# An Act

ENROLLED HOUSE
BILL NO. 1437

By: Pfeiffer, Biggs, Sherrer and Perryman of the House

and

Justice of the Senate

An Act relating to agriculture; amending 2 O.S. 2011, Sections 5-3.2, as amended by Section 2, Chapter 118, O.S.L. 2013, 5-3.3, as amended by Section 4, Chapter 304, O.S.L. 2012 and 5-3.4 (2 O.S. Supp. 2014, Sections 5-3.2 and 5-3.3), which relate to the Oklahoma Agriculture Enhancement and Diversification Act; modifying purpose; updating language; expanding Oklahoma Agriculture Enhancement and Diversification Fund category; updating references; modifying application purpose; modifying application preference process; prohibiting consideration of certain applications; and declaring an emergency.

SUBJECT: Oklahoma Agriculture Enhancement and Diversification Act

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 2 O.S. 2011, Section 5-3.2, as amended by Section 2, Chapter 118, O.S.L. 2013 (2 O.S. Supp. 2014, Section 5-3.2), is amended to read as follows:

Section 5-3.2 A. The State Board of Agriculture is hereby authorized to establish and administer the Oklahoma Agriculture Enhancement and Diversification Program.

B. The purpose of the Oklahoma Agriculture Enhancement and Diversification Program is to promote and encourage the interests of agriculture through the allocation of funds, by grant or loan, to individuals, cooperatives and other agricultural entities to ~~provide~~

~~assistance to projects dealing with the development of new or expanded uses or both new and expanded uses of agricultural products, and to increase productivity, provide added value to agricultural products and benefit the agricultural producer~~:

1. Develop new or expanded uses of agricultural products;

2. Develop new or expanded benefits of agricultural events;

3. Increase agricultural productivity;

4. Provide added value to agricultural products or events;

5. Benefit the agricultural producer; and

6. Benefit the agricultural interests of Oklahoma.

C. The Program shall consist of the following categories:

1. Cooperative marketing grants and loans ~~to be available to~~ for entities or individuals ~~wishing~~ intending to work together to develop or establish production, processing or marketing of agricultural products. The purpose of this category is to provide funding for promoting productivity, providing added value to agricultural products, stimulating and fostering agricultural diversification and encouraging processing innovations;

2. Marketing and utilization grants and loans ~~to be used~~ to assist in the development or implementation of sound domestic or foreign marketing plans for Oklahoma agricultural products, by-products, or new and better uses for existing agricultural products ~~by~~ through the financing of marketing feasibility studies, business plans, and test marketing;

3. Farm diversification grants or loans ~~to be used~~ for projects dealing with the diversification of family farms or ranches to nontraditional crops, livestock, or on-farm, value-added processing of agricultural commodities; ~~and~~

4. Basic and applied research grants and loans for business creation or expansion, or research which will likely lead to a marketable product through the focusing of research efforts on uses and processing of Oklahoma agricultural products and by-products, including but not limited to:

a. focused research which enhances the value of an agricultural product or by-product,

b. feasibility studies,

c. product development costs, and

d. projects that are driven by an entrepreneur or the industry; and

5. Agricultural event grants or loans for expansion or creation of events that benefit and further the public interest in agriculture.

D. The State Board of Agriculture shall promulgate rules governing the Oklahoma Agriculture Enhancement and Diversification Program.

SECTION 2. AMENDATORY 2 O.S. 2011, Section 5-3.3, as amended by Section 4, Chapter 304, O.S.L. 2012 (2 O.S. Supp. 2014, Section 5-3.3), is amended to read as follows:

Section 5-3.3 A. There is hereby created within the State Treasury a fund for the State Board of Agriculture to be designated the "Oklahoma Agriculture Enhancement and Diversification Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all monies received by the State Board of Agriculture to implement and maintain the Oklahoma Agriculture Enhancement and Diversification Program.

B. The Oklahoma Agriculture Enhancement and Diversification Fund shall consist of:

1. Money received by the ~~State~~ Oklahoma Department of Agriculture, Food, and Forestry in the form of gifts, grants, appropriations, reimbursements, donations, industry contributions, funds allocated by federal agencies for marketing, research and agricultural development programs and such other monies specifically designated for the Oklahoma Agriculture Enhancement and Diversification Program. All monies accruing to the credit of the fund are hereby appropriated and may be budgeted and expended by the State Board of Agriculture for the Oklahoma Agriculture Enhancement and Diversification Program; and

2. Interest attributable to investment of money in the fund.

C. All donations or other proceeds received by the Department pursuant to the provisions of this section shall be deposited with the State Treasurer to be credited to the Oklahoma Agriculture Enhancement and Diversification Fund. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of the Office of Management and Enterprise Services for approval and payment.

