume 114 acres of corn
 - Consume 120 acres of soybeans
 - In soybean meal



Economic Impact Study in South Dakota

2400 HD finishing barn

Construction				
Impact Type	Employment	Labor Income	Value Added	Sales
Direct Effect	3.0	\$162,756	\$229,956	\$768,847
Indirect Effect	0.6	\$37,809	\$53,543	\$115,472
Induced Effect	0.4	\$15,480	\$34,172	\$66,234
Total Effect	4.0	\$216,045	\$317,670	\$950,552

Operations for First Year				
Impact Type	Employment	Labor Income	Value Added	Sales
Direct Effect	3.6	\$441,111	\$573,023	\$783,713
Indirect Effect	0.5	\$43,112	\$58,477	\$108,321
Induced Effect	1.0	\$37,539	\$83,142	\$161,218
Total Effect	5.1	\$521,762	\$714,642	\$1,053,252

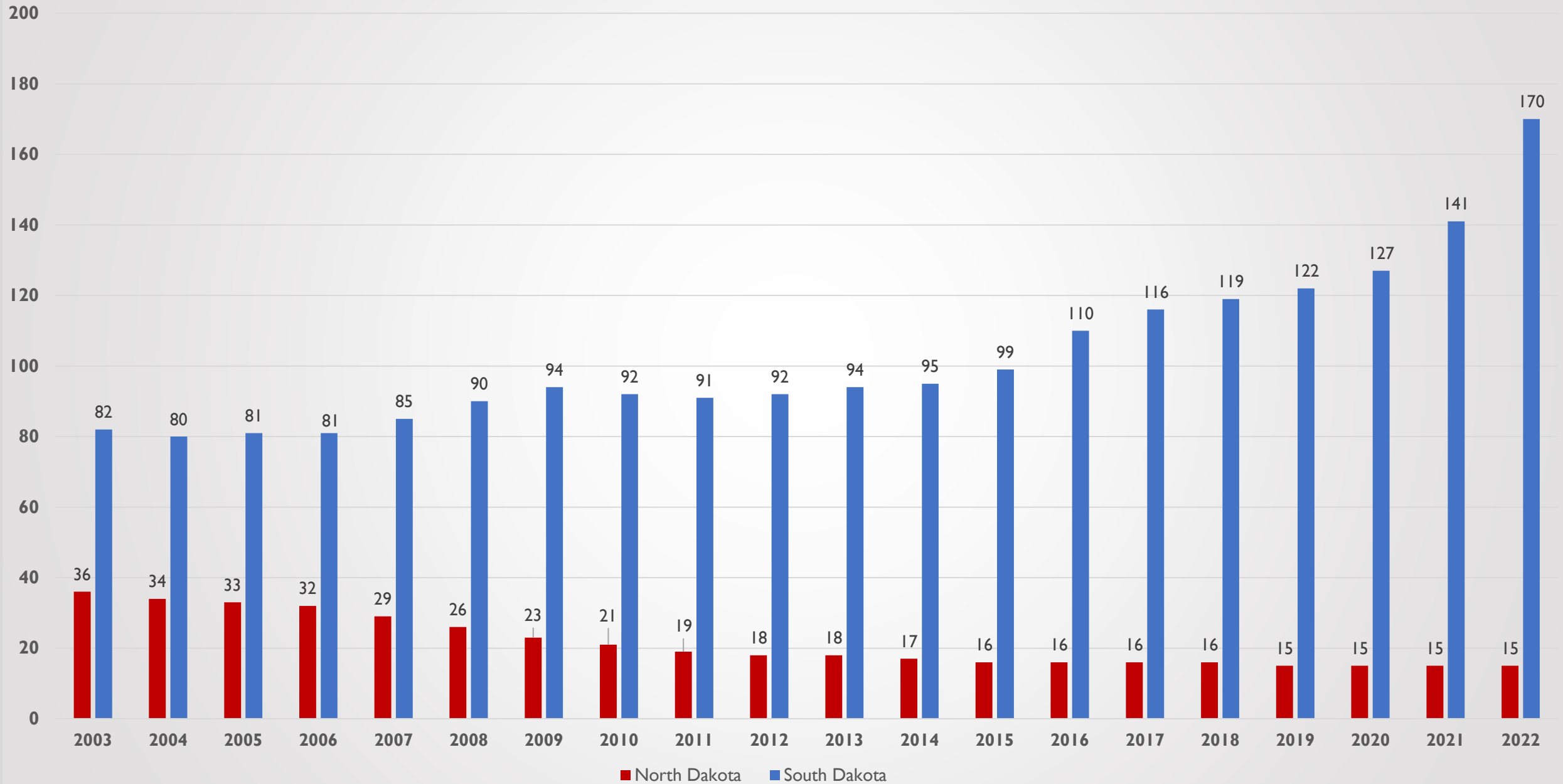


Dairy

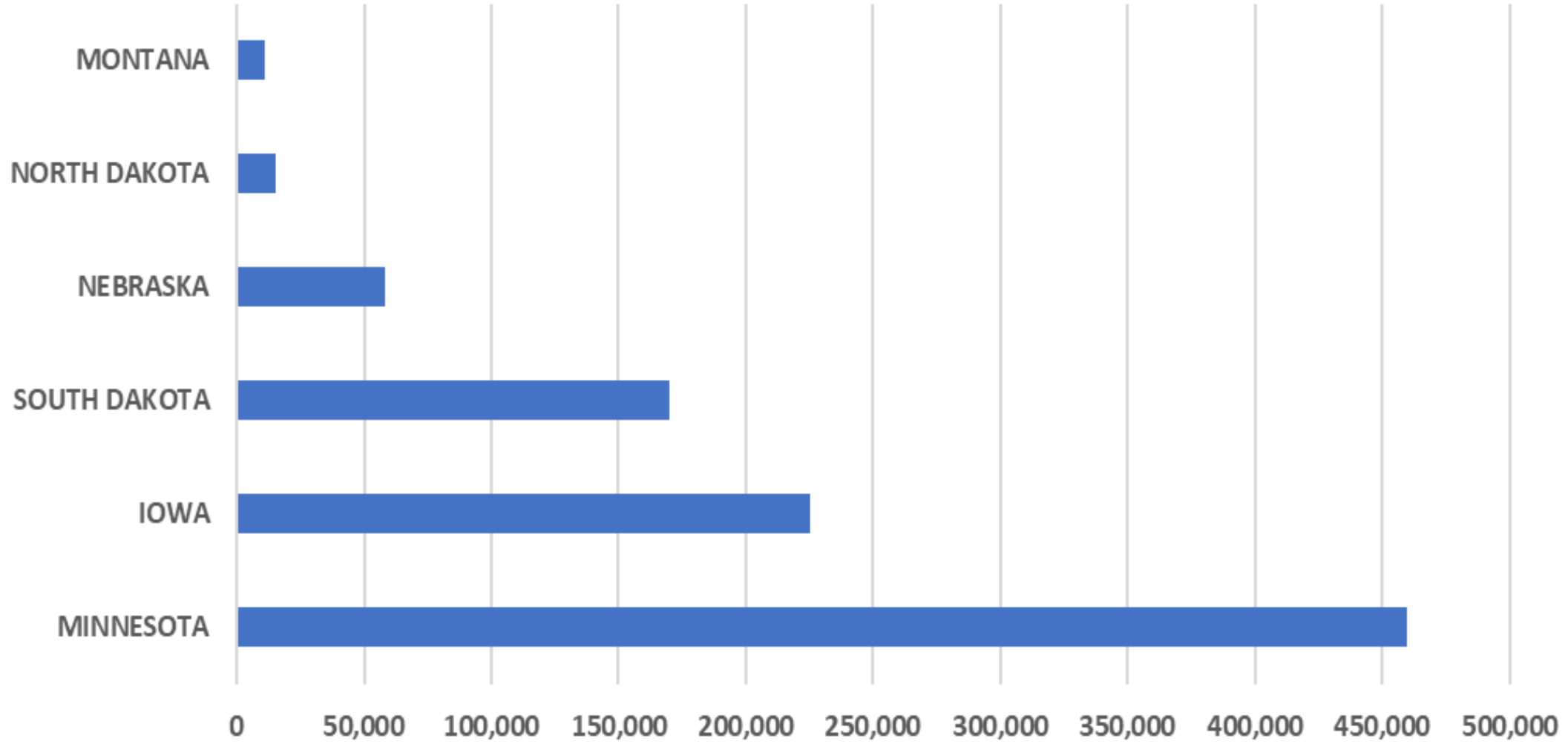


North Dakota and South Dakota Dairy Cow Headcount

(Thousand)

