

1                   **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2                                   STATE OF OKLAHOMA

3                                   1st Session of the 55th Legislature (2015)

4 COMMITTEE SUBSTITUTE  
5 FOR  
6 HOUSE BILL NO. 1437

By: Pfeiffer

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8                                   COMMITTEE SUBSTITUTE

9                   An Act relating to agriculture; amending 2 O.S. 2011,  
10 Sections 5-3.2, as amended by Section 2, Chapter 118,  
11 O.S.L. 2013, 5-3.3, as amended by Section 4, Chapter  
12 304, O.S.L. 2012 and 5-3.4 (2 O.S. Supp. 2014,  
13 Sections 5-3.2 and 5-3.3), which relate to the  
14 Oklahoma Agriculture Enhancement and Diversification  
15 Act; modifying purpose; updating language; expanding  
16 Oklahoma Agriculture Enhancement and Diversification  
17 Fund category; updating references; modifying  
18 application purpose; modifying application preference  
19 process; prohibiting consideration of certain  
20 applications; and declaring an emergency.

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

22                   SECTION 1.           AMENDATORY           2 O.S. 2011, Section 5-3.2, as  
23 amended by Section 2, Chapter 118, O.S.L. 2013 (2 O.S. Supp. 2014,  
24 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.

1 B. The purpose of the Oklahoma Agriculture Enhancement and  
2 Diversification Program is to promote and encourage the interests of  
3 agriculture through the allocation of funds, by grant or loan, to  
4 individuals, cooperatives and other agricultural entities to provide  
5 ~~assistance to projects dealing with the development of new or~~  
6 ~~expanded uses or both new and expanded uses of agricultural~~  
7 ~~products, and to increase productivity, provide added value to~~  
8 ~~agricultural products and benefit the agricultural producer;~~

9 1. Develop new or expanded uses of agricultural products;

10 2. Develop new or expanded benefits of agricultural events;

11 3. Increase agricultural productivity;

12 4. Provide added value to agricultural products or events;

13 5. Benefit the agricultural producer; and

14 6. Benefit the agricultural interests of Oklahoma.

15 C. The Program shall consist of the following categories:

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

23 2. Marketing and utilization grants and loans ~~to be used to~~  
24 assist in the development or implementation of sound domestic or

1 foreign marketing plans for Oklahoma agricultural products, by-  
2 products, or new and better uses for existing agricultural products  
3 ~~by~~ through the financing of marketing feasibility studies, business  
4 plans, and test marketing;

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

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

- 14 a. focused research which enhances the value of an
- 15 agricultural product or by-product,
- 16 b. feasibility studies,
- 17 c. product development costs, and
- 18 d. projects that are driven by an entrepreneur or the
- 19 industry; and

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

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

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

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

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

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

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

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

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

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

22 Section 5-3.4 A. The ~~State~~ Oklahoma Department of Agriculture,  
23 Food, and Forestry shall require eligible applicants to submit  
24 information, forms and reports as are necessary to properly and

1 efficiently administer the Oklahoma Agriculture Enhancement and  
2 Diversification Program.

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

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

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

- 17 1. Preference ~~will~~ may be given to the applicants whose:
- 18 a. industrial and nonfood production processes utilize  
19 agricultural products,
  - 20 b. food, feed and fiber products and uses are innovative  
21 and add to the value of agricultural products,
  - 22 c. applications demonstrate a high probability of job  
23 creation and return-on-investment,

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- 1 d. proposals feature research that is innovative as well  
2 as commercially plausible,  
3 e. proposals demonstrate a high probability of rapid  
4 commercialization,  
5 f. projects demonstrate a shared commitment for funding  
6 from other private or public sources or from the  
7 applicant,  
8 g. proposals center efforts on nonurban locales,  
9 h. principals are individuals, a group of individuals, an  
10 individual on behalf of a group, or corporations which  
11 meet the criteria set forth in Section 951 of Title 18  
12 of the Oklahoma Statutes, to market a product or  
13 formulate or implement a marketing plan for products  
14 which have not been marketed through existing  
15 marketing cooperatives,  
16 i. proposals ~~must~~ contain the potential to create  
17 additional income for the farm unit, ~~and~~  
18 j. proposals ~~must~~ provide for new and innovative plans  
19 for marketing the product, and  
20 k. proposals for agricultural events benefit the entire  
21 state or a large geographic region of the state; and

22 2. Consideration shall not be given to applications for:  
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- 1 a. research or marketing plans which do not clearly meet  
2 the stated objectives of the Oklahoma Agriculture  
3 Enhancement and Diversification Act,  
4 b. proposals which are aimed solely at business expansion  
5 or creation without regard to agricultural products  
6 utilization, ~~and~~  
7 c. research or marketing plans that cannot reasonably be  
8 expected to result in a viable commercial application,  
9 or that are or have been duplicated by other research  
10 efforts, or  
11 d. proposals for agricultural events that do not result  
12 in expansion of the event or encourage additional  
13 public interest in the event.

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



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

3           SECTION 4. This act shall become effective November 1, 2015.

4           SECTION 5. It being immediately necessary for the preservation  
5 of the public peace, health and safety, an emergency is hereby  
6 declared to exist, by reason whereof this act shall take effect and  
7 be in full force from and after its passage and approval.

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10 COMMITTEE REPORT BY: COMMITTEE ON AGRICULTURE AND RURAL DEVELOPMENT,  
dated 02/11/2015 - DO PASS, As Amended and Coauthored.

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