

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1018 - Funding Summary**

	<b>Base Budget</b>	<b>Final Legislative Action</b>	<b>Comparison to Base Budget</b>
Department of Commerce			
Salaries and wages	\$12,835,431	\$15,458,236	\$2,622,805
Operating expenses	17,317,760	24,727,962	7,410,202
Grants	50,232,330	114,297,681	64,065,351
Discretionary funds	2,150,000	2,150,000	
COVID-19 response		16,739,696	16,739,696
Weatherization and energy programs		120,000,000	120,000,000
Partner programs	1,562,531	907,920	(654,611)
Workforce programs		28,500,000	28,500,000
Entrepreneurship grants and vouchers	948,467	948,467	
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Total all funds	\$85,046,519	\$323,729,962	\$238,683,443
Less estimated income	<u>53,544,379</u>	<u>261,557,432</u>	<u>208,013,053</u>
General fund	\$31,502,140	\$62,172,530	\$30,670,390
FTE	58.80	63.80	5.00
Bill total			
Total all funds	\$85,046,519	\$323,729,962	\$238,683,443
Less estimated income	<u>53,544,379</u>	<u>261,557,432</u>	<u>208,013,053</u>
General fund	\$31,502,140	\$62,172,530	\$30,670,390
FTE	58.80	63.80	5.00

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

	<b>Base Budget</b>	<b>House Changes</b>	<b>House Version</b>
Salaries and wages	\$12,835,431	\$3,929,103	\$16,764,534
Operating expenses	17,317,760	16,226,440	33,544,200
Grants	50,232,330	126,115,351	176,347,681
Discretionary funds	2,150,000	350,000	2,500,000
COVID-19 response		16,167,553	16,167,553
Partner programs	1,562,531		1,562,531
Entrepreneurship grants and vouchers	948,467		948,467
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Total all funds	\$85,046,519	\$162,788,447	\$247,834,966
Less estimated income	<u>53,544,379</u>	<u>118,005,090</u>	<u>171,549,469</u>
General fund	\$31,502,140	\$44,783,357	\$76,285,497
FTE	58.80	4.00	62.80

**Department 601 - Department of Commerce - Detail of House Changes**

	Adds Funding for Base Payroll Changes <sup>1</sup>	Adds Funding for the Cost to Continue Salaries <sup>2</sup>	Adds Funding for Salary and Benefit Increases <sup>3</sup>	Adds Funding for FTE Positions <sup>4</sup>	Adjusts Base Level Funding <sup>5</sup>	Transfers Funding to the Housing Finance Agency <sup>6</sup>
Salaries and wages	\$727,512	\$100,495	\$1,056,624	\$967,642	\$731,000	(\$84,538)
Operating expenses				1,057,642	1,966,282	(62,803)
Grants					(26,000)	(2,570,212)
Discretionary funds						
COVID-19 response					2,085,834	
Weatherization and energy programs						
Partner programs						
Workforce programs						
Entrepreneurship grants and vouchers						
<b>Total all funds</b>	<b>\$727,512</b>	<b>\$100,495</b>	<b>\$1,056,624</b>	<b>\$2,025,284</b>	<b>\$4,757,116</b>	<b>(\$2,717,553)</b>
Less estimated income	283,274	20,345	176,239	0	2,583,604	(1,147,341)
General fund	\$444,238	\$80,150	\$880,385	\$2,025,284	\$2,173,512	(\$1,570,212)
FTE	0.00	0.00	0.00	4.00	0.00	0.00

	Adds One-Time Funding for Community and Workforce Initiatives <sup>7</sup>	Adds One-Time Funding for Tourism Initiatives <sup>8</sup>	Adds One-Time Funding for UAS Programs <sup>9</sup>	Adds One-Time Funding for Federal Community Service Programs <sup>10</sup>	Adds One-Time Funding for Discretionary Funds <sup>11</sup>	Total House Changes
Salaries and wages	\$300,000			\$130,368		\$3,929,103
Operating expenses	8,200,000	\$5,000,000		65,319		16,226,440
Grants	42,400,000	25,000,000	\$58,000,000	3,311,563		126,115,351
Discretionary funds					\$350,000	350,000
COVID-19 response				14,081,719		16,167,553
Weatherization and energy programs						
Partner programs						
Workforce programs						
Entrepreneurship grants and vouchers						
<b>Total all funds</b>	<b>\$50,900,000</b>	<b>\$30,000,000</b>	<b>\$58,000,000</b>	<b>\$17,588,969</b>	<b>\$350,000</b>	<b>\$162,788,447</b>
Less estimated income	10,500,000	30,000,000	58,000,000	17,588,969	0	118,005,090
General fund	\$40,400,000	\$0	\$0	\$0	\$350,000	\$44,783,357
FTE	0.00	0.00	0.00	0.00	0.00	4.00

<sup>1</sup> Funding is adjusted for base payroll changes for promotions, reclassifying existing positions to 4 new FTE deputy division director positions, and other salary adjustments.

<sup>2</sup> Funding is added for the cost to continue salary increases.