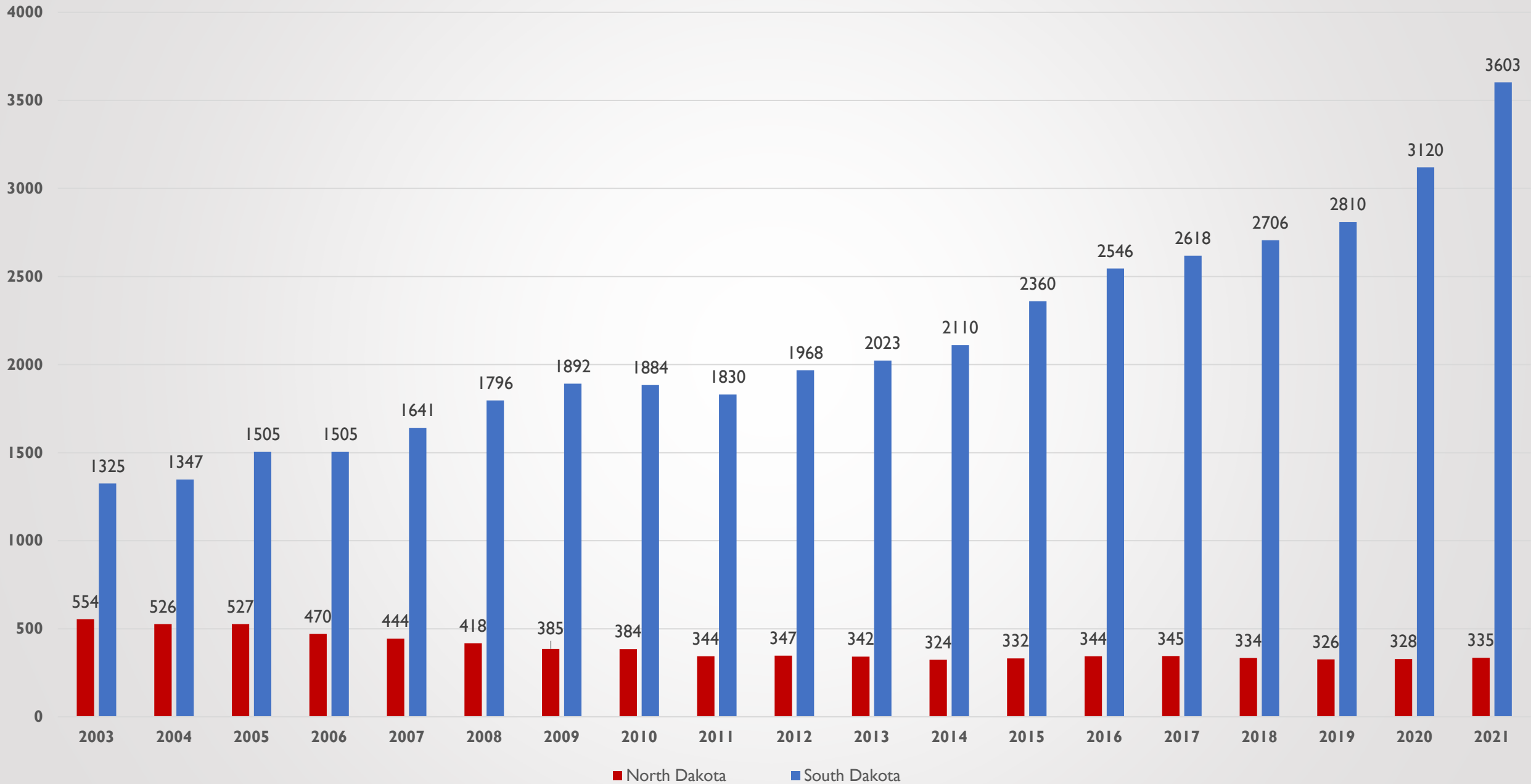


2022 Dairy Cow Inventory

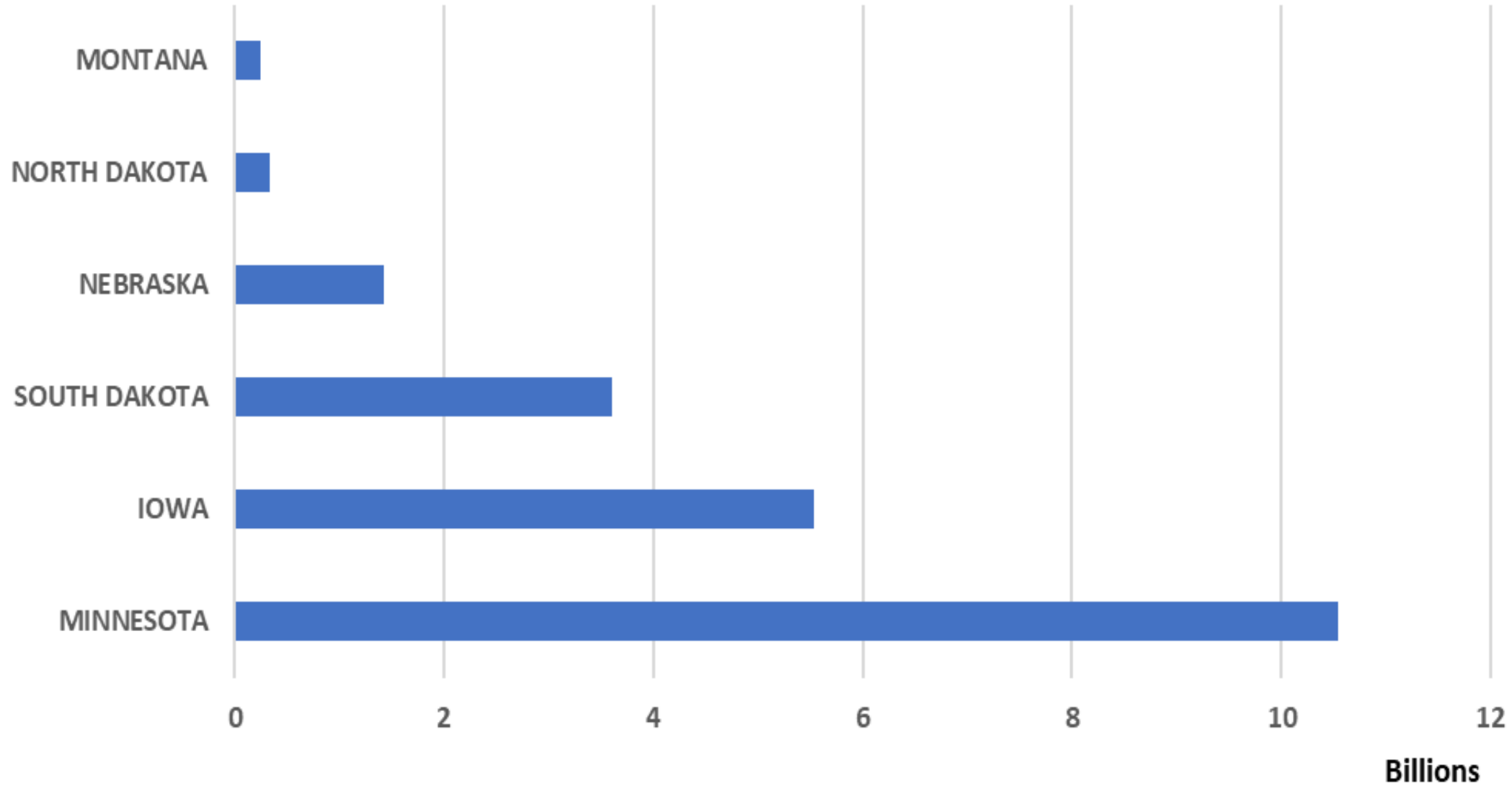


North Dakota and South Dakota Milk Production

(Million Pounds)



2021 Milk Production (lbs)



Dairy Economies of Scale

- Estimated Costs of Construction and Site:
 - 1,600 head robotic dairy will cost \$10-16 million
 - 5000 head dairy will cost \$25-30 million
- 1 cow produces 2 acres of fertilizer
 - Consume 106 bushels of corn
 - Consume 5.7 ton of forage
 - Consume 29 bushels of soybeans
 - In soybean meal



Economic Impact Study in South Dakota

1600 HD Robotic Dairy Farm

Construction				
<u>Impact Type</u>	Employment	Labor Income	Value Added	<u>Sales</u>
Direct Effect	62	\$2,704,775	\$3,277,793	\$12,890,000
Indirect Effect	11	\$517,292	\$956,846	\$2,155,140
Induced Effect	6	\$178,982	\$572,013	\$1,044,544
Total Effect	78	\$3,401,049	\$4,806,652	\$16,089,684

