

Department of Commerce
Budget No. 601
House Bill No. 1018; Senate Bill Nos. 2015, 2142, 2240, and 2273

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations¹	65.80	\$67,157,530	\$261,557,432	\$328,714,962
2023-25 base budget	58.80	31,502,140	53,544,379	85,046,519
Legislative increase (decrease) to base budget ¹	7.00	\$35,655,390	\$208,013,053	\$243,668,443

¹Of the FTE positions authorized by the Legislative Assembly for the Department of Commerce for the 2023-25 biennium, 3 FTE positions are considered one-time FTE positions for the purpose of administering federal weatherization and energy assistance programs available as a result of the federal Infrastructure Investment and Jobs Act (IIJA) and the federal Inflation Reduction Act (IRA).

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$33,307,530	\$33,850,000	\$67,157,530
2021-23 legislative appropriations	31,502,140	3,165,432	34,667,572
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$1,805,390	\$30,684,568	\$32,489,958
Percentage increase (decrease) to 2021-23 appropriations	5.7%	969.4%	93.7%

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes for promotions, reclassifying existing positions to 4 new FTE deputy division director positions, and other salary adjustments		\$444,238	\$283,274	\$727,512
Added funding for the cost to continue prior biennium salary increases		80,150	20,345	100,495
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		819,989	157,900	977,889
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		236,776	56,730	293,506
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(966,736)	(102,571)	(1,069,307)

Added funding to restore funding for salaries underfunded during the 2021-23 biennium (\$140,000) and for temporary salaries (\$591,000), of which \$91,000 is from the general fund and \$500,000 is from federal funds, to provide total funding of \$1,010,000 for temporary salaries		231,000	500,000	731,000
Added funding for an FTE position for the workforce talent attraction initiative (\$202,940) and an FTE position for the workforce investment grant program (\$202,940)	2.00	405,880		405,880
Added funding for operating expenses of the Global Engagement Office		351,404		351,404
Increased funding for travel to provide a total of \$1,606,976		490,534		490,534
Adjusted funding for operating expenses, including a decrease from the community service fund, primarily related to professional development, services, and fees		1,006,896	(2,230)	1,004,666
Increased funding for the Operation Intern program to provide a total of \$1,006,082 from the general fund		251,082		251,082
Transferred \$220,000 of federal funding for the AmeriCorps workforce community services program from the grants line item to the operating expenses line item (\$110,000) and the salaries and wages line item for temporary salaries (\$110,000)				0
Increased funding for the rural health care grant program to provide a total of \$444,000 from the general fund		194,000		194,000
Transferred \$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, to the Housing Finance Agency		(1,570,212)	(1,147,341)	(2,717,553)
Removed funding for small business development centers in the partner programs line item, resulting in \$907,920 from the general fund remaining for partner programs. In House Bill No. 1014, the Legislative Assembly appropriated \$1.5 million from Bank of North Dakota profits for small business development centers		(654,611)		(654,611)
Added one-time funding from the strategic investment and improvements fund (SIIF) for the rural workforce housing grant program, of which \$1.5 million is for grants, \$200,000 is for operating expenses, including travel and equipment, and \$300,000 is for temporary salaries			2,000,000	2,000,000

Added one-time funding for workforce-related programs in a new workforce programs line item, including workforce talent attraction initiative operating expenses (\$12 million), workforce investment program grants (\$12.5 million), technical skills training grants (\$2 million), and new Americans workforce development and training grants (\$2 million)		28,500,000	28,500,000
Added one-time funding from SIIF for tourism programs, including tourism awareness marketing operating expenses (\$5 million) and a tourism destination development initiative grant program (\$25 million)		30,000,000	30,000,000
Added one-time funding from SIIF for the beyond visual line of sight (BVLOS) uncrewed aircraft system (UAS) grant program, also known as Vantis		26,000,000	26,000,000
Added one-time funding from SIIF for the enhanced use lease grant program		10,000,000	10,000,000
Added one-time funding from federal funds for programs previously approved by the Emergency Commission and Budget Section during the 2021-22 interim, which will continue in the 2023-25 biennium, including the AmeriCorps workforce community services program (\$785,000), parks and recreation grant program (\$1,550,000), energy conservation grant program (\$14,081,719), and weatherization, heating and furnace, and cooling assistance grant programs (\$3,258,084)		19,674,803	19,674,803
Added one-time funding for a creamery assistance grant		250,000	250,000
Added one-time funding for a motion picture production and recruitment grant		600,000	600,000
Added one-time funding from federal funds for the State Small Business Credit Initiative technical assistance program		572,143	572,143
Added one-time funding from federal funds derived from IIJA and IRA for weatherization and energy assistance programs. The FTE positions added to administer these programs are considered one-time FTE positions for the 2023-25 biennium.	3.00	120,000,000	120,000,000
Added one-time funding for workforce development grants to a tribally controlled community college in the Turtle Mountain area (Senate Bill No. 2015)		500,000	500,000
Added one-time funding to defray the expenses of the Office of Legal Immigration (Senate Bill No. 2015)		2,000,000	2,000,000
Added funding for FTE positions for the newly created Office of Legal Immigration (Senate Bill No. 2142)	2.00	485,000	485,000

