

Department 601 - Department of Commerce
House Bill No. 1018

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	\$119,274,111	\$143,098,891	\$262,373,002
2023-25 Base Level	31,502,140	53,544,379	85,046,519
Increase (Decrease)	\$87,771,971	\$89,554,512	\$177,326,483

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Adds 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
2. Adds funding for salary equity increases (\$100,000), restores funding for salaries underfunded during the 2021-23 biennium (\$140,000), and adds funding 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 \$900,000 for temporary salaries	\$331,000	\$500,000	\$831,000
3. Adds funding for 3 FTE positions for the workforce talent attraction initiative (\$202,940), workforce investment grant program (\$202,940), and Main Street Initiative community development program (\$226,922)	\$632,802	\$0	\$632,802
4. Adds funding for an Office of Automation, of which \$310,858 is for salaries and wages of 1 FTE position and \$689,142 is for operating fees and services	\$1,000,000	\$0	\$1,000,000
5. Adds funding for a Global Engagement Office, of which \$250,904 is for salaries and wages of 1 FTE position and \$368,500 is for travel, data processing, postage, printing, and professional development costs	\$619,404	\$0	\$619,404
6. Adds funding for the Operation Intern program to provide a total of \$1,006,082	\$251,082	\$0	\$251,082
7. Transfers \$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)
8. Adds one-time funding for the rural workforce housing grant program, of which \$300,000 is for temporary salaries, \$200,000 is for travel, information technology (IT) equipment, and operating and professional fees, and \$5 million is for grants	\$5,500,000	\$0	\$5,500,000
9. Adds one-time funding for the workforce talent attraction initiative, including \$97,060 for travel and \$24.7 million for professional fees	\$24,797,060	\$0	\$24,797,060
10. Adds one-time funding for workforce investment program grants (\$20 million), automation workforce transition training grants (\$5 million), automation grants (\$10 million), and technical skills training grants (\$2 million)	\$37,000,000	\$0	\$37,000,000
11. Adds one-time funding for tourism awareness marketing from the general fund (\$5 million) and a tourism destination development initiative from the legacy earnings fund (\$50 million)	\$5,000,000	\$50,000,000	\$55,000,000
12. Adds one-time funding for Main Street Initiative community development grants (\$800,000), rural revitalization and redevelopment grants (\$10 million), and an AmeriCorps volunteer generation fund grant program (\$878,571) of which \$278,571 is from the general fund and \$600,000 is from federal funds	\$11,078,571	\$600,000	\$11,678,571
13. Adds one-time funding for the beyond visual line of sight (BVLOS) unmanned aircraft system (UAS) grant program (\$30 million) and enhanced use lease grant program (\$7 million)	\$37,000,000	\$0	\$37,000,000

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

Exemptions - Sections 3 through 24 would provide the Department of Commerce exemptions to continue \$235.5 million of funding authorized for the 2021-23 biennium into the 2023-25 biennium for the following programs: discretionary funds, BVLOS UAS, enhanced use lease grants, nonresident nurse employment recruitment program, UAS, workforce community services, community development planning grants, workforce innovation network grants, homeless shelter grants, autonomous agriculture matching grants, workforce development incentive grants, technical skills training grants, AmeriCorps workforce community services, parks and recreation grants, energy conservation, heating and cooling grants, agriculture rural placemaking challenge, state small business credit initiative, federal Coronavirus Aid, Relief, and Economic Security Act funding, and funding from the federal Coronavirus Relief Fund.

Transfer - Internship fund - Section 25 would require the Office of Management and Budget (OMB) to transfer \$1 million appropriated from the general fund in Section 1 to the internship fund for the Operation Intern program.

Transfer - Legacy earnings fund to innovation loan fund to support technology advancement - Section 26 would require OMB to transfer \$20 million from the legacy earnings fund to the innovation loan fund to support technology advancement for providing innovation technology loans.

Transfer - Legacy earnings fund to North Dakota Development Fund - Section 27 would require OMB to transfer \$30 million from the legacy earnings fund to the North Dakota Development Fund.

Legacy earnings fund - Sections 28 and 29 would identify \$87 million of one-time funding appropriated in Section 1 is from the legacy earnings fund for BVLOS UAS grants (\$30 million), enhanced use lease grants (\$7 million), and a tourism destination development grant program (\$50 million).

Additional appropriation authority - Section 30 would appropriate additional income available from federal or other funds in excess of funding appropriated in Section 1 to the Department of Commerce during the 2023-25 biennium.

Exemption - Entrepreneurship grants and vouchers program - Section 31 would identify \$948,467 appropriated in Section 1 is from the general fund (\$740,956) and special funds (\$207,511) for the entrepreneurship grants and vouchers program and would provide an exemption to allow the department to continue this funding into the 2025-27 biennium.

North Dakota Development Fund transfer - Section 32 would amend subsection 35 of Section 1 of Chapter 550 of the 2021 Session Laws to provide the transfer OMB is to make from the federal 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.