Operations for First Year				
<u>Impact Type</u>	Employment	Labor Income	Value Added	<u>Sales</u>
Direct Effect	10	\$803,622	\$1,481,174	\$7,534,400
Indirect Effect	11	\$548,993	\$975,696	\$2,255,519
Induced Effect	3	\$75,076	\$239,770	\$437,681
Total Effect	23	\$1,427,690	\$2,696,640	\$10,227,600



Economic Impact Study in South Dakota

5000 HD Rotary Parlor Dairy farm

Construction				
<u>Impact Type</u>	Employment	Labor Income	Value Added	<u>Sales</u>
Direct Effect	118	\$8,180,078	\$11,282,883	\$25,875,325
Indirect Effect	34	\$2,236,794	\$3,601,424	\$6,820,088
Induced Effect	46	\$2,416,869	\$4,203,957	\$7,276,154
Total Effect	198	\$12,833,741	\$19,088,264	\$39,971,567

Operations for First Year				
<u>Impact Type</u>	Employment	Labor Income	Value Added	<u>Sales</u>
Direct Effect	35	\$4,227,956	\$5,385,376	\$23,545,000
Indirect Effect	57	\$3,229,139	\$5,301,151	\$11,312,660
Induced Effect	33	\$1,763,419	\$3,066,254	\$5,305,218
Total Effect	125	\$9,220,514	\$13,752,781	\$40,162,878



Dairy Processors in ND

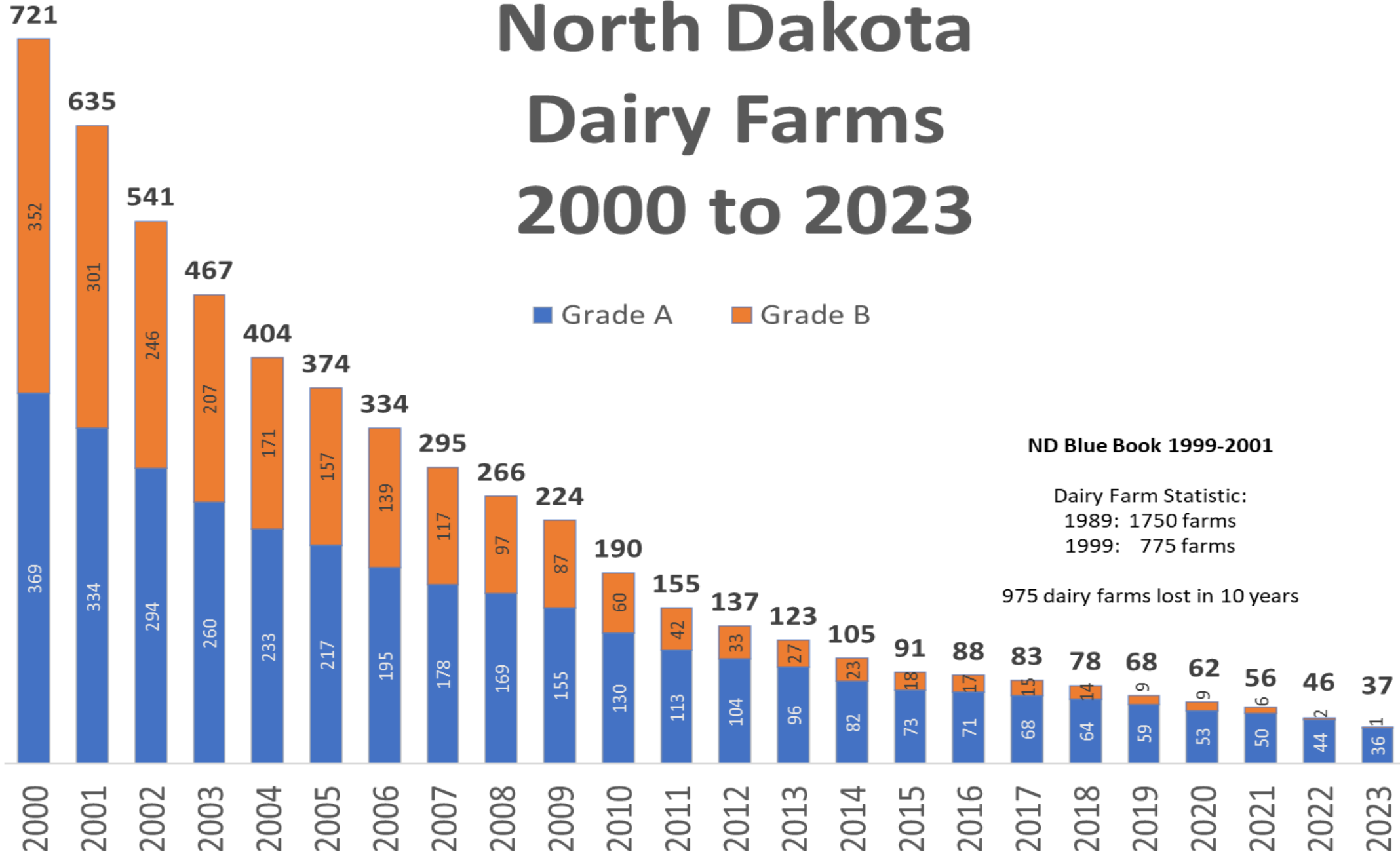
- Prairie Farms, Bismarck
- Kemps/Cass-Clay, Fargo
- Cows & Co Creamery, Carrington
- ND grade “A” farms -37

North Dakota is an importer of milk



North Dakota Dairy Farms 2000 to 2023

■ Grade A ■ Grade B



ND Blue Book 1999-2001

Dairy Farm Statistic:

1989: 1750 farms

1999: 775 farms

975 dairy farms lost in 10 years



Dairy Processors in SD

- Valley Queen, Milbank
- Kasemeister Creamery, Frankfort
- Agropur, Lake Norden
- Bel Brands, Brookings
- SDSU Davis Dairy Plant, Brookings
- AMPI, Hoven
- AMPI, Freeman
- Dairiconcepts, Pollock
- Dimock Cheese, Dimock
- Prairie Farms, Sioux Falls