D. The monies deposited in the fund shall at no time become part of the general budget of the Department or any other state agency. Except for any administration costs incurred in development and implementation of the Oklahoma Agriculture Enhancement and Diversification Program, no monies from the fund shall be transferred for any purpose to any other state agency or to any account of the State Board of Agriculture or the Department or be used for the purpose of contracting with any other state agency or reimbursing any other state agency for any expense.

SECTION 3. AMENDATORY 2 O.S. 2011, Section 5-3.4, is amended to read as follows:

Section 5-3.4 A. The ~~State~~ Oklahoma Department of Agriculture, Food, and Forestry shall require eligible applicants to submit information, forms and reports as are necessary to properly and efficiently administer the Oklahoma Agriculture Enhancement and Diversification Program.

B. Persons may apply to the ~~State~~ Department ~~of Agriculture~~ for grant or loan funds ~~to develop or implement research or marketing and utilization or farm diversification plans,~~ in accordance with rules promulgated by the State Board of Agriculture. Applications for grant or loan funds shall be approved or denied by the Department in accordance with criteria promulgated by the Board pursuant to the Oklahoma Agriculture Enhancement and Diversification Program.

C. The ~~Commissioner~~ State Board of Agriculture may also allocate monies from the fund to eligible applicants on a matching basis.

D. Grant or loan funds may be made available to eligible applicants pursuant to evaluation by the Department based on the following criteria:

1. Preference ~~will~~ may be given to the applicants whose:

   a. industrial and nonfood production processes utilize agricultural products,

   b. food, feed and fiber products and uses are innovative and add to the value of agricultural products,

   c. applications demonstrate a high probability of job creation and return-on-investment,

   d. proposals feature research that is innovative as well as commercially plausible,

   e. proposals demonstrate a high probability of rapid commercialization,

   f. projects demonstrate a shared commitment for funding from other private or public sources or from the applicant,

   g. proposals center efforts on nonurban locales,

   h. principals are individuals, a group of individuals, an individual on behalf of a group, or corporations which meet the criteria set forth in Section 951 of Title 18 of the Oklahoma Statutes, to market a product or formulate or implement a marketing plan for products which have not been marketed through existing marketing cooperatives,

   i. proposals ~~must~~ contain the potential to create additional income for the farm unit, ~~and~~

   j. proposals ~~must~~ provide for new and innovative plans for marketing the product, and

   k. proposals for agricultural events benefit the entire state or a large geographic region of the state; and

2. Consideration shall not be given to applications for:

   a. research or marketing plans which do not clearly meet the stated objectives of the Oklahoma Agriculture Enhancement and Diversification Act,

b. proposals which are aimed solely at business expansion or creation without regard to agricultural products utilization, ~~and~~

c. research or marketing plans that cannot reasonably be expected to result in a viable commercial application, or that are or have been duplicated by other research efforts, or

d. proposals for agricultural events that do not result in expansion of the event or encourage additional public interest in the event.

E. 1. Any information submitted to or compiled by the ~~State~~ Department ~~of Agriculture,~~ with respect to the marketing plans, financial statements, trade secrets, research concepts, methods or products, or any other proprietary information of persons, firms, associations, partnerships, agencies, corporations, institutions of higher education, nonprofit research institutions or other entities pursuant to the Oklahoma Agriculture Enhancement and Diversification Program shall not be disclosed in public hearings and shall be kept confidential, except to the extent that the person or entity which provided such information or which is the subject of such information consents to disclosure.

2. Executive sessions may be held to discuss such materials if deemed necessary by the Board.

SECTION 4. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the House of Representatives the 23rd day of February, 2015.

Presiding Officer of the House of Representatives

Passed the Senate the 15th day of April, 2015.

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this 16th day of April, 2015, at 2:55 o'clock P M.

By: Audrey Rockwell

Approved by the Governor of the State of Oklahoma this 21st day of April, 2015, at 1:59 o'clock P M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this 21st day of April, 2015, at 3:19 o'clock P. M.

By: C. Benge