Continuing Appropriations

Innovation loan fund to support technology advancement - North Dakota Century Code Section 6-09.18-05 - Provided for the purpose of providing innovation technology loans and for administrative expenses. The Department of Commerce is required to deposit to the fund all principal and interest paid on loans made from the fund. Loan recipients may only use funding to conduct applied research, experimentation, or operational testing within the state.

Ethanol production incentive fund - Section 17-02-05 - Allows for payments of ethanol production incentives to North Dakota ethanol plants.

Workforce enhancement fund - Section 54-60-23 - All funds in the workforce enhancement fund are appropriated to the Department of Commerce on a continuing basis for implementing and administering the Workforce Enhancement Council and workforce enhancement grants to higher education institutions assigned primary responsibility for workforce training.

Community development loan fund - Section 54-44.5-05 - Allows for the expenditures of community development block grant revolving loan funds.

Research North Dakota - Section 54-65-08 - This continuing appropriation allows for implementing and administering the Research North Dakota program.

Internship fund - Section 54-60-17.1 - This continuing appropriation allows for the expansion of the number of new internships, work experience, and apprenticeship opportunities with North Dakota employers.

UAS programs - Section 54-60-29 - This continuing appropriation allows the Department of Commerce to use fees collected for administration of the Northern Plains UAS test site and other funds appropriated by the Legislative Assembly for operations of the Northern Plains UAS Test Site, the BVLOS UAS program, and the enhanced use lease grant program.

Energy conservation grant fund - Section 54-44.5-05.1 - This continuing appropriation allows for the Department of Commerce to provide grants to political subdivisions for energy conservation projects in nonfederal public buildings.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The operational audit for the Department of Commerce conducted by the State Auditor's office for the period ending June 30, 2021, did not identify any significant audit findings.

Major Related Legislation

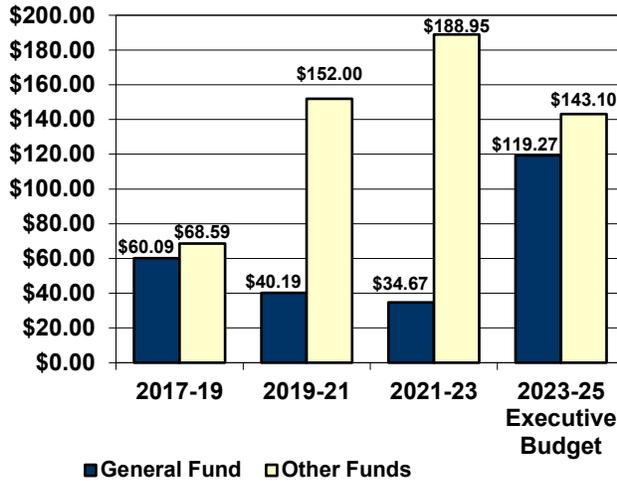
House Concurrent Resolution No. 3001 - Authorizes the Budget Section to hold the required legislative hearings on state plans for the receipt and expenditures of new or revised block grants passed by Congress. The Department of Commerce appropriation bill contains directions regarding the use of community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

Senate Bill No. 2142 - This bill establishes an Office of Health Care Immigration in the Department of Commerce, provides a one-time appropriation of \$536,257 from the general fund and an ongoing appropriation of \$536,257 from the economic development fund, and authorizes the department 5 FTE positions for the program.

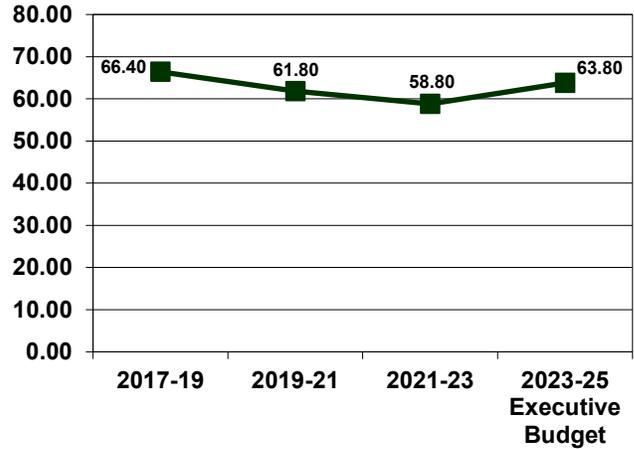
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$33,859,099	\$30,342,680	\$32,866,721	\$31,502,140	\$35,898,480
Increase (decrease) from previous biennium	N/A	(\$3,516,419)	\$2,524,041	(\$1,364,581)	\$4,396,340
Percentage increase (decrease) from previous biennium	N/A	(10.4%)	8.3%	(4.2%)	14.0%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(10.4%)	(2.9%)	(7.0%)	6.0%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