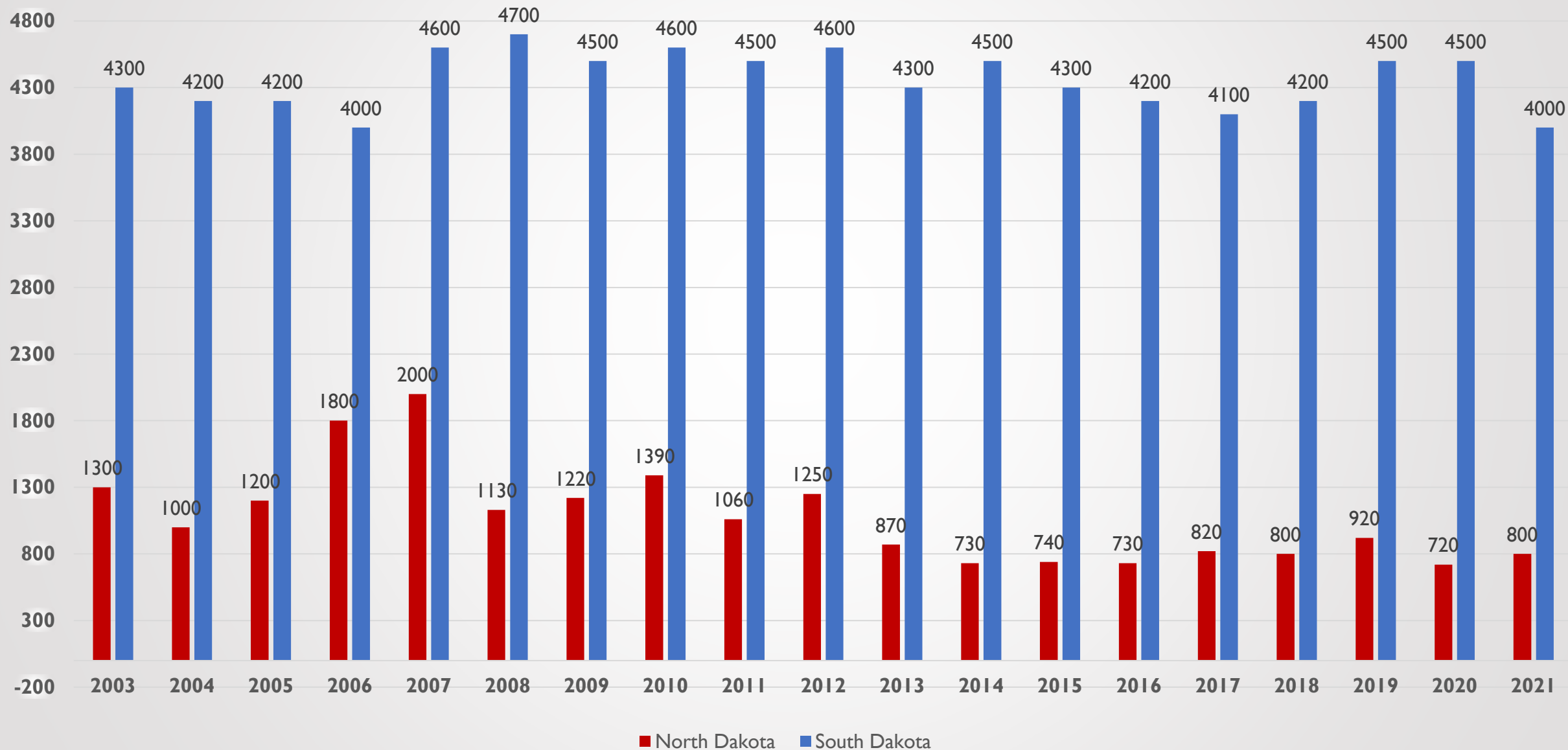
- SD grade “A” farms -174



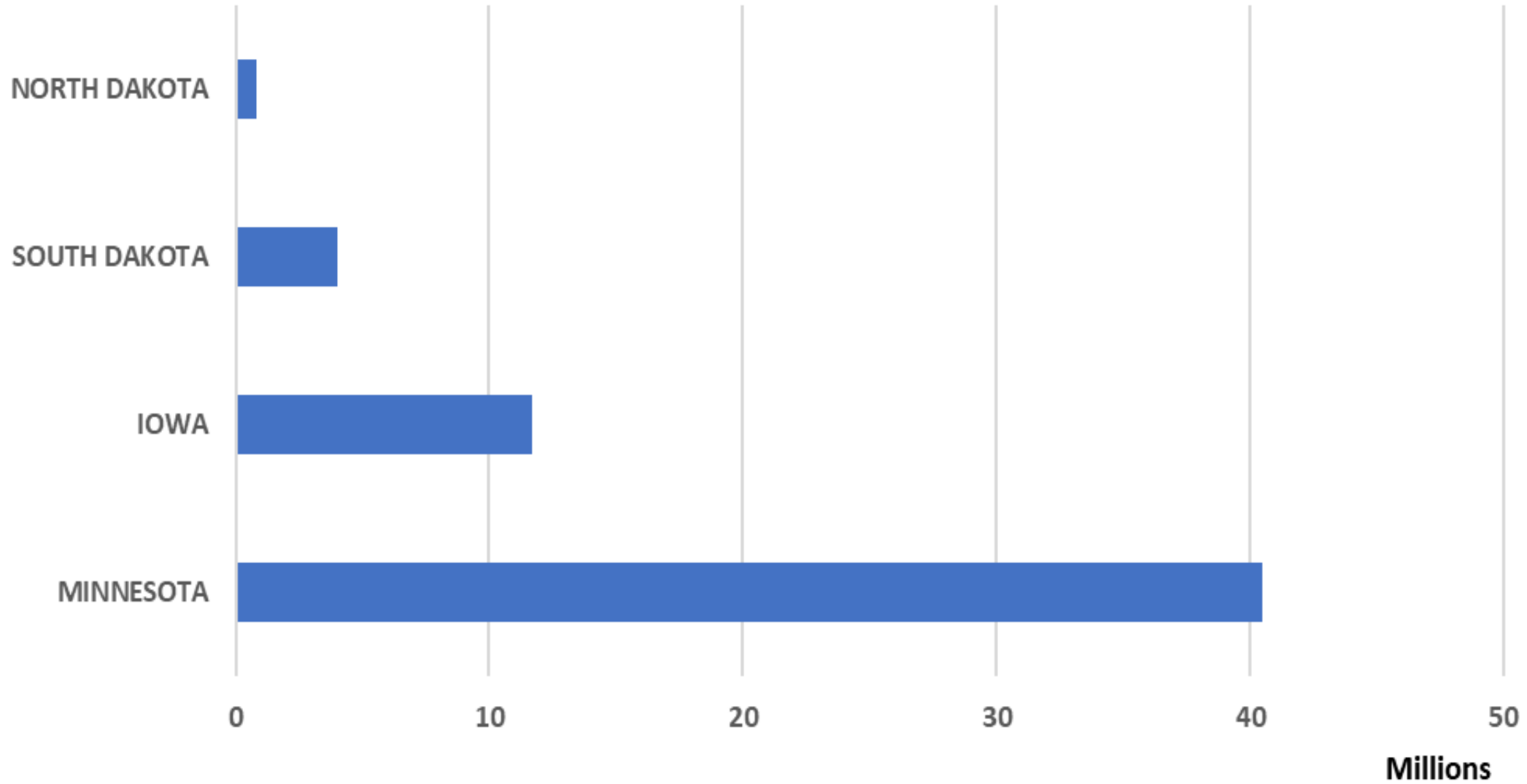
Poultry



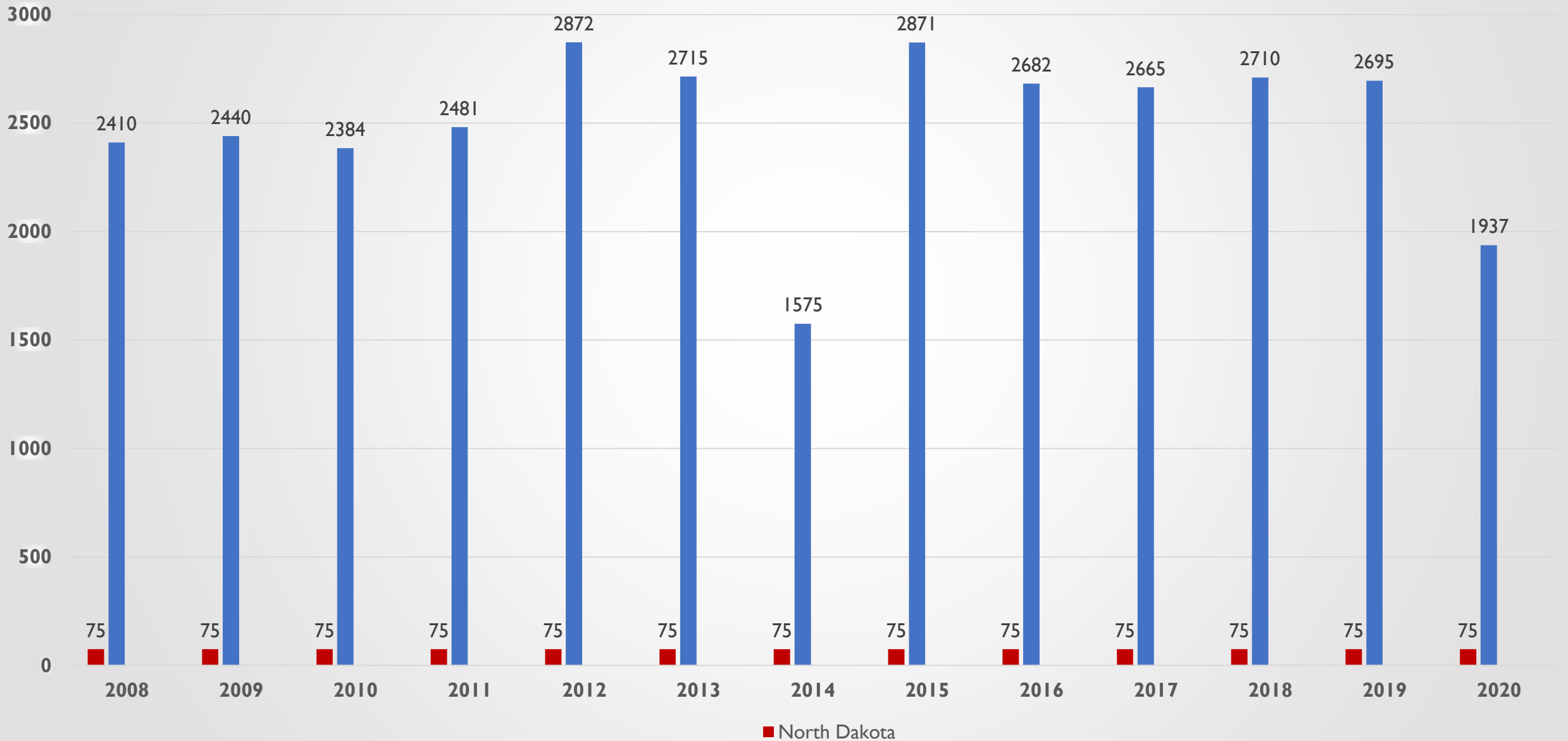
North Dakota and South Dakota Turkey Inventory (Thousand Head)