<sup>3</sup> The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from \$1,429 to \$1,648 per month:

	General Fund	Other Funds	Total
Salary increase	\$632,902	\$118,204	\$751,106
Health insurance increase	247,483	58,035	305,518
Total	\$880,385	\$176,239	\$1,056,624

<sup>4</sup> Funding of \$2,025,284 is added from the general fund for 4 FTE positions as follows:

	<b>Salaries and Wages</b>	<b>Operating Expenses</b>	<b>Total</b>
FTE position - Workforce talent attraction initiative	\$202,940	\$0	\$202,940
FTE Position - Workforce investment grant program	202,940	0	202,940
FTE position - Office of Automation	310,858	689,142	1,000,000
FTE position - Global Engagement Office	<u>250,904</u>	<u>368,500</u>	<u>619,404</u>
Total	\$967,642	\$1,057,642	\$2,025,284

<sup>5</sup> Base level funding is adjusted as follows:

	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
Restores funding for salaries underfunded during the 2021-23 biennium	\$140,000	\$0	\$140,000
Adds funding for temporary salaries, including \$500,000 from federal funds, to provide a total of \$900,000 for temporary salaries	91,000	500,000	591,000
Adds funding for travel to provide a total of \$1,606,976 in the operating expenses line item	490,534	0	490,534
Adjusts funding for operating expenses primarily related to professional development, services, and fees, including a decrease from the community service fund	1,006,896	(2,230)	1,004,666
Adds funding for the Operation Intern program to provide a total of \$1,006,082	251,082	0	251,082
Transfers \$220,000 of federal funding for the AmeriCorps workforce community services program from the grants line item to the operating expenses line item	0	0	0
Adds federal funding in the COVID-19 response line item for weatherization and furnace cooling assistance programs	0	2,085,834	2,085,834
Adds funding for the rural health care grant program to provide a total of \$444,000 from the general fund	<u>194,000</u>	<u>0</u>	<u>194,000</u>
Total	\$2,173,512	\$2,583,604	\$4,757,116

<sup>6</sup> Funding of \$1,330,212 from the general fund for the homeless shelter grant program and \$1,387,341 for the emergency shelter grant program, including \$240,000 from the general fund and \$1,147,341 from federal funds, is transferred to the Housing Finance Agency.

<sup>7</sup> One-time funding is added for community and workforce initiatives as follows:

	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
Rural workforce housing grant program, including \$300,000 for temporary salaries, \$200,000 for operating expenses, and \$6.5 million for grants. Funding is provided from the strategic investment and improvements fund (SIIF)	\$0	\$7,000,000	\$7,000,000
Workforce talent attraction initiative operating expenses	8,000,000	0	8,000,000
Workforce investment program grants	15,000,000	0	15,000,000
Automation workforce transition training grants	5,000,000	0	5,000,000
Automation workforce equipment grants	5,000,000	0	5,000,000
Technical skills training grants	2,000,000	0	2,000,000
Main Street Initiative community development grants	400,000	0	400,000
New Americans workforce development and training grants (SIIF)	0	2,000,000	2,000,000
Workforce grants to tribally controlled community colleges	5,000,000	0	5,000,000
Workforce safety grant (SIIF)	<u>0</u>	<u>1,500,000</u>	<u>1,500,000</u>
Total	\$40,400,000	\$10,500,000	\$50,900,000

<sup>8</sup> One-time funding of \$30 million is added from SIIF for tourism initiatives, including \$5 million for tourism awareness marketing operating expenses and \$25 million for a tourism destination development initiative grant program.

<sup>9</sup> One-time funding from SIIF is added for the beyond visual line of sight (BVLOS) uncrewed aircraft system (UAS) grant program (\$30 million) and the enhanced use lease grant program (\$28 million).

<sup>10</sup> One-time funding from federal funds is added for the following programs previously approved by the Emergency Commission and Budget Section during the 2021-22 interim:

	<b>Federal Funds</b>
AmeriCorps workforce community services program	\$785,000
Parks and recreation grant program	1,550,000
Energy conservation grant program	14,081,719
Heating and cooling grant program, of which \$130,368 is for temporary salaries and wages, \$65,319 is for operating expenses, and \$976,563 is for grants	<u>1,172,250</u>
<b>Total</b>	<b>\$17,588,969</b>

<sup>11</sup> One-time funding of \$350,000 is added from the general fund for discretionary funds to provide a total of \$2.5 million from the general fund, of which \$2.15 million is ongoing funding.