- Removed 3 FTE positions and related funding of \$479,078, of which \$274,522 is from the general fund and \$204,556 is from other funds (\$274,522)
- Adjusted funding for operating expenses, primarily related to professional services, postage, office supplies, and equipment (\$1,438,838)
- Reduced funding for the Operation Intern program to provide total funding of \$950,000 (\$550,000)
- Reduced funding for prekindergarten community grants to provide total funding of \$1.5 million (\$500,000)
- Reduced funding for the North Dakota Trade Office to provide total funding of \$2 million (\$556,694)
- Reduced funding for partner programs to provide total funding of \$1,939,845 (\$233,984)
- Added funding for homeless shelter grants \$300,000
- Adjusted funding for entrepreneurship grants and vouchers to provide total funding of \$1.95 million, of which \$600,000 is from the general fund, \$1.2 million is from the Research North Dakota fund, and \$150,000 is from the economic development fund (\$750,000)

2019-21 Biennium

- Removed 3 FTE positions and related funding of \$521,836, of which \$130,845 is from the general fund (\$130,845)
- Adjusted funding for the department's reorganization (\$1,549,149)
- Added funding for homeless shelter grants to provide a total of \$1.5 million from the general fund \$1,200,000
- Added funding for biotechnology grants \$300,000
- Adjusted funding for discretionary funds from the Research North Dakota fund to the general fund \$950,000

- 6. Added funding for the tourism division to provide total funding of \$8,801,678 for operating expenses, of which \$8,259,678 is from the general fund and \$542,000 is from the Department of Tourism fund \$1,000,000
- 7. Added funding for matching funds to an organization providing research-based literacy intervention services to students below grade four who score below proficient in reading \$200,000

2021-23 Biennium

- 1. Reduced funding for salaries and wages to reflect anticipated savings from vacant positions and employee turnover \$140,000
- 2. Reduced funding for the Community Services Division (\$216,576), Workforce Development Division (\$199,664), Economic Development and Finance Division (\$195,000), and administration division (\$396,990) operating expenses, primarily related to operating fees and services, travel, rent, postage, professional development, IT data processing, and IT software supplies (\$1,008,230)
- 3. Reduced funding for the Operation Intern program to provide a total of \$755,000 from the general fund (\$100,000)
- 4. Added funding for the UAS program, of which \$3 million is from the general fund for operating expenses of the Northern Plains UAS Test Site, \$7 million is for grants from federal funds, and \$20,150 is for grants from the UAS fund \$3,000,000
- 5. Transferred the early childhood education program to the Department of Human Services (\$1,500,000)
- 6. Removed funding for biotechnology grants, eliminating the program (\$300,000)
- 7. Reduced funding for homeless shelter grants to provide a total of \$1,330,212 from the general fund (\$169,788)
- 8. Added funding for rural health care grants to provide a total of \$250,000 from the general fund \$250,000
- 9. Transferred the North Dakota Trade Office to the Agriculture Commissioner (\$1,600,000)

2023-25 Biennium (Executive Budget Recommendation)

- 1. Adds funding for 3 FTE positions for the workforce talent attraction initiative (\$202,940), workforce investment grant program (\$202,940), and Main Street Initiative community development program (\$226,922) \$632,802
- 2. Adds funding for an Office of Automation, of which \$310,858 is for salaries and wages of 1 FTE position and \$689,142 is for operating fees and services \$1,000,000
- 3. Adds funding for a Global Engagement Office, of which \$250,904 is for salaries and wages of 1 FTE position and \$368,500 is for travel, data processing, postage, printing, and professional development costs \$619,404
- 4. Adds funding for the Operation Intern program to provide a total of \$1,006,082 \$251,082
- 5. Transfers \$1,330,212 for the homeless shelter grant program and \$240,000 for the emergency shelter grant program to the Housing Finance Agency (\$1,570,212)

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$18,663,260	\$29,750,000	\$7,325,000	\$3,165,432	\$83,375,631

Major One-Time General Fund Appropriations

2017-19 Biennium

- 1. Enhanced use lease grants \$1,000,000
- 2. BVLOS UAS program \$28,000,000
- 3. North Dakota gorge preservation grants \$750,000

2019-21 Biennium

- 1. UAS operating expenses \$2,225,000
- 2. Enhanced use lease grants \$3,000,000
- 3. Workforce grants to tribally controlled community colleges \$500,000
- 4. Workforce safety grant \$1,000,000
- 5. Nonresident nurse employment recruitment program \$500,000
- 6. Sculpture maintenance grants \$75,000
- 7. Job development and economic growth grant \$25,000

2021-23 Biennium

1. Film and theater production grant	\$100,000
2. Workforce grants to tribally controlled community colleges	\$500,000
3. BVLOS UAS program	\$1,000,000
4. Tourism transportation improvement grant	\$565,432
5. Discretionary funds	\$1,000,000

2023-25 Biennium (Executive Budget Recommendation)