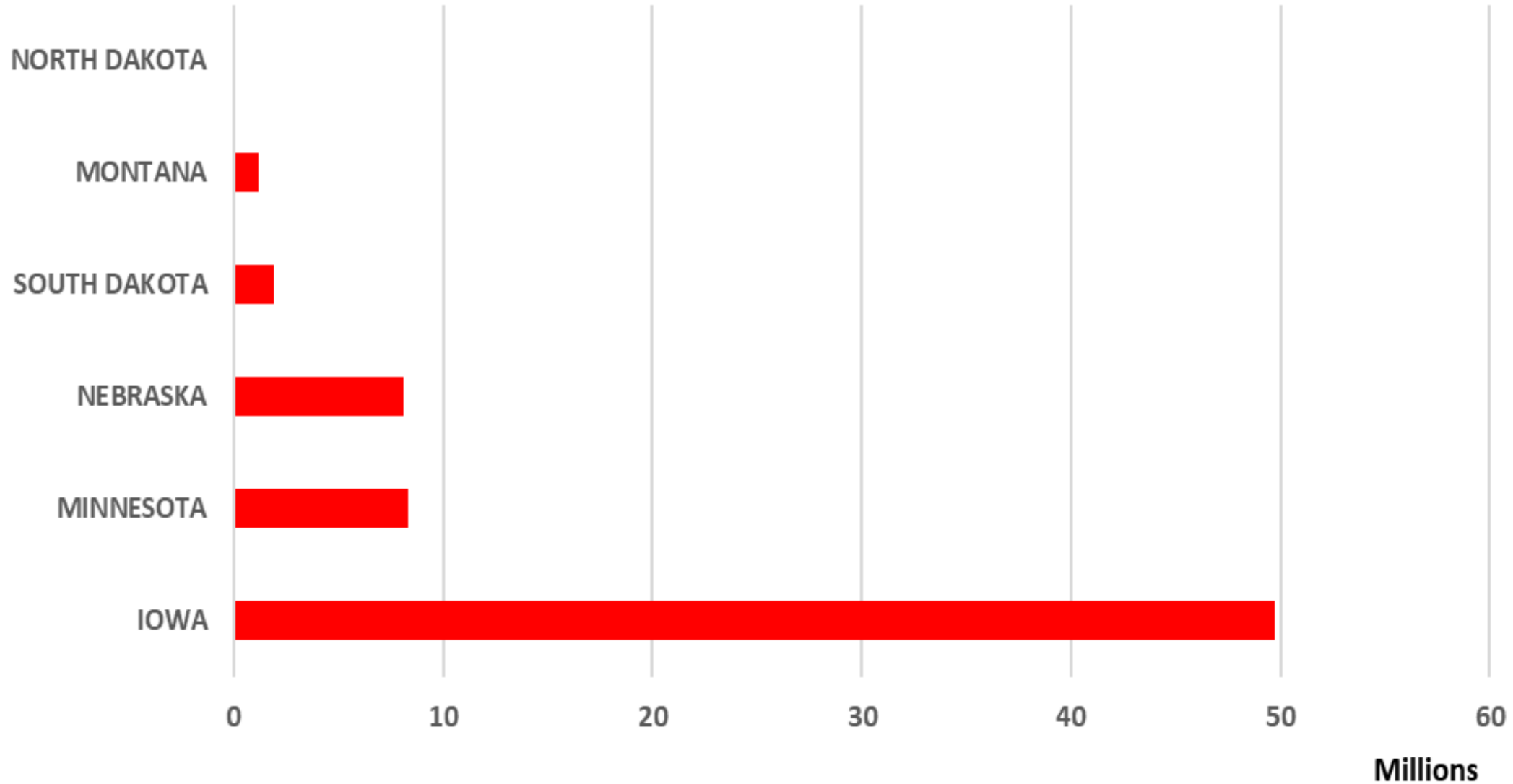
2021 Turkey Production



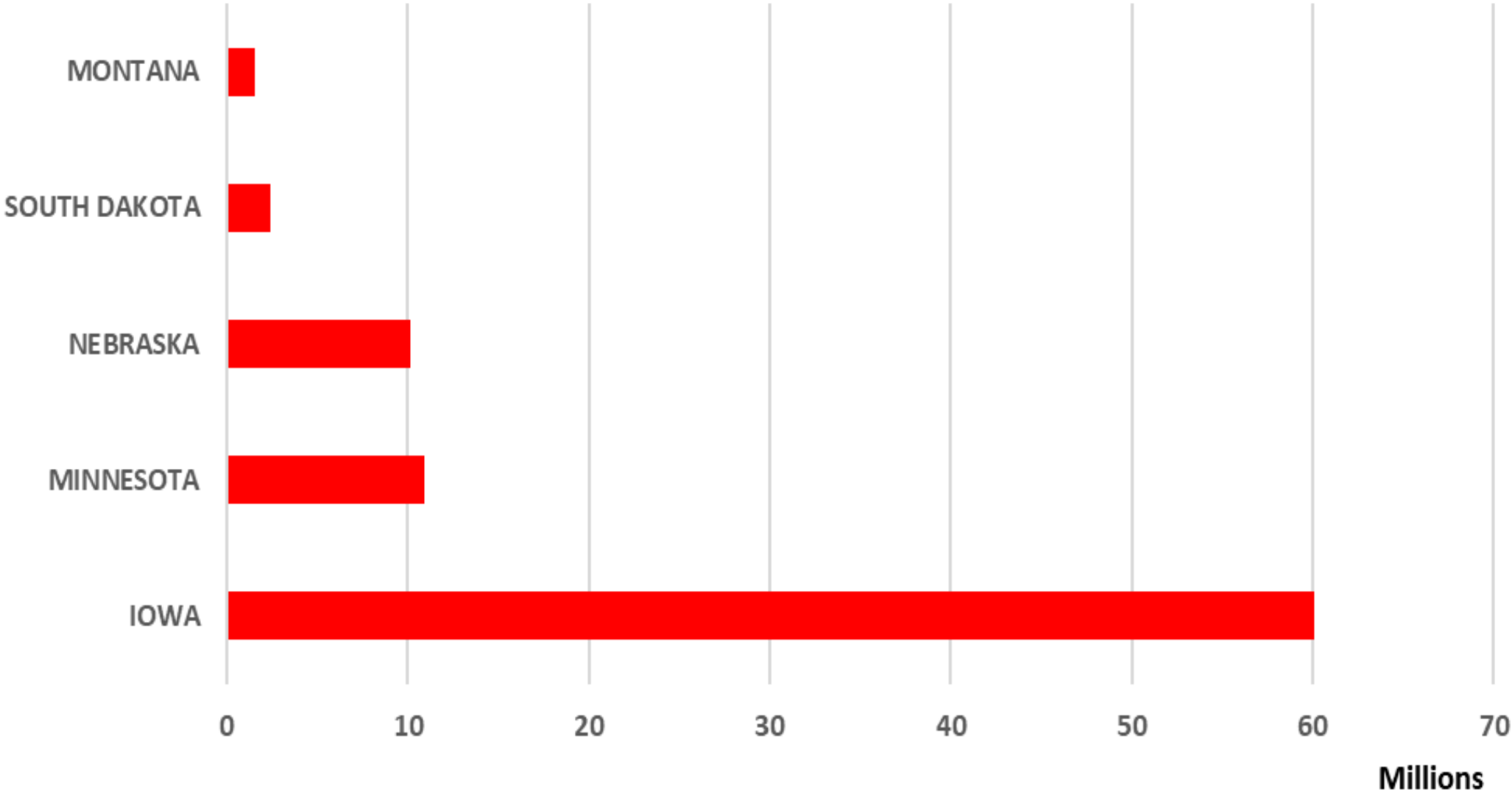
North Dakota and South Dakota Chicken, Laying hens Inventory (Thousand Head)



2021 Chicken, Layers Inventory



2021 Chicken Inventory



Poultry Value added

- 1000 turkeys produce 14 ton of fertilizer per year
 - 75 lbs. of N, 86 lbs. of P, 58 lbs. of K
- Consume 1600 bu of corn
- Consume 640 bu of soybeans
 - In soybean meal