Added one-time funding for base retention grants to communities with an Air Force base or Air National Guard facilities, of which \$500,000 is for eligible organizations in Minot, \$250,000 is for eligible organizations in Grand Forks, and \$250,000 is for eligible organizations in Fargo (Senate Bill No. 2240)	1,000,000	1,000,000
Added one-time funding to establish a pilot program to provide grants for the preservation of rural grocery stores and increasing the availability of food access in the state (Senate Bill No. 2273)	1,000,000	1,000,000
Total	7.00	\$243,668,443

FTE Changes

The Legislative Assembly authorized 65.80 FTE positions for the Department of Commerce for the 2023-25 biennium, an increase of 7 FTE positions from the 2021-23 biennium authorized level of 58.80. The Legislative Assembly added 1 FTE position for the workforce talent attraction initiative, 1 FTE position for the workforce investment grant program, 3 FTE positions to administer weatherization and energy assistance programs available from federal IJJA and IRA funding, and 2 FTE positions for the Office of Legal Immigration. The 3 FTE positions added to administer the federal weatherization and energy assistance programs are considered one-time FTE positions for the 2023-25 biennium.

One-Time Funding

The Legislative Assembly appropriated \$242.1 million of one-time funding to the Department of Commerce for the 2023-25 biennium as follows:

	General Fund	SIIF	Federal Funds	Total
Rural workforce housing grant program		\$2,000,000		\$2,000,000
Workforce talent attraction initiative operating expenses	\$12,000,000			12,000,000
Workforce investment program grants	12,500,000			12,500,000
Technical skills training grants	2,000,000			2,000,000
New Americans workforce development and training grants	2,000,000			2,000,000
Tourism awareness marketing		5,000,000		5,000,000
Tourism destination development initiative		25,000,000		25,000,000
BVLOS UAS grant program		26,000,000		26,000,000
Enhanced use lease grant program		10,000,000		10,000,000
AmeriCorps workforce community services program			\$785,000	785,000
Parks and recreation grant program			1,550,000	1,550,000
Energy conservation grant program			14,081,719	14,081,719
Weatherization, heating and furnace, and cooling assistance grant programs			3,258,084	3,258,084
Creamery assistance grant	250,000			250,000
Motion picture production and recruitment grant	600,000			600,000
State Small Business Credit Initiative technical assistance program			572,143	572,143
Weatherization and energy assistance programs - IJJA and IRA			120,000,000	120,000,000
Workforce development grants to tribally controlled community colleges (Senate Bill No. 2015)	500,000			500,000
Office of Legal Immigration (Senate Bill No. 2015)	2,000,000			2,000,000
Base retention grants (Senate Bill No. 2240)	1,000,000			1,000,000
Rural grocery store sustainability and food access expansion pilot grants (Senate Bill No. 2273)	1,000,000			1,000,000
Total	\$33,850,000	\$68,000,000	\$140,246,946	\$242,096,946

Uncrewed Aircraft Systems Program

The 2013 Legislative Assembly established the UAS program and UAS program fund in Section 14 of Senate Bill No. 2018, provided a one-time appropriation of \$5 million from the general fund, and provided a continuing appropriation to defray the expenses of the UAS program. The Department of Commerce was required to establish the UAS program in collaboration with the University of North Dakota, the Aeronautics Commission, the Adjutant General, and private parties; to administer the UAS test site upon receiving Federal Aviation Administration approval; and to provide semiannual reports to the Legislative Management. Funding is provided to the Northern Plains UAS Test Site located in Grand Forks, which is one of six Federal Aviation Administration UAS test sites in the United States.