1. Rural workforce housing grant program	\$5,500,000
2. Workforce talent attraction initiative	\$24,797,060
3. Workforce investment program grants	\$20,000,000
4. Automation workforce transition training grants	\$5,000,000
5. Automation grants	\$10,000,000
6. Technical skills training grants	\$2,000,000
7. Tourism awareness marketing	\$5,000,000
8. Main Street Initiative community development grants	\$800,000
9. Rural revitalization and redevelopment	\$10,000,000

Department of Commerce - Budget No. 601
House Bill No. 1018
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	58.80	\$31,502,140	\$53,544,379	\$85,046,519
2023-25 Ongoing Funding Changes				
Base payroll changes		\$444,238	\$283,274	\$727,512
Adds funding for the cost to continue salary increases		80,150	20,345	100,495
Salary increase		863,384	157,900	1,021,284
Health insurance increase		247,062	56,730	303,792
Adds funding for salary equity increases		100,000		100,000
Restores underfunded salaries		140,000		140,000
Adds funding for temporary salaries		91,000	500,000	591,000
Adds funding for an FTE position for the workforce talent attraction initiative	1.00	202,940		202,940
Adds funding for an FTE position for the workforce investment grant program	1.00	202,940		202,940
Adds funding for an FTE position for the Main Street Initiative community development program	1.00	226,922		226,922
Adds funding for an Office of Automation	1.00	1,000,000		1,000,000
Adds funding for a Global Engagement Office	1.00	619,404		619,404
Adds funding for travel		490,534		490,534
Adjusts funding for operating expenses, primarily professional development, services, and fees		1,006,896	(2,230)	1,004,666
Adds funding for the Operation Intern program		251,082		251,082
Transfers \$220,000 of federal funding for the AmeriCorps workforce community services program from grants to operating expenses				0
Adds federal funding for weatherization and furnace cooling assistance programs			2,085,834	2,085,834
Transfers the homeless shelter grant program to the Housing Finance Agency		(1,330,212)		(1,330,212)
Transfers the emergency shelter grant program to the Housing Finance Agency		(240,000)	(1,147,341)	(1,387,341)
Total ongoing funding changes	5.00	\$4,396,340	\$1,954,512	\$6,350,852
One-time funding items				
Adds funding for the rural workforce housing grant program		\$5,500,000		\$5,500,000
Adds funding for the workforce talent attraction initiative operating expenses		24,797,060		24,797,060
Adds funding for workforce investment program grants		20,000,000		20,000,000
Adds funding for automation workforce transition training grants		5,000,000		5,000,000
Adds funding for automation grants		10,000,000		10,000,000
Adds funding for technical skills training grants		2,000,000		2,000,000
Adds funding for tourism awareness marketing		5,000,000		5,000,000
Adds funding for a tourism destination development initiative			\$50,000,000	50,000,000
Adds funding for Main Street Initiative community development grants		800,000		800,000
Adds funding for rural revitalization and redevelopment grants		10,000,000		10,000,000
Adds funding for an AmeriCorps volunteer generation fund grant program		278,571	600,000	878,571
Adds funding for the BVLOS UAS grant program			30,000,000	30,000,000
Adds funding for the enhanced use lease grant program			7,000,000	7,000,000
Total one-time funding changes	0.00	\$83,375,631	\$87,600,000	\$170,975,631
Total Changes to Base Level Funding	5.00	\$87,771,971	\$89,554,512	\$177,326,483
2023-25 Total Funding	63.80	\$119,274,111	\$143,098,891	\$262,373,002
<i>Federal funds included in other funds</i>			\$46,555,556	
<i>Total ongoing changes as a percentage of base level</i>	8.5%	14.0%	3.7%	7.5%
<i>Total changes as a percentage of base level</i>	8.5%	278.6%	167.3%	208.5%

Other Sections in Department of Commerce - Budget No. 601

	Executive Budget Recommendation
Exemption - Discretionary funds	Section 3 would provide an exemption to continue unexpended 2021-23 biennium funds for discretionary funds into the 2023-25 biennium. A total of \$2.15 million was appropriated from the general fund to the department in Senate Bill No. 2018 (2021) for this purpose for the 2021-23 biennium.
Exemption - Additional discretionary funds	Section 4 would provide an exemption to continue unexpended 2021-23 biennium funds for discretionary funds into the 2023-25 biennium. A total of \$1 million was appropriated from the general fund to the department in House Bill No. 1015 (2021) for this purpose for the 2021-23 biennium.
Exemption - BVLOS UAS program	Section 5 would provide an exemption to continue unexpended 2021-23 biennium funds for the BVLOS UAS program into the 2023-25 biennium. A total of \$19 million was appropriated from the strategic investment and improvements fund to the department for this purpose for the 2021-23 biennium.

Other Sections in Department of Commerce - Budget No. 601

Exemption - Enhanced use lease grant program

Executive Budget Recommendation

Section 6 would provide an exemption to continue unexpended 2021-23 biennium funds for the enhanced use lease grant program into the 2023-25 biennium. A total of \$7 million was appropriated from the strategic investment and improvements fund to the department for this purpose for the 2021-23 biennium.