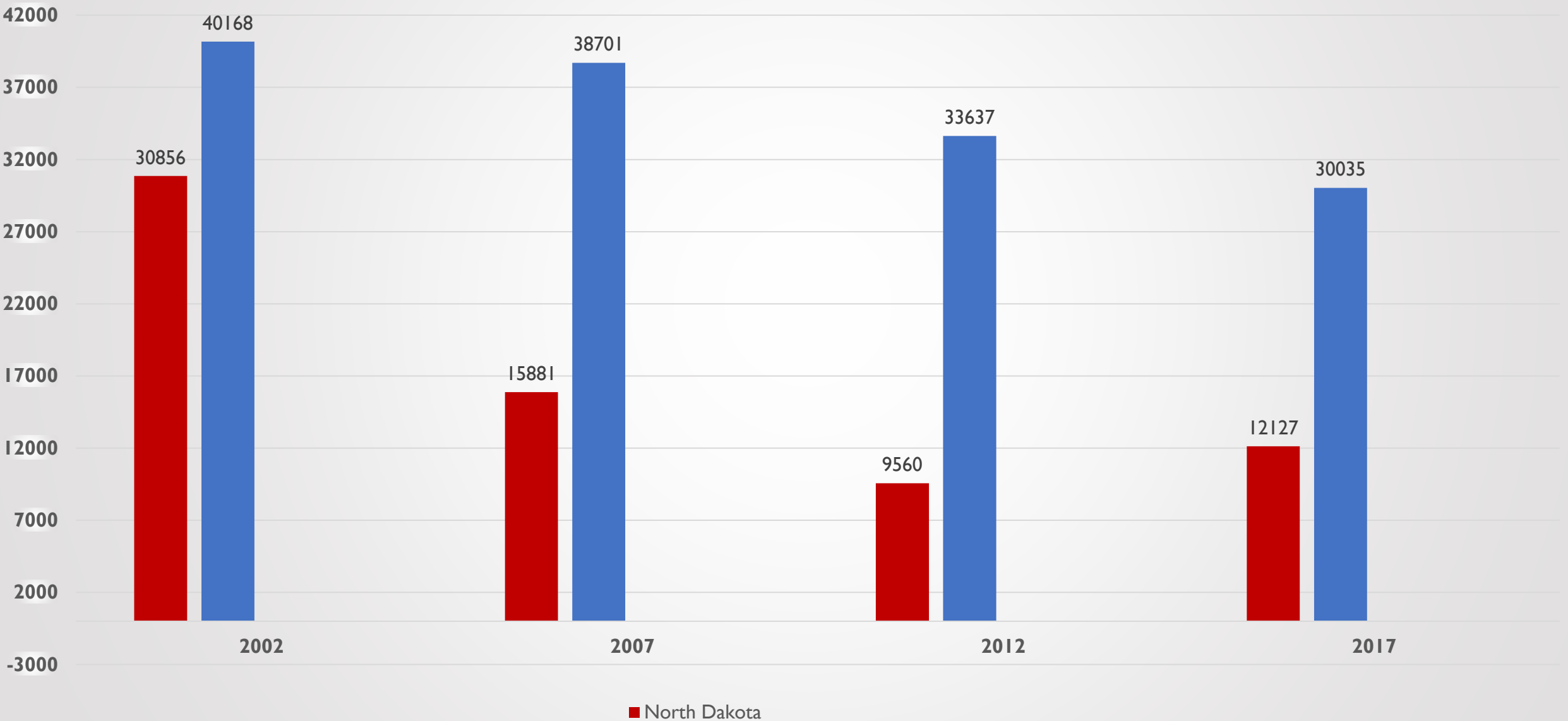


Bison



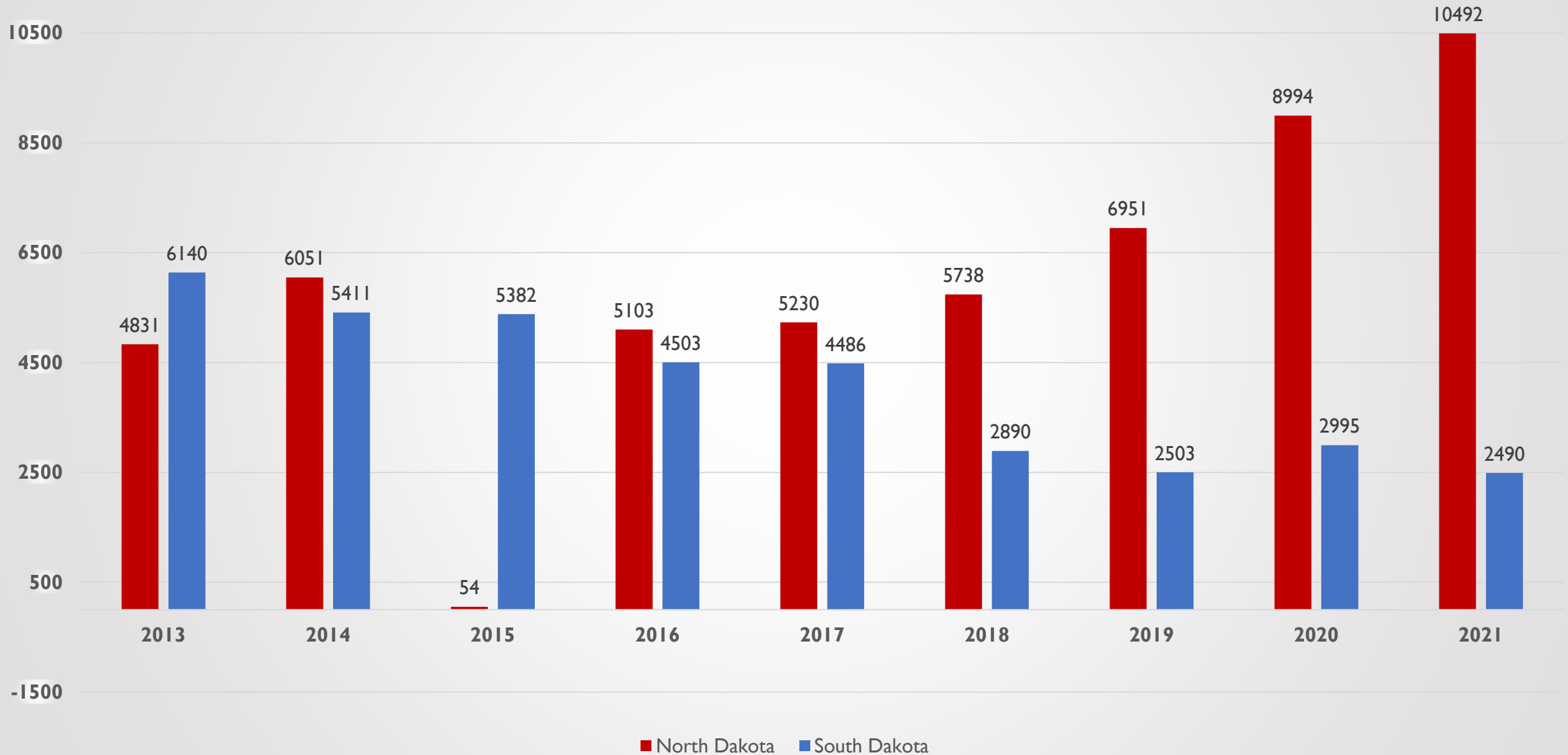
North Dakota and South Dakota Bison Inventory

(Head)

