

1 ENGROSSED HOUSE  
2 BILL NO. 1437

By: Pfeiffer, Biggs and Sherrer  
of the House

3 and

4 Justice of the Senate

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6  
7 An Act relating to agriculture; amending 2 O.S. 2011,  
8 Sections 5-3.2, as amended by Section 2, Chapter 118,  
9 O.S.L. 2013, 5-3.3, as amended by Section 4, Chapter  
10 304, O.S.L. 2012 and 5-3.4 (2 O.S. Supp. 2014,  
11 Sections 5-3.2 and 5-3.3), which relate to the  
12 Oklahoma Agriculture Enhancement and Diversification  
13 Act; modifying purpose; updating language; expanding  
14 Oklahoma Agriculture Enhancement and Diversification  
15 Fund category; updating references; modifying  
16 application purpose; modifying application preference  
17 process; prohibiting consideration of certain  
18 applications; and declaring an emergency.

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24 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

1 agriculture through the allocation of funds, by grant or loan, to  
2 individuals, cooperatives and other agricultural entities to ~~provide~~  
3 ~~assistance to projects dealing with the development of new or~~  
4 ~~expanded uses or both new and expanded uses of agricultural~~  
5 ~~products, and to increase productivity, provide added value to~~  
6 ~~agricultural products and benefit the agricultural producer:~~

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

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

9 3. Increase agricultural productivity;

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

11 5. Benefit the agricultural producer; and

12 6. Benefit the agricultural interests of Oklahoma.

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

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

21 2. Marketing and utilization grants and loans ~~to be used to~~  
22 assist in the development or implementation of sound domestic or  
23 foreign marketing plans for Oklahoma agricultural products, by-  
24 products, or new and better uses for existing agricultural products

1 ~~by~~ through the financing of marketing feasibility studies, business  
2 plans, and test marketing;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 1           b. proposals which are aimed solely at business expansion  
2           or creation without regard to agricultural products  
3           utilization, ~~and~~  
4           c. research or marketing plans that cannot reasonably be  
5           expected to result in a viable commercial application,  
6           or that are or have been duplicated by other research  
7           efforts, or  
8           d. proposals for agricultural events that do not result  
9           in expansion of the event or encourage additional  
10           public interest in the event.

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

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