Exemption - Nonresident nurse employment recruitment program

Section 7 would provide an exemption to continue unexpended 2019-21 biennium funds for the nonresident nurse employment recruitment program that was continued into the 2021-23 biennium into the 2023-25 biennium. A total of \$500,000 was appropriated from the general fund to the department for this purpose for the 2019-21 biennium and the department received authorization to continue \$320,000 of this funding into the 2021-23 biennium.

Exemption - UAS program

Section 8 would provide an exemption to continue unexpended 2021-23 biennium funds for the UAS program into the 2023-25 biennium. A total of \$3 million was appropriated as ongoing funding from the general fund to the department for this purpose for the 2021-23 biennium.

Exemption - BVLOS UAS program matching funds

Section 9 would provide an exemption to continue unexpended 2021-23 biennium funds for matching funds related to the BVLOS UAS program into the 2023-25 biennium. A total of \$1 million was appropriated from the general fund to the department for this purpose for the 2021-23 biennium.

Exemption - Workforce community services program

Section 10 would provide an exemption to continue unexpended 2021-23 biennium funds for the workforce community services program into the 2023-25 biennium. A total of \$1,074,888 was appropriated from federal funds to the department during the November 2021 special legislative session for this purpose for the 2021-23 biennium.

Exemption - Community development planning grant program

Section 11 would provide an exemption to continue unexpended 2021-23 biennium funds for the community development planning grant program into the 2023-25 biennium. A total of \$1 million was appropriated from federal funds to the department during the November 2021 special legislative session for this purpose for the 2021-23 biennium.

Exemption - Workforce innovation network grant program

Section 12 would provide an exemption to continue unexpended 2021-23 biennium funds for the workforce innovation network grant program into the 2023-25 biennium. A total of \$100,000 was appropriated from special funds from the National Governor's Association to the department during the November 2021 special legislative session for this purpose for the 2021-23 biennium.

Exemption - Homeless shelter grant program

Section 13 would provide an exemption to continue unexpended 2021-23 biennium funds for the homeless shelter grant program into the 2023-25 biennium. A total of \$1,330,212 was appropriated from the general fund to the department for this purpose for the 2021-23 biennium.

Exemption - Autonomous agriculture matching grants

Section 14 would provide an exemption to continue unexpended 2021-23 biennium funds for the autonomous agriculture grant program into the 2023-25 biennium. A total of \$10 million was appropriated from the federal State Fiscal Recovery Fund to the department during the November 2021 special legislative session for this purpose for the 2021-23 biennium.

Exemption - Workforce development incentive grant program

Section 15 would provide an exemption to continue unexpended 2021-23 biennium funds for the workforce development incentive grant program into the 2023-25 biennium. A total of \$15 million was appropriated from the federal State Fiscal Recovery Fund to the department during the November 2021 special legislative session for this purpose for the 2021-23 biennium.

Exemption - Technical skills training grants

Section 16 would provide an exemption to continue unexpended 2021-23 biennium funds for the technical skills training grant program into the 2023-25 biennium. A total of \$5 million was appropriated from the federal State Fiscal Recovery Fund to the department during the November 2021 special legislative session for this purpose for the 2021-23 biennium.

Exemption - AmeriCorps workforce community services

Section 17 would provide an exemption to continue unexpended 2021-23 biennium funds for the AmeriCorps workforce community services program into the 2023-25 biennium. Authority to spend \$1.2 million of federal funds was approved by the Emergency Commission and Budget Section in March 2022 for this purpose for the 2021-23 biennium.