In Section 12 of Senate Bill No. 2018 (2021), the Legislative Assembly amended North Dakota Century Code Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the BVLOS UAS program and the enhanced use lease grant program.

In Sections 23 and 24 of House Bill No. 1018 (2023), the Legislative Assembly amended Sections 54-60-28 and 54-60-29 to rename the unmanned aircraft system program and unmanned aircraft system fund as the uncrewed aircraft system program and uncrewed aircraft system fund and made other administrative changes related to the program.

The following is a summary of funding for the UAS program:

Biennium	General Fund	UAS Fund ¹	SIIF	Federal Funds	Total
One-Time Funding					
2013-15	\$5,000,000				\$5,000,000
2015-17 ²	2,718,620				2,718,620
2017-19 ³			\$2,000,000		2,000,000
2019-21 ^{4,5}	2,250,000				2,250,000
2021-23 ⁶		\$1,000,000			1,000,000
2023-25					0
Total one-time funding	\$9,968,620	\$1,000,000	\$2,000,000	\$0	\$12,968,620
Ongoing Funding					
2019-21 ⁴		\$1,000,000		\$1,000,000	\$2,000,000
2021-23 ⁵	\$3,000,000	1,020,150		8,000,000	12,020,150
2023-25 ^{5,7}	3,000,000	1,020,150		8,000,000	12,020,150
Total ongoing funding	\$6,000,000	\$3,040,300	\$0	\$17,000,000	\$26,040,300
Total funding ⁵	\$15,968,620	\$4,040,300	\$2,000,000	\$17,000,000	\$39,008,920

¹Funding from the UAS fund is derived from private donations.

²Of the \$2,718,620 appropriated for the UAS program for the 2015-17 biennium, \$1,200,000 was designated for a business incentive match fund to incentivize private sector business development related to the test site. The department was also authorized to continue \$1,500,000 appropriated for the program for the 2013-15 biennium into the 2015-17 biennium, to provide a total of \$4,218,620 available for the 2015-17 biennium.

³The department was also authorized to continue up to \$1 million from the 2015-17 biennium general fund appropriation for the UAS program into the 2017-19 biennium, to provide a total of \$3 million available for the 2017-19 biennium.

⁴The department was also authorized to continue unexpended funding from SIIF from the 2017-19 biennium appropriation, estimated at \$750,000 during the 2019 legislative session, to provide a total of \$5 million available for the 2019-21 biennium.

⁵Funding appropriated for the UAS program is for grants, with exception of the general fund appropriations provided for the 2019-21 biennium (\$2.25 million), 2021-23 biennium (\$3 million), and 2023-25 biennium (\$3 million), which were provided for operating expenses of the Northern Plains UAS Test Site.

⁶The department was also authorized to continue unexpended funding appropriated from the general fund for the 2019-21 biennium into the 2021-23 biennium, estimated at \$150,000 at the end of the 2021 legislative session, to provide a total of \$13,170,150 available for the 2021-23 biennium.

⁷The department was also authorized to continue unexpended funding appropriated from the general fund for the 2021-23 biennium into the 2023-25 biennium, estimated at \$1,698,712 at the end of the 2023 legislative session, to provide a total of \$13,718,862 available for the 2023-25 biennium.

Beyond Visual Line of Sight Uncrewed Aircraft Systems Program

In Section 12 of House Bill No. 1018 (2019), the Legislative Assembly provided a 2017-19 biennium supplemental appropriation of \$28 million to the Department of Commerce for a BVLOS UAS program. The department was authorized to continue this funding into the 2019-21 biennium.

Section 13 of House Bill No. 1018 (2019) created Section 54-60-29.1 to establish a BVLOS UAS program for the design, purchase, implementation, and operating costs of a BVLOS UAS. The Department of Commerce must require any entity receiving funding for this program which is operating the BVLOS UAS to provide quarterly payments to the State Treasurer equal to 3 percent of the entity's gross income associated with the operation of the BVLOS UAS as reported in the entity's prior year financial statements. The State Treasurer is required to deposit any funds received under this section in the state general fund. The department was required to provide semiannual reports to the Legislative Management regarding the development of the BVLOS UAS program and the total amount deposited by the State Treasurer in the state general fund.