This amendment also:

- Amends a section identifying the transfer of \$1,006,896 from the general fund to the internship fund for the Operation Intern program;
- Adds a section to provide a \$20 million transfer from the legacy earnings fund to the newly named legacy investment fund for technology for the purpose of providing legacy investment technology loans;
- Adds a section to provide a \$30 million transfer from SIIF to the North Dakota Development Fund for programs under North Dakota Century Code Chapter 10-30.5;
- Adds a section to provide a \$120 million transfer from SIIF to the North Dakota Development Fund for the purpose of a fertilizer development grant program;
- Adds a section to identify \$98.5 million from SIIF for the rural workforce housing grant program (\$7 million), tourism marketing awareness initiative (\$5 million), tourism destination development initiative grant program (\$25 million), BVLOS UAS program (\$30 million), enhanced use lease grant program (\$28 million), new Americans workforce development and training grants (\$2 million), and a workforce safety grant to be awarded to an organization that provides workforce safety (\$1.5 million). Legislative intent is provided that the Department of Commerce not hire a third-party consultant when determining how funding for the tourism destination development initiative grant program will be spent;
- Adds a section to identify \$6.5 million appropriated from the general fund in the grants line item for the rural workforce housing grant program. The Department of Commerce is required to develop guidelines for awarding grants. Funding may be awarded to cities with a population of fewer than 10,000 residents;
- Amends a section to identify \$444,000 appropriated from the general fund is for the rural health care grant program, which requires the grant recipient to provide matching funds from nonstate sources on a dollar-for-dollar basis;
- Adds a section to identify of the \$2.5 million appropriated from the general fund for discretionary funds, \$150,000 is designated for supporting the continuation of the North Dakota state magazine;
- Adds a section to identify \$5 million appropriated from the general fund in the grants line item is for workforce development grants to tribally controlled community colleges. To be eligible for a grant under this section, a tribally controlled community college must partner with at least one high school in the state for programs under Section 54-60.2-02;
- Adds eight sections to amend Chapter 6-09.18 to change the innovation loan fund to support technology advancement program name to the legacy investment for technology program;
- Adds a section to amend Section 54-60-22 to expand recommendations provided by the Workforce Enhancement Council to the Commissioner of the Department of Commerce regarding the approval of training grants to include training providers and businesses, rather than only providing recommendations for grants to institutions of higher education;
- Adds three sections to amend Sections 54-60-28, 54-60-29, and 54-60-29.1 related to administration of UAS-related programs;
- Adds a section to amend Section 54-60.2-02 to allow workforce development grants to tribally controlled community colleges to be spent on the development or enhancement of career and technical education programs;
- Adds a section to amend the 2021 Special Session Session Laws to allow the transfer of \$5 million from the federal State Fiscal Recovery Fund to the North Dakota Development Fund to be used for grant programs;
- Adds a section to provide the Department of Commerce 15 exemptions to continue funding appropriated for programs in previous bienniums into the 2023-25 biennium. The exemptions relate to the nonresident nurse employment recruitment program, Coronavirus Aid, Relief, and Economic Security (CARES) Act funding, the state small business credit initiative, discretionary funds, UAS program, BVLOS UAS program, enhanced use lease grant program, homeless shelter grant program, workforce community services program, community

development planning grant program, autonomous agriculture matching grant program, workforce development incentive grant program, and technical skills grants program. Subsection 13 of Section 24 provides funding remaining after the 2021-23 biennium for the autonomous agriculture matching grant program may be spent during the 2023-25 biennium without requiring matching funds; and

- Adds a section to require the Department of Commerce to report to the Legislative Management during the 2023-24 interim regarding the status of grant programs administered by the department.

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

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$12,835,431	\$16,764,534	(\$1,256,286)	\$15,508,248
Operating expenses	17,317,760	33,544,200	(8,110,000)	25,434,200
Grants	50,232,330	176,347,681	(40,000,000)	136,347,681
Discretionary funds	2,150,000	2,500,000	(350,000)	2,150,000
COVID-19 response		16,167,553	572,143	16,739,696
Weatherization and energy programs			210,000,000	210,000,000
Partner programs	1,562,531	1,562,531	(654,611)	907,920
Workforce programs			30,000,000	30,000,000
Entrepreneurship grants and vouchers	948,467	948,467		948,467
<b>Total all funds</b>	<b>\$85,046,519</b>	<b>\$247,834,966</b>	<b>\$190,201,246</b>	<b>\$438,036,212</b>
Less estimated income	53,544,379	171,549,469	200,007,963	371,557,432
General fund	\$31,502,140	\$76,285,497	(\$9,806,717)	\$66,478,780
FTE	58.80	62.80	3.00	65.80