Other Sections in Department of Commerce - Budget No. 601

	<u>Executive Budget Recommendation</u>
Exemption - Parks and recreation grant	Section 18 would provide an exemption to continue unexpended 2021-23 biennium funds for the parks and recreation program into the 2023-25 biennium. Authority to spend \$1.55 million of federal funds was approved by the Emergency Commission and Budget Section in September 2022 for this purpose for the 2021-23 biennium.
Exemption - Energy conservation program	Section 19 would provide an exemption to continue unexpended 2021-23 biennium funds for the energy conservation program into the 2023-25 biennium. Authority to spend \$14,222,975 of federal funds transferred from the Department of Health and Human Services was approved by the Emergency Commission and Budget Section in September 2022 for this purpose for the 2021-23 biennium.
Exemption - Heating and cooling grants	Section 20 would provide an exemption to continue unexpended 2021-23 biennium funds for the heating and cooling grant program into the 2023-25 biennium. Authority to spend \$1,306,112 of federal funds transferred from the Department of Health and Human Services was approved by the Emergency Commission and Budget Section in September 2022 for this purpose for the 2021-23 biennium.
Exemption - Agriculture rural placemaking challenge program	Section 21 would provide an exemption to continue unexpended 2021-23 biennium funds for the agriculture rural placemaking challenge program into the 2023-25 biennium. Authority to spend \$250,000 of federal funds was approved by the Emergency Commission and Budget Section in September 2022 for this purpose for the 2021-23 biennium.
Exemption - State small business credit initiative	Section 22 would provide an exemption to continue unexpended 2021-23 biennium funds for the state small business credit initiative program into the 2023-25 biennium. A total of \$56,234,176 was appropriated from federal COVID-19 funds to the department in House Bill No. 1394 (2021) for this purpose for the 2021-23 biennium.
Exemption - CARES Act funding	Section 23 would provide an exemption to continue unexpended 2019-21 biennium federal CARES Act funded programs that was continued into the 2021-23 biennium into the 2023-25 biennium. A total of \$11,393,078 was appropriated from federal COVID-19 funds to the department in House Bill No. 1394 (2021) for the community development block grant program (\$3,000,000), community services block grant program (\$7,393,078), and emergency solutions grant program (\$1,000,000) for the 2021-23 biennium.
Exemption - Coronavirus Relief funding	Section 24 would provide an exemption to continue unexpended 2019-21 biennium funding from the federal Coronavirus Relief Fund that was continued into the 2021-23 biennium into the 2023-25 biennium. A total of \$82,179,000 was appropriated from the Coronavirus Relief Fund to the department in House Bill No. 1395 (2021) for the 2021-23 biennium.
Transfer - General fund to internship fund	Section 25 would require OMB to transfer \$1 million appropriated from the general fund in Section 1 to the internship fund for the Department of Commerce to administer the Operation Intern program during the 2023-25 biennium.
Transfer - Legacy earnings fund to innovation loan fund to support technology advancement	Section 26 would require OMB to transfer \$20 million from the legacy earnings fund to the innovation loan fund to support technology advancement for providing innovation technology loans.
Transfer - Legacy earnings fund to North Dakota Development Fund	Section 27 would require OMB to transfer \$30 million from the legacy earnings fund to the North Dakota Development Fund.
Estimated income - Legacy earnings fund - One-time funding	Section 28 would identify \$37 million of one-time funding appropriated in Section 1 is from the legacy earnings fund for BVLOS UAS grants (\$30 million) and enhanced use lease grants (\$7 million).
Estimated income - Legacy earnings fund - One-time funding	Section 29 would identify \$50 million of one-time funding appropriated in Section 1 is from the legacy earnings fund for a tourism destination development grant program.
Additional appropriation authority	Section 30 would appropriate additional income available from federal or other funds in excess of funding appropriated in Section 1 to the department during the 2023-25 biennium.

Other Sections in Department of Commerce - Budget No. 601

Exemption - Entrepreneurship grants and vouchers program

Amendment - 2021 Session Laws - North Dakota Development Fund transfer - 2021-23 biennium

Executive Budget Recommendation

Section 31 would identify \$948,467 appropriated in Section 1 is from the general fund (\$740,956) and special funds (\$207,511) for the entrepreneurship grants and vouchers program and would provide an exemption to allow the department to continue this funding into the 2025-27 biennium.

Section 32 would amend subsection 35 of Section 1 of Chapter 550 of the 2021 Session Laws to provide the transfer OMB is to make from the federal 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.

HOUSE BILL NO. 1018
(Governor's Recommendation)

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an act to provide an appropriation for defraying the expenses of the department of commerce; to amend session laws; to provide exemptions; and to provide transfers.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the department of commerce for the purpose of defraying the expenses of the department of commerce, for the biennium beginning July 1, 2023, and ending June 30, 2025 as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$12,835,431	\$4,394,109	\$17,229,540
Operating Expenses	16,883,192	33,392,749	50,275,941
Grants	50,666,898	137,453,791	188,120,689
COVID – 19 Response	0	2,085,834	2,085,834
Discretionary Funds	2,150,000	0	2,150,000
Partner Programs	1,562,531	0	1,562,531
Entrepreneurship Grants and Vouchers	<u>948,467</u>	<u>0</u>	<u>948,467</u>
Total All Funds	\$85,046,519	\$177,326,483	\$262,373,002
Less Estimated Income	<u>53,544,379</u>	<u>89,554,512</u>	<u>143,098,891</u>
Total General Fund	\$31,502,140	\$87,771,971	\$119,274,111
Full-Time Equivalent Positions	58.80	5.00	63.80

SECTION 2. ONE-TIME FUNDING – EFFECT ON BASE BUDGET – REPORT TO SIXTY-NINTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the 2023-25 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
Unmanned Aircraft System	\$1,000,000	\$0
Beyond Visual Line of Sight Unmanned Aircraft System	20,000,000	30,000,000
Enhanced Use Lease Grant	7,000,000	7,000,000
Workforce Grants to Tribally Controlled Community Colleges	500,000	0
Workforce Safety Grant	1,500,000	0
Job Development and Economic Growth Grant	1,500,000	0
Tourism Marketing	7,000,000	0
Technical Skills Training Grant	1,000,000	0
Motion Picture Production and Recruitment Grant	100,000	0
Travel Agency and Tour Operator emergency Resiliency Grants	2,000,000	0
Event Center Emergency Resiliency Grants	2,000,000	0
Tourism Transportation Improvement Grants	565,432	0