In Section 25 of House Bill No. 1018 (2023), the Legislative Assembly amended Section 54-60-29.1 to rename the BVLOS unmanned aircraft system program as the BVLOS uncrewed aircraft system program and changed the state-private revenue sharing provisions from 3 percent of the entity's gross income associated with the operation of the BVLOS UAS as reported in the entity's prior year financial statements to instead be based on a fee structure determined by the Commissioner of the Department of Commerce. Through April 2023, no funding for the BVLOS UAS program has been remitted to the State Treasurer for deposit in the state general fund.

The following is a summary of funding provided to the Department of Commerce for the BVLOS UAS program:

Biennium	General Fund	SIIF	Total
2017-19 ^{1,2}	\$28,000,000		\$28,000,000
2019-21			0
2021-23 ²	1,000,000	\$19,000,000	20,000,000
2023-25		26,000,000	26,000,000
Total	\$29,000,000	\$45,000,000	\$74,000,000

¹Supplemental appropriation provided by the 2019 Legislative Assembly.

²In addition to the amounts shown in this table, the 2021 Legislative Assembly appropriated \$5 million of remaining funds from the Department of Commerce's \$28 million 2017-19 biennium appropriation to the Department of Transportation for the 2021-23 biennium, which the Department of Transportation was to use for defraying infrastructure construction expenses of the BVLOS UAS program during the 2021-23 biennium. An exemption was provided to the Department of Commerce for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the BVLOS UAS program to continue into the 2021-23 biennium. The exemption provided the Department of Commerce may provide grants of up to \$5 million to the Department of Transportation for defraying infrastructure construction expenses of the BVLOS UAS program during the 2021-23 biennium. Through April 2023, the Department of Commerce did not grant any of this funding to the Department of Transportation.

Enhanced Use Lease Grant Program

The 2013 Legislative Assembly established the enhanced use lease grant program and provided a one-time appropriation of \$2.5 million from SIIF to the Department of Commerce for the department to develop the program and award grants. The department was to award grants for constructing infrastructure required for an enhanced use lease private sector business development project located on or adjacent to the Grand Forks Air Force Base, contingent upon certification from the department verifying both a signed enhanced use lease agreement and a commitment by a private sector business to locate in the development. In February 2015 Grand Sky Development Company, a wholly owned subsidiary of Infinity Development Partners LLC, entered into an agreement on behalf of Grand Forks County with the Grand Forks Air Force Base to form the Grand Forks Business Park. Grand Sky provides Grand Forks Air Force Base lease tenants with the ability to test UAS and BVLOS UAS flights in partnership with the Northern Plains UAS Test Site.

The following is a summary of funding for the enhanced use lease grant program:

Biennium	General Fund	SIIF	Total
2013-15		\$2,500,000	\$2,500,000
2015-17 ¹		7,500,000	7,500,000
2017-19 ²	\$1,000,000	2,000,000	3,000,000
2019-21	3,000,000		3,000,000
2021-23		7,000,000	7,000,000
2023-25		10,000,000	10,000,000
Total	\$4,000,000	\$29,000,000	\$33,000,000

¹Of the \$7.5 million provided for the enhanced use lease grant program during the 2015-17 biennium, \$3.1 million was contingent on the construction and agreement of a first private sector single-tenant or multi-tenant building on the property. The remaining \$4.4 million was contingent on agreement of a second private sector single-tenant or multi-tenant building on the property or after an agreement is reached with any data-intensive tenant for data connectivity and redundancy infrastructure requirements or for data services. The contingencies were met.

²Section 10 of Senate Bill No. 2018 (2017) required grants available during the 2017-19 biennium be awarded for initiatives related to the UAS industry in North Dakota, including for the purposes of infrastructure, research, development, the creation of software, and the purchase of equipment benefitting UAS. The Department of Commerce was to require grant recipients to provide matching funds in the form of cash, property, or in-kind consideration, totaling \$1 million for the grants awarded under this program.

Operation Intern Program

The Operation Intern program provides a 50 percent match up to \$4,000 per semester per position for a business's expenses related to an internship, an apprenticeship, or a work experience opportunity involving North Dakota students enrolled in an institution of higher education. The maximum amount of funding a business may receive from the Operation Intern program is \$40,000 per biennium.

Funding for the program is appropriated from the general fund and transferred to the internship fund, from which the Department of Commerce has continuing appropriation authority.

Section 3 of House Bill No. 1018 (2023) provides for a \$1,006,896 transfer for the 2023-25 biennium, an increase of \$251,896 from the 2021-23 biennium appropriation and transfer of \$755,000.