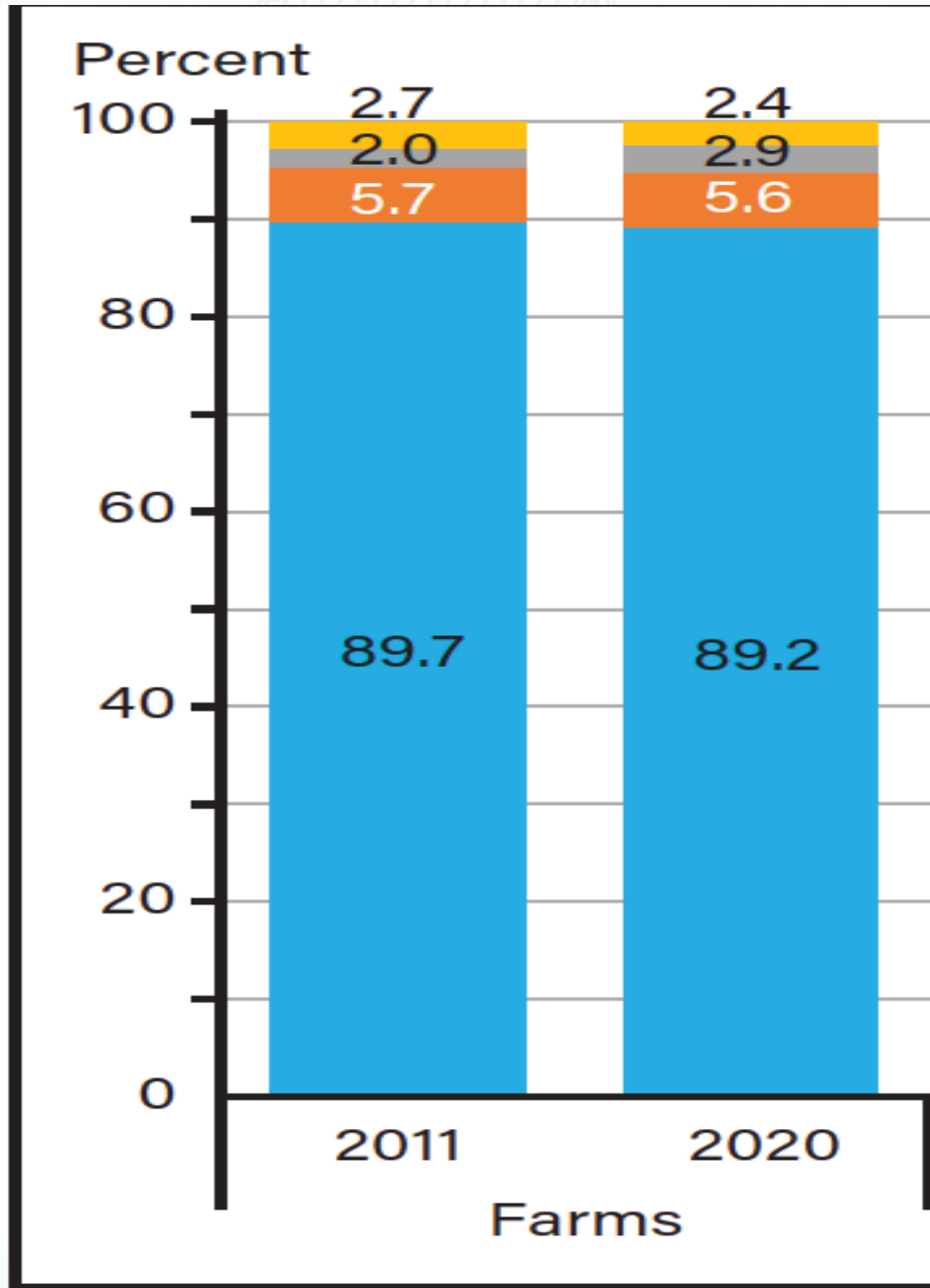


North Dakota and South Dakota Bison Slaughter

(Head)



National farm ownership



- Nonfamily farms
- Large-scale family farms
- Midsize family farms
- Small family farms

Note: Due to rounding, numbers may not add to 100.

Source: USDA, National Agricultural Statistics Service and USDA, Economic Research Service, 2011 and 2020 Agricultural Resource Management Survey



Meat Processing



Types of Meat processing

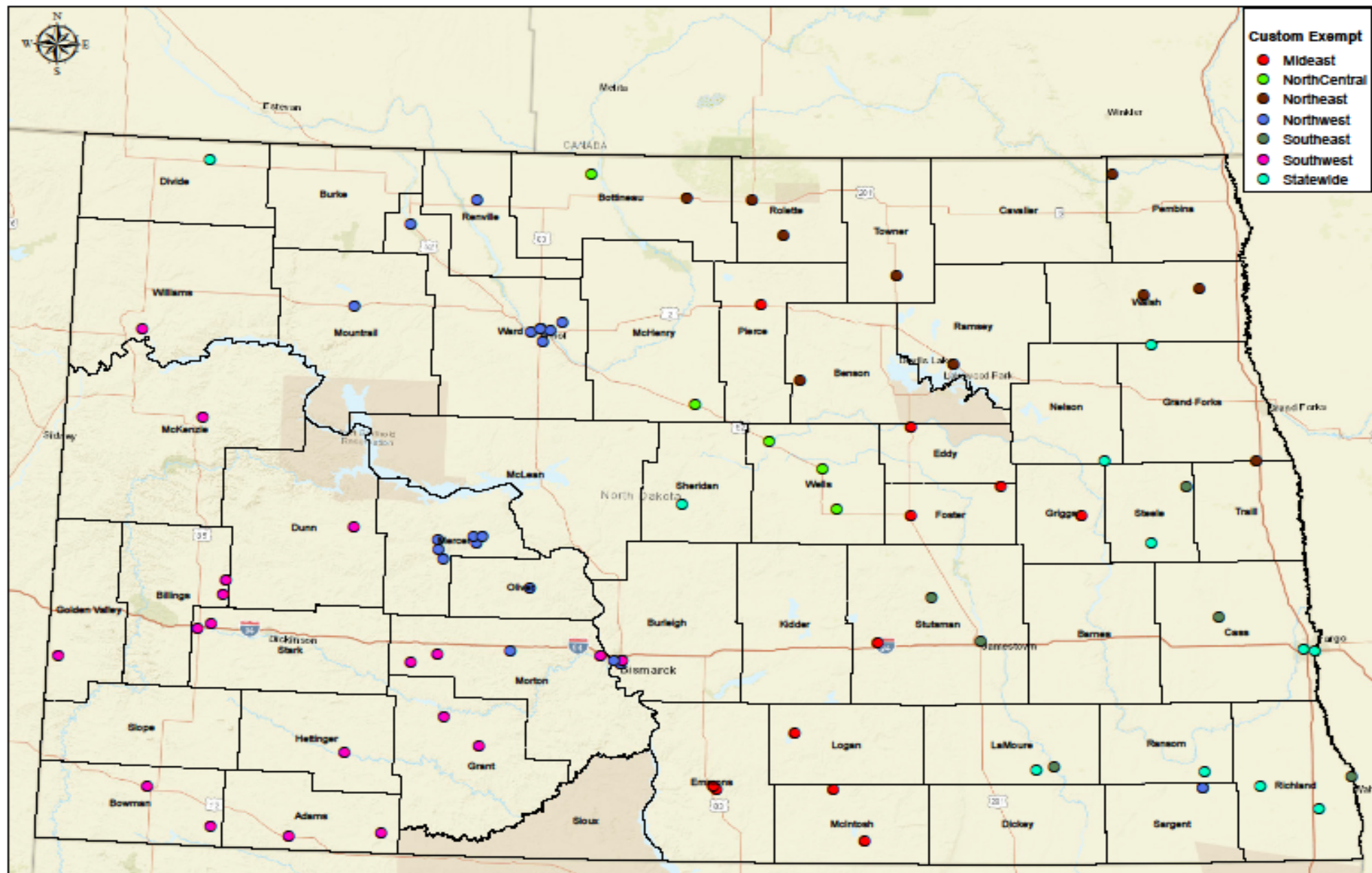
- **Custom Exempt** plants provide slaughter and/or processing services for producers, individuals that purchase livestock from producers or game animal owners. Products may only be consumed by the owner of the animal. Many also operate under a retail exemption, which allows them to purchase meat and poultry products from approved inspected sources, further process them, and then sell it at their retail counter.
- **Official and Selected establishments** slaughter livestock and/or process meat products under regulated inspection. Official establishment products contain the state mark of inspection and are eligible to be wholesaled within North Dakota. Selected establishments operate as a federally-inspected facility under the Cooperative Interstate Shipment Program. These products contain the USDA mark of inspection and are eligible to be wholesaled in all states within the United States.
- **Official Federal** establishments slaughter livestock and/or process meat products under regulated inspection. Products contain the USDA mark of inspection and are eligible to be wholesaled in all states within the United States and internationally.