Discretionary Funds	1,000,000	
COVID 19 Response	56,234,176	
Destination Development Grant Program	0	50,000,000
Volunteer Generation Fund Program	0	878,571
Automation Grant	0	10,000,000
Rural Revitalization and Redevelopment Grant	0	10,000,000
Talent Attraction	0	24,797,060
Rural Renewal Workforce Housing	0	5,500,000
Destination Awareness Marketing	0	5,000,000
Workforce Investment Initiative	0	20,000,000
Community Development Grant	0	800,000
Automation Workforce Transition Training Program	0	5,000,000
Workforce Enhancement Grant	<u>0</u>	<u>2,000,000</u>
Total All Funds	\$101,399,608	\$170,975,631
Total Special Funds	<u>98,234,176</u>	<u>87,600,000</u>
Total General Fund	\$3,165,432	\$83,375,631

The 2023-25 biennium one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The department of commerce shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 3. EXEMPTION – DISCRETIONARY FUNDS. The amount of \$2,150,000 appropriated from the general fund in the discretionary funds line item in section 1 of chapter 46 of the 2021 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this line item are available during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 4. EXEMPTION – DISCRETIONARY FUNDS. The amount of \$1,000,000 appropriated from the general fund in the discretionary funds line item in section 10 of chapter 15 of the 2021 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this line item are available during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 5. EXEMPTION – BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEM PROGRAM . The amount of \$19,000,000 appropriated from the strategic investment and improvements fund for the beyond visual line of sight unmanned aircraft systems program in section 7 of chapter 46 of the 2021 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this line item are available during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 6. EXEMPTION – ENHANCED USE LEASE GRANT PROGRAM. The amount of \$7,000,000 appropriated from the strategic investment and improvements fund for the enhanced use lease program in section 7 of chapter 46 of the 2021 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this line item are available during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 7. EXEMPTION – NONRESIDENT NURSE EMPLOYMENT RECRUITMENT PROGRAM. The amount of \$500,000 appropriated from the general fund for the nonresident nurse employment recruitment program in section 1 of chapter 46 of the 2021 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this line item are available during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 8. EXEMPTION - UNMANNED AIRCRAFT SYSTEM PROGRAM. The amount of \$3,000,000 appropriated from the general fund for the unmanned aircraft systems operating expense in section 1 of chapter 46 of the 2021 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 9. EXEMPTION - BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEM PROGRAM - MATCHING FUND REQUIREMENT. The amount of \$1,000,000 appropriated from the general fund for grants to organizations dedicated to expanding workforce opportunities, training, and education related to the beyond visual line of sight unmanned aircraft system industry in section 9 of chapter 46 of the

2021 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 10. EXEMPTION – WORKFORCE COMMUNITY SERVICES PROGRAM. The amount of \$1,074,888 appropriated to the department of commerce for the purpose of workforce community services program in section 19 of chapter 549 of the 2021 Special Session Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 11. EXEMPTION – COMMUNITY DEVELOPMENT PLANNING GRANT PROGRAM. The amount of \$1,000,000 appropriated to the department of commerce for the purpose of a community development planning grant program in section 20 of chapter 549 of the 2021 Special Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 12. EXEMPTION – WORKFORCE INNOVATION NETWORK GRANT PROGRAM. The amount of \$100,000 appropriated to the department of commerce for the purpose of workforce innovation network grant program in section 21 of chapter 549 of the 2021 Special Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 13. EXEMPTION – HOMELESS GRANT PROGRAM. The amount of \$1,330,212 appropriated from the general fund to the department of commerce for the purpose of homeless grants in section 1 of chapter 46 of the 2021 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 14. EXEMPTION – AUTONOMOUS AGRICULTURE MATCHING GRANTS. The amount of \$10,000,000 appropriated to the department of commerce for the purpose of autonomous agriculture matching grants in section 1 of chapter 550 of the 2021 Special Session Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 15. EXEMPTION – WORKFORCE DEVELOPMENT INCENTIVE GRANT PROGRAM. The amount of \$15,000,000 appropriated to the department of commerce for the purpose of adding or expanding a local workforce development incentive grant program in section 1 of chapter 550 of the 2021 Special Session Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 16. EXEMPTION – TECHNICAL SKILLS TRAINING GRANT PROGRAM. The amount of \$5,000,000 appropriated to the department of commerce for the purpose of adding or expanding technical skills training grant program and a workforce innovation grant program in section 1 of chapter 550 of the 2021 Special Session Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 17. EXEMPTION – AMERICORPS PROGRAM. The amount of \$1,200,000 authorized by the emergency commission and budget section under section 54-16-04.1 to the department of commerce for the purpose of funding AmeriCorps programs in communities statewide is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 18. EXEMPTION – PARKS AND RECREATION GRANT. The amount of \$1,550,000 authorized by the emergency commission and budget section under section 54-16-04.1 to the department of commerce for the purpose of projects that support travel, tourism, and outdoor sectors with marketing and technical support is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 19. EXEMPTION – ENERGY CONSERVATION PROGRAM. The amount of \$14,222,975 authorized by the emergency commission and budget section under section 54-16-04.1 to the department of commerce for the purpose of developing energy conservation policies and programs related to prudent and

