



# North Dakota Irrigation Association

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Dedicated to strengthening and expanding irrigation to build and diversify our economy

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State Water Commission  
1200 Memorial Highway  
Bismarck, ND 58504

Governor Burgum, Commissioner Goehring and State Water Commissioners,

The North Dakota Irrigation Association greatly appreciates the opportunity to discuss two possible changes to policy to further support irrigation development across the state. The agriculture industry contributes more than \$30 billion to North Dakota's economy and is a vital cornerstone of cities and rural communities across the state. Irrigation provides an important safety net for individual producers as well as a guarantee of supply for value-added agriculture processors. According to North Dakota State University research, one acre of irrigation provides the same level of productivity as four acres of dryland during normal years. In drought years, that ratio jumps to one acre of irrigated for every six acres of dryland.

Challenges to further development of irrigation are largely twofold: water availability and financing. We greatly appreciate the work of the Department of Water Resources (DWR) staff in diving into available data to ensure we are responsibly using our water resources for irrigation from both groundwater and surface water. North Dakota's greatest untapped water resource, the Missouri River, remains the best potential source of water for further irrigation development.

Financing has proven to be a growing challenge to irrigation development as costs for pipe, power, equipment, etc. have grown and interest rates available to both individuals and irrigation districts have gone up. New irrigation projects range greatly depending on the size, distance from a water source, distance from power, etc. Generally, we estimate the 'off farm' works to cost \$2,000/acre. Recent estimates of 'on farm' works run between \$150,000-\$700,000. The average interest rate for producers right now is about 7%, trending higher, with a seven-year loan.

Today the state provides direct monetary support for irrigation in two ways:

- Cost share provided by the State Water Commission (SWC) and DWR to irrigation districts for shared works, or 'off farm' works.
- Interest rate buy down through the Bank of North Dakota's (BND) Ag Pace program for private, or 'on farm' works, which is also partially funded by the SWC and DWR.

The Association is grateful for this support for irrigation development. The growing interest in irrigation, coupled with increasing costs and interest rates, has led the Association to request the SWC to consider two changes to these very important support programs. Specifically, we request:

- An increase in cost share percentage from the current 50% up to perhaps 75%.
- An increase in the cap on the buy down available through the Ag Pace for Irrigation program from the current \$40,000 to \$100,000.

The Association views these two requests as a potential package that could drive irrigation development across the state by increasing state support for irrigation for every piece of a potential irrigation project.

Current cost share policy provides 50% cost share to irrigation districts for use in developing 'off farm' works. This is funded through the General Water bucket using the Resources Trust Fund. There have been a limited number of applications for this cost share in recent years as irrigation districts are less active than they have been in the past. However, there could be more applications in the future as changes in policy and other considerations drive irrigation development. Should cost share policy be increased to an amount greater than 50%, that would further incentivize the development or reactivation of irrigation districts by individual irrigators as it becomes more economically advantageous to utilize the cost share available to districts, but not individual irrigators.

Additionally, increasing the cost share percentage will make further development within existing, active irrigation districts, including the Garrison Diversion Conservancy District and the Lower Heart Irrigation District, more feasible. Increasing the percentage could tip the scale for more expensive projects to move forward by making the local share more manageable.

The Ag Pace for Irrigation program, available through the BND, provides up to 4% in interest rate buy down, up to \$40,000 for irrigators developing irrigation on their land. Unlike cost share, this program is available to individual irrigators for 'on farm' works, like pivots. Funding for this program is split between the SWC and the BND. The current \$40,000 cap has not been raised since 2001. Raising the cap to \$100,000 would provide meaningful interest rate buy down in the current high-rate environment.

The Irrigation Association has been in discussions with the BND, as well as DWR staff, advocating for an increase in the cap on this program and feels confident that should the SWC approve an increase to the cap, the BND would do likewise.

Making these two policy changes would provide meaningful support for irrigation development and the agriculture industry overall. We would note funding for both of these changes would come from the General Water bucket and, regardless of policy changes funding, would be limited to what is available via that bucket.

Thank you for your consideration of this request. Please feel free to reach out to Dani Quissell, executive director, at [dquissell@ndwater.net](mailto:dquissell@ndwater.net) should you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Steve Hansen". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Steve Hansen  
President