**Department 601 - Department of Commerce - Detail of Senate Changes**

	Adjusts Funding for Salary and Benefit Increases <sup>1</sup>	Removes Salary Funding for Funding Pool <sup>2</sup>	Transfers Federal Funding Between Line Items <sup>3</sup>	Reduces Funding for Partner Programs <sup>4</sup>	Adjusts Funding for the Heating and Cooling Assistance Programs <sup>5</sup>	Adjusts One-Time Funding for Workforce Initiatives <sup>6</sup>
Salaries and wages	\$264,783	(\$1,631,069)	\$110,000			
Operating expenses			(110,000)			(\$8,000,000)
Grants						(29,000,000)
Discretionary funds						
COVID-19 response						
Weatherization and energy programs						
Partner programs				(\$654,611)		
Workforce programs						30,000,000
Entrepreneurship grants and vouchers						
<b>Total all funds</b>	<b>\$264,783</b>	<b>(\$1,631,069)</b>	<b>\$0</b>	<b>(\$654,611)</b>	<b>\$0</b>	<b>(\$7,000,000)</b>
Less estimated income	38,391	(102,571)	0	0	0	(2,000,000)
General fund	\$226,392	(\$1,528,498)	\$0	(\$654,611)	\$0	(\$5,000,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adjusts Other One-Time Funding Initiatives <sup>7</sup>	Adds One- Time Funding for Weatherization and Energy Programs <sup>8</sup>	Total Senate Changes
Salaries and wages			(\$1,256,286)
Operating expenses			(8,110,000)
Grants	(\$11,000,000)		(40,000,000)
Discretionary funds	(350,000)		(350,000)
COVID-19 response	572,143		572,143
Weatherization and energy programs		\$210,000,000	210,000,000
Partner programs			(654,611)
Workforce programs			30,000,000
Entrepreneurship grants and vouchers			
<b>Total all funds</b>	<b>(\$10,777,857)</b>	<b>\$210,000,000</b>	<b>\$190,201,246</b>
Less estimated income	<u>(7,927,857)</u>	<u>210,000,000</u>	<u>200,007,963</u>
General fund	(\$2,850,000)	\$0	(\$9,806,717)
 FTE	 0.00	 3.00	 3.00

<sup>1</sup> Salaries and wages funding is adjusted to provide for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
Salary increase	\$226,813	\$39,696	\$266,509
Health insurance increase	<u>(421)</u>	<u>(1,305)</u>	<u>(1,726)</u>
Total	\$226,392	\$38,391	\$264,783

The House provided salary adjustments of 4 percent on July 1, 2023, and July 1, 2024.

<sup>2</sup> Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
New FTE positions	(\$967,642)	\$0	(\$967,642)
Vacant FTE positions	<u>(560,856)</u>	<u>(102,571)</u>	<u>(663,427)</u>
Total	(\$1,528,498)	(\$102,571)	(\$1,631,069)

<sup>3</sup> Federal funding of \$110,000 for the AmeriCorps workforce community services program is transferred from the operating expenses line item to the salaries and wages line item for temporary salaries. The House transferred \$220,000 of federal funding for the program from the grants line item to the operating expenses line item.

<sup>4</sup> Ongoing funding of \$654,611 from the general fund in the partner program line item for the North Dakota Small Business Development Center is removed, resulting in \$907,920 from the general fund remaining for partner programs. The House provided \$1,562,531 from the general fund for partner programs, the same as the base level.

<sup>5</sup> Federal funding of \$2,085,834 added by the House in the COVID-19 response line item for weatherization, heating and furnace, and cooling assistance programs is removed from ongoing funding and added by the Senate as one-time funding.

<sup>6</sup> One-time funding for workforce initiatives is adjusted as follows:

	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
Adds funding for workforce talent attraction initiative operating expenses to provide \$14 million from the general fund in the workforce programs line item. The House provided \$8 million from the general fund in the operating expenses line item.	\$6,000,000	\$0	\$6,000,000
Reduces funding for workforce investment program grants to provide a total of \$12.5 million from the general fund in the workforce programs line item. The House provided \$15 million from the general fund in the grants line item.	(2,500,000)	0	(2,500,000)
Removes funding added by the House for automation workforce transition training grants.	(5,000,000)	0	(5,000,000)
Removes funding added by the House for automation workforce equipment grants.	(5,000,000)	0	(5,000,000)
Transfers \$2 million from the general fund for technical skills training grants from the grants line item to the workforce programs line item.	0	0	0
Adjusts funding for new Americans workforce development and training grants by removing funding added by the House from the strategic investment and improvements fund (SIIF) in the grants line item and adding funding from the general fund in the workforce programs line item.	<u>1,500,000</u>	<u>(2,000,000)</u>	<u>(500,000)</u>
<b>Total</b>	(\$5,000,000)	(\$2,000,000)	(\$7,000,000)

<sup>7</sup> One-time funding for community services, tourism, and uncrewed aircraft systems (UAS), and other workforce initiatives is adjusted as follows:

	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
Reduces funding for the rural workforce housing grant program to provide a total of \$2 million from SIIF, of which \$300,000 is for temporary salaries, \$200,000 is for operating expenses, and \$1.5 million is for grants. The House provided \$7 million from SIIF, of which \$6.5 million was for grants.	\$0	(\$5,000,000)	(\$5,000,000)
Adds funding for the tourism destination development initiative to provide a total of \$50 million from SIIF. The House provided \$25 million from SIIF.	0	25,000,000	25,000,000
Reduces funding for the beyond visual line of sight (BVLOS) UAS program to provide a total of \$20 million from SIIF. The House provided \$30 million from SIIF.	0	(10,000,000)	(10,000,000)
Reduces funding for the enhanced use lease grant program to provide a total of \$7 million from SIIF. The House provided \$28 million from SIIF.	0	(21,000,000)	(21,000,000)
Reduces funding for workforce grants to tribally controlled community colleges to provide a total of \$2.5 million from the general fund. The House provided \$5 million from the general fund.	(2,500,000)	0	(2,500,000)
Removes funding added by the House from SIIF for a workforce safety grant.	0	(1,500,000)	(1,500,000)
Adds funding from SIIF for a regional council grant program. The House did not add funding for this program.	0	4,000,000	4,000,000
Reduces funding for discretionary funds to provide a total of \$2.15 million from the general fund, the same as the base level. The House added \$350,000 to provide a total of \$2.5 million from the general fund.	(350,000)	0	(350,000)
Adds federal funding for the State Small Business Credit Initiative technical assistance program. The House did not add funding for this program.	<u>0</u>	<u>572,143</u>	<u>572,143</u>
<b>Total</b>	(\$2,850,000)	(\$7,927,857)	(\$10,777,857)

<sup>8</sup> One-time funding of \$210 million is added from federal funds derived from the Infrastructure Investment and Jobs Act (IIJA) (\$120 million) and Inflation Reduction Act (IRA) (\$90 million) for weatherization and energy assistance programs. The Department of Commerce anticipates funding may be available for the following programs:

<b>Program</b>	<b>Federal Funds</b>
State energy program (IIJA)	\$3,905,130
Weatherization (IIJA)	15,131,495
Energy efficiency revolving loan fund (IIJA)	4,641,870
Energy efficiency block grant (IIJA)	1,653,240
Home energy performance-based whole- house rebate program (IRA)	37,338,470
High-efficiency electric home rebate program (IRA)	<u>37,121,060</u>
Total	\$99,791,265

The department anticipates other states will not use all federal funding awarded for these programs, resulting in additional funding that may be available to North Dakota for an estimated total of \$210 million. The department is authorized 3 FTE positions that are considered one-time positions for the administration of these programs.

The House did not add funding for this purpose.

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This amendment also:

- Amends a section providing for a transfer to the legacy investment for technology (LIFT) fund for the LIFT program. The House provided for a \$20 million transfer from the legacy earnings fund. The Senate provides a \$5 million transfer from SIIF.
- Amends a section providing for a transfer from SIIF to the North Dakota Development Fund. The House provided for a \$30 million transfer. The Senate provides for a \$65 million transfer.
- Removes a section that provided for a transfer of \$120 million from SIIF to the North Dakota Development Fund for a fertilizer development grant program.
- Adds a section identifying one-time funding and one-time FTE positions for weatherization and energy assistance programs from federal funding available as a result of the federal IIJA and IRA.
- Amends a section identifying funding in Section 1 from SIIF. The House provided \$98.5 million. The Senate provides \$88 million.
- Amends a section identifying funding for rural workforce housing program grants. The House provided \$6.5 million from SIIF. The Senate provides \$1.5 million from SIIF.
- Adds a section identifying \$30 million from the general fund in a newly created workforce programs line item.
- Amends a section identifying funding for workforce development grants to tribally controlled community colleges. The House provided \$5 million. The Senate provides \$2.5 million.
- Adds a section identifying funding available for the entrepreneurship grants and vouchers program, also known as Innovate ND.
- Removes a section added by the House that amended Section 21-10-13(4), related to legacy earnings fund allocations.
- Adds a section to amend Section 10-30.5-04 to clarify the authority of the North Dakota Development Fund to allow for funding to be provided to private or public entities through North Dakota Development Fund contracts.
- Adds a section to amend Section 10-30.5-05 to provide if the North Dakota Development Fund Chief Executive Officer is absent for more than 5 consecutive days or is anticipated to be absent for more than 5 consecutive days, the Chief Executive Officer may delegate the duties and responsibilities of the Chief Executive Officer to the Director of the Department of Commerce Division of Economic Development and Finance under Chapter 54-34.3, or the Director's designee.
- Removes a section that amended Section 54-60-22 to expand recommendations provided by the Workforce Enhancement Council to the Commissioner of the Department of Commerce regarding the approval of training grants to include training providers and businesses, rather than only providing recommendations for grants to institutions of higher education.
- Adds a section to amend Section 54-60.2-01 to remove the requirement that workforce development grants to tribally controlled community colleges be awarded based on documented job placement rates at each eligible college.
- Removes a subsection providing an exemption for discretionary funds and adds a subsection to provide an exemption for a job development and economic growth grant from the 2021-23 biennium.
- Adds a section to declare the \$210 million of federal funds appropriated in Section 1 for weatherization and energy assistance programs to be an emergency measure.



