

February 16, 2011

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1018

Page 1, line 1, remove the second "the"

Page 1, line 2, after "enact" insert "section 15-69-07,"

Page 1, line 2, after the first comma insert "and"

Page 1, line 2, remove "chapter to title 54, and two"

Page 1, line 3, replace "new sections to chapter 54-60" with "section to chapter 54-60"

Page 1, line 3, after the second "the" insert "centers of excellence program,"

Page 1, line 4, remove "centers of research excellence program, centers of entrepreneurship"

Page 1, line 5, remove "excellence grants,"

Page 1, line 6, remove "15-69-02, 15-69-03,"

Page 1, line 6, after the fourth comma insert "and"

Page 1, line 6, remove ", 15-69-06, 54-44.5-09, 54-60-21, 54-60-22,"

Page 1, line 7, remove "and 54-60-23"

Page 1, line 8, after the second comma insert "and"

Page 1, line 8, remove ", the office of renewable energy and"

Page 1, line 9, remove "efficiency, and centers of workforce excellence grants"

Page 1, line 9, after the first semicolon insert "to repeal chapter 15-69 of the North Dakota
Century Code, relating to the centers of excellence program;"

Page 1, replace line 22 with:

"Operating expenses	14,478,272	(595,012)	13,883,260"
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Page 1, replace line 24 with:

"Grants	65,411,058	851,936	66,262,994"
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Page 2, replace line 1 with:

"North Dakota development fund	0	250,000	250,000"
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Page 2, replace line 3 with:

"Workforce enhancement	0	2,000,000	2,000,000"
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Page 2, remove line 6

Page 2, replace line 8 with:

"Partner programs	2,022,044	0	2,022,044"
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Page 2, remove line 9

Page 2, replace line 11 with:

"Total all funds	\$97,672,773	\$28,591,967	\$126,264,740"
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Page 2, replace line 13 with:

"Total general fund	\$28,006,303	\$9,623,500	\$37,629,803"
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Page 2, replace line 14 with:

"Full-time equivalent positions	68.00	.25	68.25"
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Page 2, replace line 20 with:

"Workforce enhancement fund		\$1,000,000	\$2,000,000"
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Page 2, remove lines 21 through 23

Page 2, after line 27, insert:

"Tourism infrastructure grant		0	1,000,000"
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Page 2, replace line 28 with:

Child care grants and loans		1,820,000	370,338
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Child care service providers		0	4,935,000
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recruitment, training, and retention grants"

Page 2, replace line 29 with:

"Centers of excellence		19,500,000	0"
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Page 2, after line 30, insert:

"Minot air force base realignment grant		0	250,000"
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Page 3, replace line 2 with:

"Total all funds	\$99,064,635		\$33,052,088"
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Page 3, replace line 4 with:

"Total general fund	\$30,470,000		\$8,555,338"
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Page 5, line 10, overstrike "(Effective through July 31,"

Page 5, line 10, remove "**2021**"

Page 5, line 10, overstrike the boldfaced closing parenthesis

Page 5, line 16, after "4." insert "Department" means the department of commerce.

5."

Page 5, overstrike lines 17 through 25

Page 5, remove lines 28 and 29

Page 6, remove lines 1 through 31

Page 7, remove lines 1 through 31

Page 8, remove lines 1 through 5

Page 8, line 8, overstrike "**(Effective through July 31,**"

Page 8, line 8, remove "**2021**"

Page 8, line 8, overstrike ") **Application - Eligibility requirements**" and insert immediately thereafter "**Centers of excellence program**"

Page 8, line 9, overstrike "1."