efficient use of energy is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 20. EXEMPTION – HEATING AND COOLING GRANT. The amount of \$1,306,112 authorized by the emergency commission and budget section under section 54-16-04.1 to the department of commerce for the purpose of providing grants to Community Action Agencies to support furnace repair and cooling contracts is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 21. EXEMPTION – AGRICULTURE RURAL PLACEMAKING CHALLENGE. The amount of \$250,000 authorized by the emergency commission and budget section under section 54-16-04.1 to the department of commerce for the purpose of providing support, assistance and training to foster placemaking activities in rural communities is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 22. EXEMPTION – STATE SMALL BUSINESS CREDIT INITIATIVE. The amount of \$56,234,176 appropriated to the department of commerce for the purpose of state small business credit initiative in section 2 of chapter 28 of the 2021 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 23. EXEMPTION – CARES ACT FUNDING. The amount of \$11,393,078 appropriated to the department of commerce for the purpose of CARES Act funding in section 1 of chapter 27 of the 2021 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 24. EXEMPTION – CORONAVIRUS RELIEF FUNDING. The amount of \$82,179,000 appropriated to the department of commerce for the purpose of defraying the expense related to the COVID-19 pandemic in section 1 of chapter 28 of the 2021 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 25. TRANSFER - INTERNSHIP FUND. The office of management and budget shall transfer \$1,000,000 of the amount appropriated in the operating expenses line item in section 1 of this Act to the internship fund for the purpose of administering the operation intern program, for the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 26. TRANSFER – LEGACY EARNINGS FUND TO INNOVATION LOAN FUND TO SUPPORT TECHNOLOGY ADVANCEMENT. The office of management and budget shall transfer \$20,000,000 from the legacy earnings fund to the innovation loan fund to support technology advancement for the purpose of providing innovation technology loans, for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 27. TRANSFER – LEGACY EARNINGS FUND TO NORTH DAKOTA DEVELOPMENT FUND. The office of management and budget shall transfer \$30,000,000 from the legacy earnings fund to the North Dakota development fund for the purpose as defined in section 10-30.5, for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 28. ESTIMATED INCOME – LEGACY EARNINGS FUND - ONE-TIME FUNDING. The estimated income line item in section 1 of this Act includes the sum of \$37,000,000 from the legacy earnings fund, of which \$30,000,000 is for beyond visual line of sight unmanned aircraft system grants and \$7,000,000 is for enhanced use lease grants. This funding is considered a one-time funding item.

SECTION 29. ESTIMATED INCOME – LEGACY EARNINGS FUND - ONE-TIME FUNDING. The estimated income line item in the grants line of section 1 of this Act includes the sum of \$50,000,000 from the legacy earnings fund, of which is for destination development grant program. This funding is considered a one-time funding item.

SECTION 30. APPROPRIATION - In addition to the amounts appropriated to the department of commerce in section 1 of this Act, there is appropriated any additional income from federal or other funds which may become available to the agency for the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 31. ENTREPRENEURSHIP GRANTS PROGRAM. Section 1 of this Act includes the sum of \$948,467, of which \$740,956 is from the general fund and \$207,511 from special funds, for an entrepreneurship grants program to be administered by the department of commerce, for the biennium beginning July 1, 2023 and ending June 30, 2025. The department shall establish guidelines to award an organization that provides business development assistance to entrepreneurs in North Dakota for the purposes of benefitting the entrepreneurial ecosystem in North Dakota. The amount appropriated for entrepreneurship grants in section 1 of this Act is not subject to section 54-44.1-11 and any unexpended funds from this line item are available during the biennium beginning July 1, 2025 and ending June 30, 2027.

SECTION 32. AMENDMENT. Section 1 of chapter 550 of the 2021 Special Session Law is amended and reenacted as follows:

SECTION 1. APPROPRIATION - TRANSFER - FEDERAL STATE FISCAL RECOVERY FUND - ONE-TIME FUNDING - REPORT - EXEMPTION.

35. There is appropriated from federal funds derived from the state fiscal recovery fund, not otherwise appropriated, the sum of \$5,000,000, which the office of management and budget shall transfer to the North Dakota development fund for purposes of a grant program under chapter 10-30.5 during the period beginning with the effective date of this Act, and ending June 30, 2023.