**House Bill No. 1018 - Department of Commerce - Conference Committee Action**

	<b>Base Budget</b>	<b>House Version</b>	<b>Conference Committee Changes</b>	<b>Conference Committee Version</b>	<b>Senate Version</b>	<b>Comparison to Senate</b>
Salaries and wages	\$12,835,431	\$16,764,534	(\$1,306,298)	\$15,458,236	\$15,508,248	(\$50,012)
Operating expenses	17,317,760	33,544,200	(8,816,238)	24,727,962	25,434,200	(706,238)
Grants	50,232,330	176,347,681	(62,050,000)	114,297,681	136,347,681	(22,050,000)
Discretionary funds	2,150,000	2,500,000	(350,000)	2,150,000	2,150,000	
COVID-19 response		16,167,553	572,143	16,739,696	16,739,696	
Weatherization and energy programs			120,000,000	120,000,000	210,000,000	(90,000,000)
Partner programs	1,562,531	1,562,531	(654,611)	907,920	907,920	
Workforce programs			28,500,000	28,500,000	30,000,000	(1,500,000)
Entrepreneurship grants and vouchers	948,467	948,467		948,467	948,467	
<b>Total all funds</b>	<b>\$85,046,519</b>	<b>\$247,834,966</b>	<b>\$75,894,996</b>	<b>\$323,729,962</b>	<b>\$438,036,212</b>	<b>(\$114,306,250)</b>
Less estimated income	53,544,379	171,549,469	90,007,963	261,557,432	371,557,432	(110,000,000)
General fund	\$31,502,140	\$76,285,497	(\$14,112,967)	\$62,172,530	\$66,478,780	(\$4,306,250)
FTE	58.80	62.80	1.00	63.80	65.80	(2.00)

**Department 601 - Department of Commerce - Detail of Conference Committee Changes**

	<b>Adjusts Funding for Salary and Benefit Increases<sup>1</sup></b>	<b>Removes FTE Positions<sup>2</sup></b>	<b>Removes Salary Funding for Funding Pool<sup>3</sup></b>	<b>Transfers Federal Funding Between Line Items<sup>4</sup></b>	<b>Reduces Funding for Partner Programs<sup>5</sup></b>	<b>Adjusts Funding for the Heating and Cooling Assistance Programs<sup>6</sup></b>
Salaries and wages	\$214,771	(\$561,762)	(\$1,069,307)	\$110,000		
Operating expenses		(706,238)		(110,000)		
Grants						
Discretionary funds						
COVID-19 response						
Weatherization and energy programs						
Partner programs					(\$654,611)	
Workforce programs						
Entrepreneurship grants and vouchers						
<b>Total all funds</b>	<b>\$214,771</b>	<b>(\$1,268,000)</b>	<b>(\$1,069,307)</b>	<b>\$0</b>	<b>(\$654,611)</b>	<b>\$0</b>
Less estimated income	38,391	0	(102,571)	0	0	0
General fund	\$176,380	(\$1,268,000)	(\$966,736)	\$0	(\$654,611)	\$0
FTE	0.00	(2.00)	0.00	0.00	0.00	0.00

	Adjusts One-Time Funding for Workforce Initiatives <sup>7</sup>	Adjusts Other One-Time Funding Initiatives <sup>8</sup>	Adds One-Time Funding for Weatherization and Energy Programs <sup>9</sup>	Total Conference Committee Changes
Salaries and wages				(\$1,306,298)
Operating expenses	(\$8,000,000)			(8,816,238)
Grants	(29,000,000)	(\$33,050,000)		(62,050,000)
Discretionary funds		(350,000)		(350,000)
COVID-19 response		572,143		572,143
Weatherization and energy programs			\$120,000,000	120,000,000
Partner programs				(654,611)
Workforce programs	28,500,000			28,500,000
Entrepreneurship grants and vouchers				
<b>Total all funds</b>	<b>(\$8,500,000)</b>	<b>(\$32,827,857)</b>	<b>\$120,000,000</b>	<b>\$75,894,996</b>
Less estimated income	(2,000,000)	(27,927,857)	120,000,000	90,007,963
General fund	(\$6,500,000)	(\$4,900,000)	\$0	(\$14,112,967)
FTE	0.00	0.00	3.00	1.00

<sup>1</sup> Salaries and wages funding is adjusted to provide for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	\$187,087	\$39,696	\$226,783
Health insurance adjustment	(10,707)	(1,305)	(12,012)
Total	\$176,380	\$38,391	\$214,771

The House provided salary adjustments of 4 percent on July 1, 2023, and July 1, 2024. The Senate provided salary adjustments of 6 percent on July 1, 2023, and 4 percent on July 1, 2024.

<sup>2</sup> Two FTE positions and related funding from the general fund is removed as follows:

	Salaries and Wages	Operating Expenses	Total
FTE position - Office of Automation	(\$310,858)	(\$689,142)	(\$1,000,000)
FTE position - Global Engagement Office	(250,904)	(17,096)	(268,000)
Total	(\$561,762)	(\$706,238)	(\$1,268,000)

The reduction of \$17,096 of operating expenses for the FTE Global Engagement Office position results in a total of \$351,404 of operating expenses available for the Global Engagement Office. The Senate did not remove these positions and related funding.

<sup>3</sup> Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	(\$405,880)	\$0	(\$405,880)
Vacant FTE positions	(560,856)	(102,571)	(663,427)
Total	(\$966,736)	(\$102,571)	(\$1,069,307)

The Senate also removed funding for the new and vacant FTE funding pool.