Weatherization and Energy Assistance Programs

In House Bill No. 1018 (2023), the Legislative Assembly appropriated \$120 million from federal funds derived from the IIJA and IRA to the Department of Commerce for weatherization and energy assistance programs during the 2023-25 biennium. The department anticipates funding may be available for the following programs:

Program	Federal Act	Federal Funds
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	37,121,060
Total		\$99,791,265

The Department of Commerce 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. Section 6 of House Bill No. 1018 (2023) identifies this funding and authorizes the department 3 FTE positions that are considered one-time positions for the administration of these programs during the 2023-25 biennium. Section 31 declares this funding to be an emergency measure.

Legacy Investment Technology Loans

Purpose - In House Bill No. 1333 (2019), the Legislative Assembly established an Innovation Loan Fund to Support Technology Advancement Committee and loan program. The Commissioner of Commerce is the chairperson of the committee, is a nonvoting member of the committee, and appoints the members of the committee with the President of the Bank of North Dakota. The department is required to administer the program in consultation with the Bank of North Dakota to provide loans. The department is required to provide administrative support for the program, including the drafting of application forms, receiving applications, reviewing applications for completeness and compliance with committee policy, and forwarding complete applications to the committee in accordance with the guidelines established by the committee. The innovation loan fund to support technology advancement is administered by the department, and the funding is appropriated to the department on a continuing basis for providing innovation technology loans and for administrative expenses. The department is required to conduct postaward monitoring of loans provided for this program.

Program renamed - Sections 13 through 19 of House Bill No. 1018 (2023) amend Chapter 6-09.18 to change the innovation loan fund to support technology advancement program's name to the legacy investment for technology (LIFT) program.

Funding - The Legislative Assembly has transferred following funding to the LIFT fund for the LIFT program:

Biennium	Bill No.	Bank of North Dakota Profits	SIIF	Total
2019-21	Section 2 of House Bill No. 1333 (2019)	\$15,000,000		\$15,000,000
2021-23	Section 1 of House Bill No. 1141 (2021)		\$15,000,000	15,000,000
2023-25	Section 4 of House Bill No. 1018 (2023)		10,000,000	10,000,000
Total		\$15,000,000	\$25,000,000	\$40,000,000

North Dakota Development Fund

Purpose - In House Bill No. 1021 (1995), the Legislative Assembly created the North Dakota Development Fund in Chapter 10-30.5. Section 10-30.5-02 creates a statewide nonprofit development corporation that may take equity positions in, provide loans to, or to use other innovative financing mechanisms to provide capital for new or expanding businesses in this state, or relocating businesses to this state. The corporation's principal mission is the development and expansion of primary sector business in this state.

The corporation may form additional corporations, limited liability companies, partnerships, or other forms of business associations in order to further its mission of primary sector economic development. The exclusive focus of this corporation is business development in this state; however, it is not excluded from participation with other states or organizations in projects that have a clear economic benefit to state residents in the creation of jobs or secondary business. Emphasis should be to develop jobs that provide an income adequate to support a family above the poverty level.

Money in the development fund may be used to provide working capital or for financing the purchase of fixed assets but not to refinance existing debt. Money may also be used to make matching grants to county-authorized or city-authorized development corporations for the acquisition, leasing, or remodeling of real estate facilities for locating a prospective new primary sector business.

Funding - Continuing appropriation - Section 10-30.5-10 provides the North Dakota Development Fund is a revolving fund and all money transferred to the fund, interest earned on money in the fund, and payments to the fund are appropriated to the North Dakota Development Fund on a continuing basis.

Funding - 2021-23 biennium - During the November 2021 special legislative session, the Legislative Assembly in Senate Bill No. 2345 (2021), transferred \$5,000,000 from the federal State Fiscal Recovery Fund to the North Dakota Development Fund.

Funding - 2023-25 biennium - The 2023 Legislative Assembly transferred \$95 million from SIIF to the North Dakota Development Fund for programs under Chapter 10-30.5 for the 2023-25 biennium, including \$65 million in Section 5 of House Bill No. 1018 (2023) and \$30 million in Section 14 of Senate Bill No. 2015 (2023).

North Dakota Development Fund powers - Section 20 of House Bill No. 1018 amends Section 10-30.5-04 to clarify the powers of the North Dakota Development Fund to allow for funding to be provided to private or public entities through North Dakota Development Fund contracts.