Page 8, line 9, overstrike "provide center application forms, accept"

Page 8, overstrike lines 10 through 20 and insert immediately thereafter "administer the centers of excellence program:"

Page 8, overstrike lines 24 through 30

Page 9, overstrike lines 1 through 23

Page 9, line 26, overstrike "**(Effective through July 31,**"

Page 9, line 26, remove "**2021**"

Page 9, line 26, overstrike the boldfaced closing parenthesis

Page 10, line 2, overstrike "board" and insert immediately thereafter "department"

Page 10, line 4, overstrike "commission's" and insert immediately thereafter "department's"

Page 10, line 6, overstrike "commission" and insert immediately thereafter "department"

Page 10, line 7, remove "Instead of requiring annual audits under this subsection, the"

Page 10, replace lines 8 through 13 with "Effective on the effective date of this Act, the department shall assume the postaward monitoring duties previously fulfilled by the commission and the center shall provide the department, rather than the commission, with the information necessary to monitor the postaward activities of the center."

Page 10, line 14, overstrike "commission directs the"

Page 10, line 14, overstrike "to distribute" and insert immediately thereafter "distributes"

Page 10, line 15, overstrike "commission" and insert immediately thereafter "department"

Page 10, line 23, overstrike "In making funding recommendations"

Page 10, overstrike lines 24 through 26

Page 10, line 27, overstrike "commission shall direct the"

Page 10, line 27, overstrike "to" and insert immediately thereafter "shall"

Page 10, line 29, overstrike "commission" and insert immediately thereafter "department"

Page 11, line 2, overstrike "commission may"

Page 11, line 3, overstrike "direct that the"

Page 11, line 3, after "commerce" insert "may"

Page 11, line 4, overstrike "commission" and insert immediately thereafter "department"

Page 11, line 5, overstrike "commission" and insert immediately thereafter "department"

Page 11, line 6, overstrike "commission's" and insert immediately thereafter "department's"

Page 11, line 6, overstrike ", which"

Page 11, overstrike line 7

Page 11, line 8, overstrike "centers of excellence forums" and insert immediately thereafter "related to this program"

Page 11, remove lines 11 through 18

Page 11, after line 18, insert:

"SECTION 7. Section 15-69-07 of the North Dakota Century Code is created and enacted as follows:

15-69-07. Centers of excellence postaward monitoring.

1. For no fewer than six years and no more than ten years following center designation, the department shall monitor a center's activities in order to determine whether the center is having the desired economic impact.
2. Instead of requiring annual audits under subsection 2 of section 15-69-05, the department may require that the center be audited on all funds distributed to the center under this chapter at the halfway point of the postaward monitoring and at the end of the postaward monitoring and that for all other years during the postaward monitoring the center contract with an independent accountant for an agreed-upon procedures engagement. A center may use funds distributed to the center under this chapter to pay for audits required under subsection 2 of section 15-69-05 or for an agreed-upon procedures engagement.
3. At a minimum, an agreed-upon procedures engagement under subsection 2 must include:
 - a. Verification of the accuracy of jobs data regarding jobs claimed related by the center, distinguishing between the creation of private sector jobs and jobs within the institution of higher education;
 - b. Verification of compliance with the centers of excellence program matching fund requirements;
 - c. Verification awarded center funds were used for authorized uses;
 - d. Verification the center complied with the center's application timeline and any authorized revisions;
 - e. Verification the center complied with the center's scope of activities as provided under the center's application and any authorized revisions;

- f. Review of a sample of center expenditures to verify the expenses were approved, supported with documentation, and made in accordance with the scope identified in the center's application;
- g. Verification of a sample of labor charged to the center;
- h. Verification business incentive agreements comply with chapter 54-60.1; and
- i. Comparison of the center's application budget to the center's actual expenditures, including documentation explaining any material differences."

Page 12, line 8, replace "five" with "fourteen"

Page 12, line 8, replace "pump" with "retail location"

Page 12, line 10, after "locations" insert ", including the piping system and storage components"

Page 12, line 13, after "equipment" insert ", including the piping system and storage components"

Page 13, remove lines 15 through 30

Page 14, remove lines 1 through 31

Page 15, remove lines 1 through 30

Page 16, remove lines 1 through 30

Page 17, remove lines 1 through 31

Page 18, remove lines 1 through 6

Page 18, after line 13, insert:

"SECTION 10. GRANT - DIVISION OF TOURISM - TOURISM INFRASTRUCTURE GRANTS. The grants line item in section 1 of this Act includes the sum of \$1,000,000 from the general fund for providing a tourism infrastructure grant.