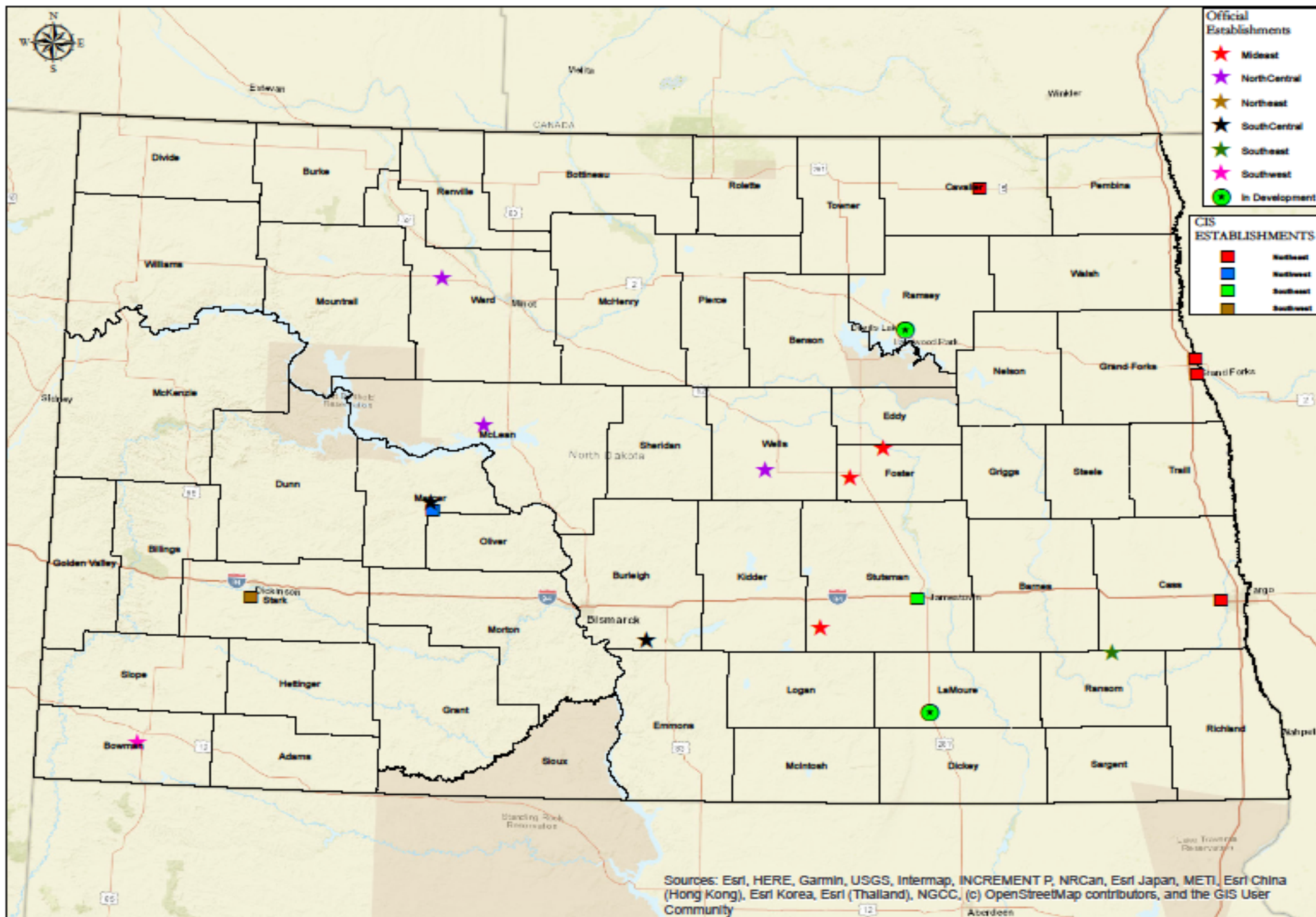


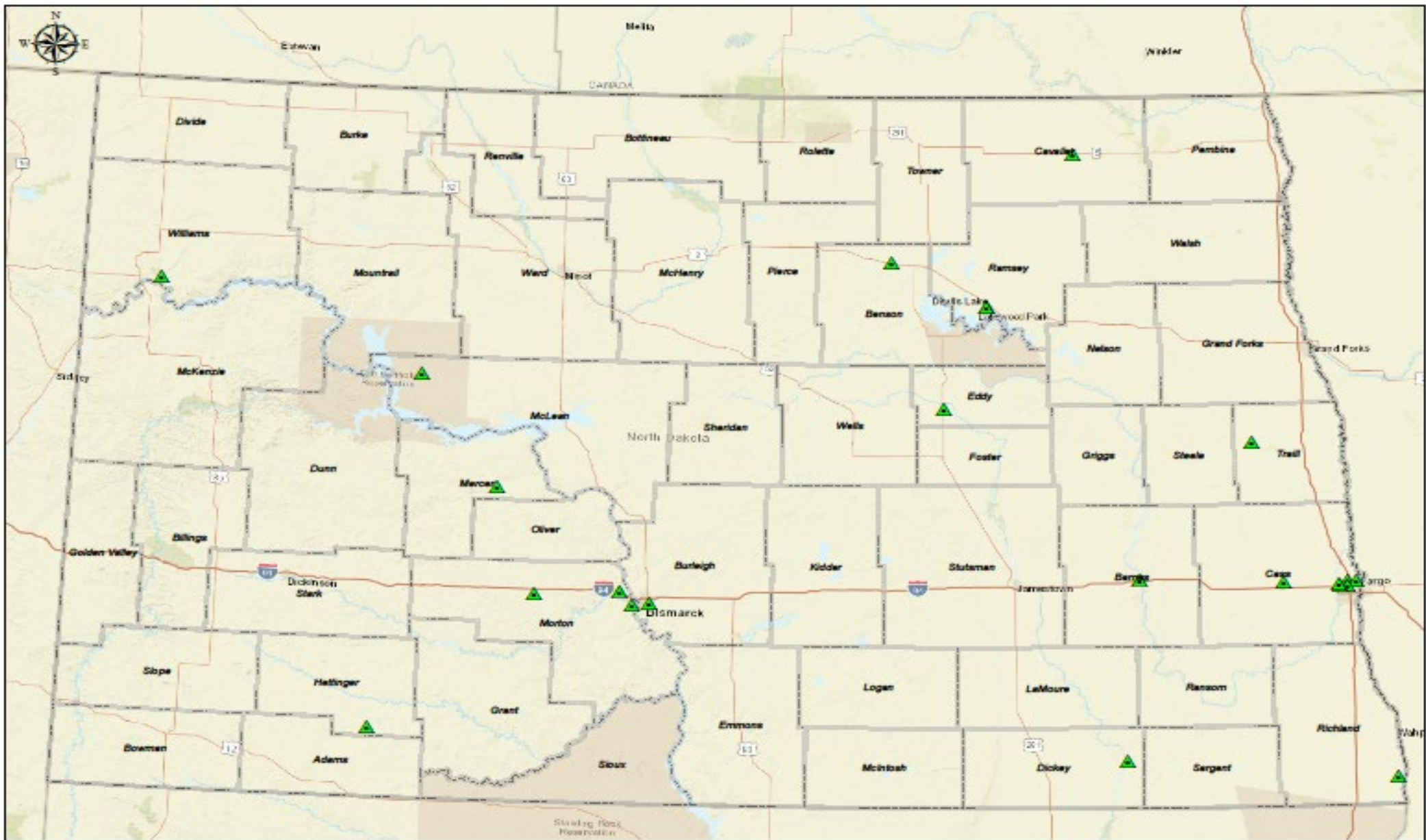
Processing volumes of North Dakota

- Average number of livestock slaughtered at federal establishments per week
 - 250 bison
 - 210 Beef
 - 28 hogs
 - 2 lambs/sheep
- Average number of livestock slaughtered at official establishments per week
 - 48 Beef
 - 7 hogs
 - 2 lambs/sheep
- Average pounds of meat processed per week under inspection at official and selected establishments = 23,851









▲ Federal Inspected Plants



North Dakota: Missed Opportunities

- Two swine genetics companies
- Three large sow barns
- Three large scale dairies
- Large scale egg laying barn



Animal Ag Zoning



County zoning review

- Thirty eight of the fifty-three counties in ND are zoned for livestock .
- Fifteen counties are not zoned for livestock
 - falls to NDDEQ, would use ND Model Zoning Ordinance for Animal Feeding Operations.
- Thirty-one counties have setback distances equivalent or less than the Model Zoning Ordinance .
- Sixteen counties have setback distances greater than the Model Zoning Ordinance .
- Six counties have ordinances that are unclear in concern to setback distance .
- Thirteen counties have zoning ordinances that have environmental standard requirements with two of the counties that have extensive requirements.
- Thirteen counties have setback distances greater than allowed by NDDC 11-33-02.1 which refers to counties at maximum can only have setbacks 50% greater than Model Zoning Ordinance.



Township zoning review

- Eighty-three townships are zoned individually for animal feeding operations in ND.
- Fourteen townships have setback distances equivalent or less than Model Zoning Ordinance for Animal Feeding Operations.
- Forty-one townships have zoning ordinances with setback distances greater than the Model Zoning Ordinance.
- Twenty-eight townships have zoning ordinances that are unclear in concern to setback distance.
- Forty-one townships have zoning ordinances that have environmental standard requirements with three of the townships that have extensive requirements.
- Thirty-one townships have setback distances greater than allowed by NDDC 58-02-11.1 which refers to townships at maximum can only have setbacks 50% greater than Model Zoning Ordinance.





Questions?