North Dakota Development Fund management - Section 21 of House Bill No. 1018 amends 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.

North Dakota Development Fund transfer - Section 28 of House Bill No. 1018 amends subsection 35 of Section 1 of Chapter 550 of the 2021 Special Session Laws to provide the transfer the Office of Management and Budget is to make from the State Fiscal Recovery Fund to the North Dakota Development Fund during the 2021-23 biennium is for the purpose of a North Dakota Development Fund grant program.

Senate Bill No. 2015 - Clean sustainable energy - Section 24 of Senate Bill No. 2015, added a new subsection to Section 10-30.5-02 to provide money in the North Dakota Development Fund may be used to provide financing for projects that enhance production of clean sustainable energy in the state only to the extent the project has been recommended by the Clean Sustainable Energy Authority under Chapter 54-63.1.

Other Grant Programs

Base retention grants - In Senate Bill No. 2240 (2023), the Legislative Assembly appropriated \$1,000,000 for base retention grants to communities with an Air Force base or Air National Guard facilities, of which \$500,000 is for eligible organizations in Minot, \$250,000 is for eligible organizations in Grand Forks, and \$250,000 is for eligible organizations in Fargo. In Section 11 of House Bill No. 1018 (2023), the Legislative Assembly provided \$350,000 of the \$2,150,000 appropriated from the general fund to the Department of Commerce for discretionary funds is designated for providing base retention grant funding to eligible organizations in Minot, resulting in a total of \$1,350,000 provided for base retention grants for the 2023-25 biennium, of which \$850,000 is for eligible organizations in Minot, \$250,000 is for eligible organizations in Grand Forks, and \$250,000 is for eligible organizations in Fargo.

Creamery assistance grant - The 2023 Legislative Assembly appropriated \$250,000 of one-time funding from the general fund to the Department of Commerce to provide a creamery assistance grant.

Discretionary funds - Section 11 of House Bill No. 1018 (2023) identifies of the \$2,150,000 appropriated from the general fund in Section 1 for discretionary funds for the 2023-25 biennium, \$150,000 is designated for supporting the continuation of the North Dakota state magazine with the current publisher of the magazine, \$350,000 is designated for supporting an organization dedicated to assisting Native American small businesses in North Dakota, and \$350,000 is designated for providing base retention grant funding to eligible organizations in Minot. The 2021 Legislative Assembly appropriated \$3.15 million from the general fund to the Department of Commerce for discretionary funds for the 2021-23 biennium. The department is authorized to continue \$2.15 million of the 2021-23 biennium appropriation into the 2023-25 biennium, resulting in a total of \$4.3 million available for discretionary funds during the 2023-25 biennium.

Emergency shelter grant program - The 2021 Legislative Assembly appropriated \$1,387,341 to the Department of Commerce for the emergency shelter grant program for the 2021-23 biennium, including \$240,000 from the general fund and \$1,147,341 from federal funds. The 2023 Legislative Assembly transferred this program to the Housing Finance Agency for the 2023-25 biennium.

Homeless shelter grant program - The 2021 Legislative Assembly appropriated \$1,330,212 from the general fund to the Department of Commerce for homeless shelter grants for the 2021-23 biennium. The 2023 Legislative Assembly transferred this program to the Housing Finance Agency for the 2023-25 biennium.

Entrepreneurship grants and voucher program - Section 12 of House Bill No. 1018 (2023) identifies \$948,467 in Section 1 for the entrepreneurship grants and voucher program, also known as Innovate ND, including \$740,956 from the general fund and \$207,511 from the economic development fund for the 2023-25 biennium, the same as the 2021-23 biennium. The department is required to establish guidelines to award grants under the program.

Motion picture production and recruitment grant - The 2023 Legislative Assembly appropriated \$600,000 of one-time funding from the general fund to the Department of Commerce to provide a motion picture production and recruitment grant during the 2023-25 biennium, an increase of \$500,000 from the 2021-23 biennium general fund appropriation of \$100,000.

Rural health care grants program - Section 10 of House Bill No. 1018 (2023) identifies \$444,000 from the general fund in the grants line item in Section 1 for providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state. The Department of Commerce may spend these funds only to the extent the organization has secured matching funds from nonstate sources on a dollar-for-dollar basis. The 2021 Legislative Assembly appropriated \$250,000 from the general fund for the 2021-23 biennium.