<sup>4</sup> Federal funding of \$110,000 for the AmeriCorps workforce community services program is transferred from the operating expenses line item to the salaries and wages line item for temporary salaries, the same as provided by the Senate. The House transferred \$220,000 of federal funding for the program from the grants line item to the operating expenses line item.

<sup>5</sup> Ongoing funding of \$654,611 from the general fund in the partner program line item for the North Dakota Small Business Development Center is removed, resulting in \$907,920 from the general fund remaining for partner programs, the same as provided by the Senate. The House provided \$1,562,531 from the general fund for partner programs, the same as the base level.

<sup>6</sup> Federal funding of \$2,085,834 added by the House in the COVID-19 response line item for weatherization, heating and furnace, and cooling assistance programs is removed from ongoing funding and added by the Conference Committee as one-time funding. The Senate also made this adjustment.

<sup>7</sup> One-time funding for workforce initiatives is adjusted as follows:

	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
Adds funding for workforce talent attraction initiative operating expenses to provide \$12 million from the general fund in the workforce programs line item. The House provided \$8 million from the general fund in the operating expenses line item. The Senate provided \$14 million from the general fund in the workforce programs line item.	\$4,000,000	\$0	\$4,000,000
Reduces funding for workforce investment program grants to provide a total of \$12.5 million from the general fund for the workforce investment program, the same as provided by the Senate. The House provided \$15 million from the general fund in the grants line item.	(2,500,000)	0	(2,500,000)
Removes funding added by the House for automation workforce transition training grants. The Senate also removed this funding.	(5,000,000)	0	(5,000,000)
Removes funding added by the House for automation workforce equipment grants. The Senate also removed this funding.	(5,000,000)	0	(5,000,000)
Transfers \$2 million from the general fund for technical skills training grants from the grants line item to the workforce programs line item, the same as provided by the Senate.	0	0	0
Adjusts funding for new Americans workforce development and training grants by removing funding added by the House from the strategic investment and improvements fund (SIIF) in the grants line item and adding funding from the general fund in the workforce programs line item. The Senate removed \$2 million from SIIF in the grants line item and added \$1.5 million from the general fund in the workforce programs line item.	<u>2,000,000</u>	<u>(2,000,000)</u>	<u>0</u>
<b>Total</b>	<b>(\$6,500,000)</b>	<b>(\$2,000,000)</b>	<b>(\$8,500,000)</b>

<sup>8</sup> One-time funding for community services, tourism, and uncrewed aircraft systems (UAS), and other workforce initiatives is adjusted as follows:

	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
Reduces funding for the rural workforce housing grant program to provide a total of \$2 million from SIIF, of which \$300,000 is for temporary salaries, \$200,000 is for operating expenses, and \$1.5 million is for grants, the same as provided by the Senate. The House provided \$7 million from SIIF, of which \$6.5 million was for grants.	\$0	(\$5,000,000)	(\$5,000,000)
Removes funding for Main Street Initiative community development grants. The House and Senate provided \$400,000 for this program.	(400,000)	0	(400,000)
Reduces funding for the beyond visual line of sight (BVLOS) UAS program to provide a total of \$26 million from SIIF. The House provided \$30 million from SIIF. The Senate provided \$20 million from SIIF.	0	(4,000,000)	(4,000,000)
Reduces funding for the enhanced use lease grant program to provide a total of \$10 million from SIIF. The House provided \$28 million from SIIF. The Senate provided \$7 million from SIIF.	0	(18,000,000)	(18,000,000)
Removes funding for workforce grants to tribally controlled community colleges. The House provided \$5 million from the general fund. The Senate provided \$2.5 million from the general fund.	(5,000,000)	0	(5,000,000)
Removes funding added by the House from SIIF for a workforce safety grant. The Senate also removed this funding.	0	(1,500,000)	(1,500,000)
Adds funding for a creamery assistance grant to be provided directly to Cows & Co Creamery. The Senate did not provide funding for this purpose.	250,000	0	250,000
Adds funding for a motion picture production and recruitment grant to be provided directly to Canticle Productions. The Senate did not provide funding for this purpose.	600,000	0	600,000
Reduces funding for discretionary funds to provide a total of \$2.15 million from the general fund, the same as the base level and as provided by the Senate. The House added \$350,000 to provide a total of \$2.5 million from the general fund.	(350,000)	0	(350,000)
Adds federal funding for the State Small Business Credit Initiative technical assistance program, the same as provided by the Senate. The House did not add funding for this program.	<u>0</u>	<u>572,143</u>	<u>572,143</u>
<b>Total</b>	<b>(\$4,900,000)</b>	<b>(\$27,927,857)</b>	<b>(\$32,827,857)</b>

<sup>9</sup> One-time funding of \$120 million is added from federal funds derived from the Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA) for weatherization and energy assistance programs. The Department of Commerce anticipates funding may be available for the following programs:

<b>Program</b>	<b>Federal Funds</b>
State energy program (IIJA)	\$3,905,130
Weatherization (IIJA)	15,131,495
Energy efficiency revolving loan fund (IIJA)	4,641,870
Energy efficiency block grant (IIJA)	1,653,240
Home energy performance-based whole-house rebate program (IRA)	37,338,470
High-efficiency electric home rebate program (IRA)	<u>37,121,060</u>
<b>Total</b>	<b>\$99,791,265</b>

The department anticipates other states will not use all federal funding awarded for these programs, resulting in additional funding that may be available to North Dakota for an estimated total of \$120 million. The department is authorized 3 FTE positions that are considered one-time positions for the administration of these programs.