SECTION 11. GRANT - MINOT AIR FORCE BASE REALIGNMENT GRANT. The grants line item in section 1 of this Act includes the sum of \$250,000 from the general fund for providing a base realignment grant to enhance economic development and employment opportunities associated with the Minot air force base resulting from action by the federal defense base closure and realignment commission.

SECTION 12. CHILD CARE GRANTS - WORKFORCE DEVELOPMENT - QUALITY IMPROVEMENT - TECHNICAL ASSISTANCE - CAPACITY BUILDING. The grants line item in section 1 of this Act includes the sum of \$4,935,000 from the general fund for providing grants to child care service providers for workforce development, quality improvement, technical assistance, and capacity building in collaboration with the department of human services under section 50-11.1-14.1.

SECTION 13. INNOVATION 2020 AWARD. The department may administer an innovation 2020 award program to provide proof-of-concept funding to a qualified entrepreneur to assist in moving a new technology from academia into the commercialization cycle, for the biennium beginning July 1, 2011, and ending June 30, 2013. The following provisions apply to an award under this section:

1. An applicant must be an individual who is associated with a North Dakota institution of higher education as a student, an employee, or other relationship the department may authorize.
2. The applicant must have an early-stage technology with high commercial potential.
3. The department shall establish the qualified uses of funds received under this section.
4. As a term for receipt of funds under this section, the recipient shall agree to the department's repayment terms equal to two times the amount of the award.
5. The department's repayment terms may include the department taking an equity position in, providing a loan to, or using any other innovative financing mechanism to provide the funds to the recipient. The terms of repayment may be conditioned on the new technology becoming income generating.
6. An award under this section may not exceed fifty thousand dollars. A recipient may not receive more than one award under this section.
7. An award under this section is not a business incentive under chapter 54-60.1.

SECTION 14. TECHNOLOGY AWARD EQUITY INVESTMENT PROGRAM.

The department may administer a technology award equity investment program that provides matching equity investments to technology-based businesses, for the biennium beginning July 1, 2011, and ending June 30, 2013. The following provisions apply to technology award equity investments:

1. An applicant must:
 - a. Be a North Dakota business that is at the startup stage;
 - b. Be a primary sector business in the technology field; and
 - c. Have a legal structure that was established following comprehensive vetting, development of proof of concept, and a completed business plan.
2. Before funds are distributed under this section, the recipient shall provide the department with detailed documentation of the availability of two dollars of angel fund investment matching funds for each dollar of state funds distributed under this section. Matching funds must come from a North Dakota angel fund certified under section 57-38-01.26 and be in cash. Matching funds may not be in-kind assets.
3. An equity investment under this section may not exceed fifty thousand dollars. A recipient may not receive more than one award under this section.
4. An award equity investment under this section is not a business incentive under chapter 54-60.1."

Page 18, remove lines 14 through 31

Page 19, remove lines 1 through 26

Page 20, line 10, replace "The" with "Up to \$665,000 of the"

Page 20, line 11, replace "46" with "26"

Page 20, line 12, remove "On June 30, 2011, the office of management and budget shall"

Page 20, remove lines 13 and 14

Page 20, line 15, replace "entrepreneurship excellence-awarded projects," with "The department of commerce may spend these funds for the purposes provided for in this section,"

Page 20, line 16, remove "The department of commerce may use up to \$5,000,000 of the funds"

Page 20, replace line 17 with "The department of commerce may use up to \$600,000 of these funds for a grant to assist in the acquisition of the antiballistic missile site at the Stanley R. Mickelson safeguard complex in Nekoma. The department of commerce may use up to \$65,000 of these funds for grants to child care service providers for workforce development, quality improvement, technical assistance, and capacity building in collaboration with the department of human services under section 50-11.1-14.1."