Rural grocery store sustainability and food access expansion pilot grants - In Senate Bill No. 2273 (2023), the Legislative Assembly appropriated \$1 million from the general fund to the Department of Commerce for the preservation of rural grocery stores and increasing the availability of food access in the state.

Rural workforce housing grant program - Section 8 of House Bill No. 1018 (2023) identifies \$1.5 million from SIIF for providing rural workforce housing grants. The department is required to develop guidelines for the grants, including eligibility criteria, maximum grant awards, and reporting requirements. Grants may be awarded to cities with a population of fewer than 10,000 residents. Grant funding may be used to:

1. Conduct a housing study in the city to identify workforce housing needs, blighted property, and vacant lots within the city;
2. Purchase blighted properties or vacant lots;
3. Remove hazards or structures from blighted properties or vacant lots; and
4. Provide up to \$10,000 per business for repairs or improvements if the business is located in a mixed-use property that will be used for rural workforce housing.

Technical skills training grants - In June 2020, the Emergency Commission and Budget Section approved an allocation of \$1 million from the federal Coronavirus Relief Fund for a technical skills training grant program for the 2019-21 biennium. Section 9 of House Bill No. 2018 (2021) identified \$1 million of one-time funding from the federal Coronavirus Relief Fund in Section 1 is for the program for the 2021-23 biennium. During the November 2021 special legislative session, the Legislative Assembly appropriated \$5 million from the State Fiscal Recovery Fund for the program. During the 2023 session, the Legislative Assembly appropriated \$2 million from the general fund as part of the workforce programs appropriation provided to the department for the 2023-25 biennium. Funding for the program during the 2019-21, 2021-23, and 2023-25 bienniums totals \$9 million.

Tourism destination development initiative - In Section 7 of House Bill No. 1018 (2023), the Legislative Assembly identified \$25 million of one-time funding appropriated from SIIF in Section 1 for a tourism destination development initiative program. Legislative intent is provided that the department not hire a third-party consultant when determining how funding for the program will be spent. The department may provide funding for the program in the form of program grants or grants for interest rate buydowns but may not award more than \$5 million for a project under the program.

Tribal college workforce grant program - The purpose of this grant program is to develop certificate- or degree-based training programs that assist students to obtain jobs needed within the state and to assist students attending a tribal college with establishing a new business. In Senate Bill No. 2015 (2023), the Legislative Assembly appropriated one-time funding of \$500,000 from the general fund to the Department of Commerce for workforce grants to a tribally controlled community college in the Turtle Mountain area. The 2021 Legislative Assembly also provided a \$500,000 general fund appropriation for tribal college workforce grants for the 2021-23 biennium.

Workforce programs - In Section 9 of House Bill No. 1018 (2023), the Legislative Assembly identified \$28.5 million appropriated in Section 1 from the general fund for workforce-related programs in a new workforce programs line item for the 2023-25 biennium, including workforce talent attraction initiative operating expenses (\$12 million), workforce investment program grants (\$12.5 million), technical skills training grants (\$2 million), and new Americans workforce development and training grants (\$2 million). These are new programs with the exception of the technical skills training grants program.

Exemptions

The Legislative Assembly provided 15 exemptions in Section 29 of House Bill No. 1018 to allow the Department of Commerce to continue an estimated \$92,725,714 of unexpended prior biennium appropriations into the 2023-25 biennium as follows:

House Bill No. 1018, Section 29, Subsection:	Major Program Area	Appropriations from Previous Bienniums		Estimated Amount to be Continued into the 2023-25 Biennium		Estimated Turnback Amount	
		General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
1	Nonresident nurse employment recruitment program ¹	\$320,000	\$0	\$308,720	\$0	\$0	\$0
2	Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act (Community development block grant, community services block grant, and emergency solutions grant program) ²	0	11,393,078	0	7,102,486	0	0
3	State small business credit initiative program ²	0	56,234,176	0	37,720,112	0	0
4	Discretionary funds	2,150,000	0	2,150,000	0	0	0
5	Job development and economic growth grant ³	0	1,500,000	0	793,500	0	0
6	UAS program	3,000,000	0	1,698,712	0	0	0
7	BVLOS UAS program ³	0	19,000,000	0	10,475,417	0	0
8	BVLOS UAS program matching funds	1,000,000	0	148,475	0	0	0
9	Enhanced use lease grants ³	0	7,000,000	0	4,673,235	0	0
10	Homeless shelter grants	1,330,212	0	635,323	0	0	0
11	Workforce community services AmeriCorps program ²	0	1,074,888	0	1,074,888	0	0
12	Community development planning grant program ²	0	1,000,000	0	789,502	0	0
13	Autonomous agriculture grants ^{4,5}	0	10,000,000	0	9,419,665	0	0
14	Workforce development incentive grant program ⁴	0	15,000,000	0	11,043,051	0	0
15	Technical skills training grants ⁴	0	5,000,000	0	4,692,628	0	0
Total		\$7,800,212	\$127,202,142	\$4,941,230	\$87,784,484	\$0	\$0