The House did not add funding for this purpose. The Senate added \$210 million and authorized 3 FTE positions.

The Conference Committee:

- Approved a total \$25 million for the tourism destination development initiative program with a maximum of \$5 million available per project. The House provided \$25 million with no project maximum. The Senate provided \$50 million with no maximum.
- Did not add one-time funding for a regional council grant program. The Senate added \$4 million from SIIF.
- Retained a section removed by the Senate to amend Section 54-60-22. The House added this section to expand recommendations provided by the Workforce Enhancement Council to the Commissioner of the Department of Commerce regarding the approval of training grants to include training providers and businesses, rather than only providing recommendations for grants to institutions of higher education.

This amendment also:

- Amends a section providing for a transfer to the legacy investment for technology (LIFT) fund for the LIFT program. The House provided for a \$20 million transfer from the legacy earnings fund. The Senate provided a \$5 million transfer from SIIF. The Conference Committee provided a \$10 million transfer from SIIF.
- Amends a section providing for a transfer from SIIF to the North Dakota Development Fund. The House provided for a \$30 million transfer. The Conference Committee provided for a \$65 million transfer, the same as provided by the Senate.
- Removes a section that provided for a transfer of \$120 million from SIIF to the North Dakota Development Fund for a fertilizer development grant program. The Senate also removed this section.
- Adds a section identifying \$120 million of one-time funding and one-time FTE positions for weatherization and energy assistance programs from federal funding available as a result of the federal IJA and IRA. The Senate identified \$210 million.
- Amends a section identifying funding in Section 1 from SIIF. The House provided \$98.5 million. The Senate provided \$88 million. The Conference Committee provided \$68 million.
- Amends a section identifying funding for rural workforce housing program grants. The House provided \$6.5 million from SIIF. The Conference Committee provided \$1.5 million from SIIF, the same as provided by the Senate.
- Adds a section identifying funding from the general fund in a newly created workforce programs line item. The Senate provided \$30 million. The Conference Committee provided \$28.5 million.
- Amends a section identifying the funding appropriated from the general fund for discretionary funds, of which \$150,000 is designated for supporting the continuation of the North Dakota state magazine with the current publisher, \$350,000 is designated for supporting an organization dedicated to assisting Native American small businesses in the state, and \$350,000 is for base retention grants to eligible organizations in Minot. The House and Senate included the state magazine designation but did not include the Native American small businesses or base retention grants designations.
- Removes a section identifying funding for workforce development grants to tribally controlled community colleges. The House provided \$5 million. The Senate amended the section to identify \$2.5 million.
- Adds a section identifying funding available for the entrepreneurship grants and vouchers program, also known as Innovate ND. The Senate also added this section.
- Removes a section added by the House that amended Section 21-10-13(4), related to legacy earnings fund allocations. The Senate also removed this section.
- Adds a section to amend Section 10-30.5-04 to clarify the authority of the North Dakota Development Fund to allow for funding to be provided to private or public entities through North Dakota Development Fund contracts. The Senate also added this section.
- Adds a section to amend Section 10-30.5-05 to provide if the North Dakota Development Fund Chief Executive Officer is absent for more than 5 consecutive days or is anticipated to be absent for more than 5 consecutive days, the Chief Executive Officer may delegate the duties and responsibilities of the Chief Executive Officer to the Director of the Department of Commerce Division of Economic Development and Finance under Chapter 54-34.3, or the Director's designee. The Senate also added this section.
- Adds a section to amend Section 54-60.2-01 to remove the requirement that workforce development grants to tribally controlled community colleges be awarded based on documented job placement rates at each eligible college. The Senate also added this section.
- Removes a subsection providing an exemption for discretionary funds and adds a subsection to provide an exemption for a job development and economic growth grant from the 2021-23 biennium. The Senate also adjusted these exemption subsections.
- Amends a section related to the Department of Commerce providing a report to the Legislative Management during the 2023-24 interim regarding the status of grant programs administered by the department. The Senate did not amend this section. The Conference Committee amended the section to provide the report relate only to one-time funding items from the general fund and state special funds.
- Adds a section to declare the \$120 million of federal funds appropriated for weatherization and energy assistance programs and \$26 million appropriated from SIIF for the BVLOS UAS program to be an emergency measure. The Senate declared \$210 million of federal funding for weatherization and energy programs to be an emergency measure. The House did not declare an emergency for these programs.