Page 21, line 1, remove "**CENTERS OF**"

Page 21, line 1, replace "**EXCELLENCE**" with "**ENHANCEMENT**"

Page 21, line 2, remove "centers of"

Page 21, line 3, replace the first "excellence" with "enhancement"

Page 21, line 3, remove "centers of"

Page 21, line 3, replace the second "excellence" with "enhancement"

Page 21, remove lines 6 through 15

Page 21, line 17, replace "\$400,000" with "\$250,000"

Page 22, remove lines 1 through 21

Page 23, after line 7, insert:

"SECTION 26. REPEAL. Chapter 15-69 of the North Dakota Century Code is repealed.

SECTION 27. EFFECTIVE DATE. Section 26 of this Act becomes effective on August 1, 2023."

Page 23, line 8, replace "10" with "8"

Page 23, line 11, replace "10" with "8"

Page 23, line 11, replace "13" with "9"

Page 23, line 11, replace "21" with "18"

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1018 - Department of Commerce - House Action

	Executive Budget	House Changes	House Version
Salaries and wages	\$10,871,979		\$10,871,979
Operating expenses	14,108,260	(225,000)	13,883,260
Capital assets	70,018		70,018
Grants	60,627,994	5,635,000	66,262,994
North Dakota Development Fund	400,000	(150,000)	250,000
Discretionary funds	928,082		928,082
Centers of workforce excellence	2,000,000	(2,000,000)	
Economic development initiatives	186,846		186,846
Agriculture Products Utilization Comm	2,739,767		2,739,767
Centers of excellence	13,000,000	(13,000,000)	
North Dakota Trade Office	2,553,000		2,553,000
Partner programs	2,122,044	(100,000)	2,022,044
Division of Energy	619,691	(619,691)	
Federal fiscal stimulus funds	24,496,750		24,496,750
Workforce enhancement		2,000,000	2,000,000
Total all funds	\$134,724,431	(\$8,459,691)	\$126,264,740
Less estimated income	88,634,937	0	88,634,937
General fund	\$46,089,494	(\$8,459,691)	\$37,629,803
FTE	70.25	(2.00)	68.25

Department No. 601 - Department of Commerce - Detail of House Changes

	Adds Tourism Infrastructure Grants¹	Adds Minot Air Force Base Realignment Grant²	Removes Centers of Excellence³	Removes Centers of Workforce Excellence⁴	Adds Workforce Enhancement Funding⁵	Removes Jobs for America's Graduates Programs⁶
Salaries and wages						
Operating expenses						(100,000)
Capital assets						
Grants	1,000,000	250,000				
North Dakota Development Fund						
Discretionary funds						
Centers of workforce excellence				(2,000,000)		
Economic development initiatives						
Agriculture Products Utilization Comm						
Centers of excellence			(13,000,000)			
North Dakota Trade Office						
Partner programs						
Division of Energy						
Federal fiscal stimulus funds						
Workforce enhancement					2,000,000	
Total all funds	\$1,000,000	\$250,000	(\$13,000,000)	(\$2,000,000)	\$2,000,000	(\$100,000)
Less estimated income	0	0	0	0	0	0
General fund	\$1,000,000	\$250,000	(\$13,000,000)	(\$2,000,000)	\$2,000,000	(\$100,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Removes WorkKeys Program⁷	Removes Funding for the American Indian Business Office⁸	Adds Grants for Child Care Service Providers⁹	Reduces Development Fund Child Care Loan Funding¹⁰	Reduces Grants for Early Childhood Facilities¹¹	Removes Grants to Individuals Seeking a Child Development Associate Credential¹²
Salaries and wages						
Operating expenses	(125,000)					
Capital assets						
Grants			4,935,000		(400,000)	(150,000)
North Dakota Development Fund				(150,000)		
Discretionary funds						
Centers of workforce excellence						
Economic development initiatives						
Agriculture Products Utilization Comm						
Centers of excellence						
North Dakota Trade Office						
Partner programs		(100,000)				
Division of Energy						
Federal fiscal stimulus funds						
Workforce enhancement						
Total all funds	(\$125,000)	(\$100,000)	\$4,935,000	(\$150,000)	(\$400,000)	(\$150,000)
Less estimated income	0	0	0	0	0	0
General fund	(\$125,000)	(\$100,000)	\$4,935,000	(\$150,000)	(\$400,000)	(\$150,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Removes Funding for Energy Division¹³	Total House Changes
Salaries and wages		
Operating expenses		(225,000)
Capital assets		
Grants		5,635,000
North Dakota Development Fund		(150,000)
Discretionary funds		
Centers of workforce excellence		(2,000,000)
Economic development initiatives		
Agriculture Products Utilization Comm		
Centers of excellence		(13,000,000)
North Dakota Trade Office		
Partner programs		(100,000)
Division of Energy	(619,691)	(619,691)
Federal fiscal stimulus funds		
Workforce enhancement		2,000,000
Total all funds	(\$619,691)	(\$8,459,691)
Less estimated income	0	0
General fund	(\$619,691)	(\$8,459,691)
FTE	(2.00)	(2.00)