¹The 2019 Legislative Assembly appropriated \$500,000 from the general fund to the Department of Commerce for a nonresident nurse employment recruitment program. The 2021 Legislative Assembly authorized the department an exemption to continue \$320,000 of the \$500,000 appropriation from the 2019-21 biennium into the 2021-23 biennium. As of April 2021, the department estimated spending a total of \$40,000 during the 2019-21 biennium resulting in \$140,000 being canceled at the end of the 2019-21 biennium.

²Funding for these programs is from federal funds.

³Funding for these programs is from SIIF.

⁴Funding for these programs was provided from the State Fiscal Recovery Fund during the November 2021 special legislative session.

⁵Subsection 13 of Section 29 of House Bill No. 1018 (2023) provides an exemption to continue funding appropriated during the November 2021 special legislative session for the autonomous agriculture grant program into the 2023-25 biennium and provides the funding shall be awarded without any matching fund requirements.

Other Sections in House Bill No. 1018

Strategic investment and improvements fund - Section 7 identifies \$68 million from SIIF for the rural workforce housing grant program (\$2 million), tourism marketing awareness initiative (\$5 million), tourism destination development initiative program (\$25 million), BVLOS UAS grants (\$26 million), and enhanced use lease grants (\$10 million).

Workforce Enhancement Council - Section 22 amends 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.

Tribal college workforce grant awards - Section 26 amends 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.

Tribal college workforce grant program - Career and technical education programs - Section 27 amends 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.

Grants status report - Section 30 requires the Department of Commerce to report to the Legislative Management during the 2023-24 interim regarding the status of each grant program identified in Section 2 of the bill derived from the general fund or state special funds, including funding spent to date, the number of individuals or businesses awarded funding, the name and amount of funding awarded to each individual and business, the date funding was awarded, criteria used when awarding funding, and a detailed listing of how the funding has been used. The department is required to provide one report by December 31, 2023, and no fewer than two reports between January 1, 2024, and October 31, 2024.

Emergency - Section 31 declares 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.

Related Legislation

Senate Bill No. 2015 - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the department is to receive \$77,628, including \$65,463 from the general fund and \$12,165 from other funds, in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2015 - Office of Legal Immigration - Includes a \$2 million one-time general fund appropriation to the Department of Commerce to defray the expenses of the Office of Legal Immigration.

Senate Bill No. 2142 - Office of Legal Immigration - Includes a \$485,000 general fund appropriation for salaries and benefits of 2 FTE positions for the newly created Office of Legal Immigration. The Office of Legal Immigration is required to develop and implement a statewide strategy to support businesses in recruiting and retaining foreign labor; advise and make recommendations to the Governor, Legislative Assembly, and state agencies regarding immigrant integration and foreign labor issues; and develop a pilot program to support businesses pursuing or employing legal immigrants and to support communities to develop immigration integration plans and activities. The Office of Legal Immigration may contract with other state agencies and third-party organizations in the development and administration of programs related to the goals of the office. Section 3 of the bill requires the Department of Commerce to conduct a study to determine immigration opportunities in the state, goals of the Office of Legal Immigration, performance indicators to measure progress and success of immigration goals, and a structure for a pilot program to support businesses and communities pursuing legal immigration, and to develop a fee-based system for services to be implemented in the 2025-27 biennium. The study must include input from employers in the state. The department is required to report its findings and recommendations to the 2025 Legislative Assembly.

House Concurrent Resolution No. 3001 (2023) - Block grants - Authorizes the Budget Section to hold the required legislative hearings on state plans for the receipt and expenditures of new or revised block grants passed by Congress. The department's appropriation bill contains directions regarding the use of community services block grant program money for the period ending September 30, 2025.