¹ Funding is added for tourism infrastructure grants to be administered by the Division of Tourism.

² Funding is added for a Minot Air Force Base realignment grant to enhance economic development and employment opportunities associated with the Minot Air Force Base resulting from action by the federal defense base closure and realignment commission.

³ Funding provided in the executive budget for centers of excellence is removed.

Sections added in the executive budget extending the program through 2021 are removed; therefore, the majority of the program will expire on July 30, 2011. Sections are added providing that the Department of Commerce administer the centers of excellence program, distribute funds to the centers, monitor centers for compliance with award requirements, review changes in assertions made in center applications, and conduct postaward monitoring of centers.

Sections are added repealing these provisions on August 1, 2023.

⁴ The executive budget recommendation to create a centers of workforce excellence from the current workforce enhancement grant funding is removed.

⁵ Funding for the workforce enhancement grant program is provided for the 2011-13 biennium, at \$2 million, a \$1 million increase from the funding provided in the 2009-11 biennium.

⁶ Funding from the general fund to continue four Jobs for America's Graduates programs previously paid for with federal funds in the 2009-11 biennium is removed.

⁷ One-time funding for a statewide marketing effort of the WorkKeys program is removed.

⁸ One-time funding for the American Indian Business Office is removed.

⁹ Funding is provided from the general fund in the amount of \$4,935,000 to provide grants in collaboration with the Department of Human Services under North Dakota Century Code Section 50-11.1-14.1 to child care providers for workforce development, quality improvement, technical assistance, and capacity building.

¹⁰ Funding included in the executive budget for child care loans from the Development Fund is reduced to provide a total of \$250,000.

¹¹ Funding included in the executive budget for grants to early childhood facilities is reduced to \$100,000.

¹² Funding included in the executive budget for grants to individuals seeking a child development associate credential is removed.

¹³ Funding included in the executive budget for a new Division of Energy and two associated FTE positions is removed.

This amendment also:

Changes provisions added in the executive budget relating to the biofuel blender pump incentive program to provide that cost-share grants are also available for the installation of the related blender pump piping system and storage components and that the per retail location limit is \$14,000 rather than \$5,000.

Removes provisions included in the executive budget establishing the office of renewable energy and energy efficiency as a separate division of the Department of Commerce rather than as part of the Division of Community Service.

Provides authority for the department to administer during the 2011-13 biennium an innovation 2020 award program to award grants to qualified entrepreneurs to move new technology from academia into the commercialization cycle.

Provides authority for the department to administer during the 2011-13 biennium a technology award equity investment program to provide matching equity investments to technology-based businesses.

Authorizes the department to continue up to \$665,000 of the \$5 million of 2009-11 unspent general fund appropriation authority relating to the Great Plains Applied Energy Research Center. Of the \$665,000, the department may use \$600,000 to assist in the acquisition of the antiballistic missile site at the Stanley R. Mickelson Safeguard Complex in Nekoma and \$65,000 for grants to child care service providers for workforce development, quality improvement, technical assistance, and capacity building pursuant to Section 50-11.1-14.1.