

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2019

That the House recede from its amendments as printed on pages 975-979 of the Senate Journal and pages 1160-1164 of the House Journal and that Reengrossed Senate Bill No. 2019 be amended as follows:

Page 1, line 2, remove ", to the Bank of North Dakota for economic development,"

Page 1, line 4, replace the first "and" with "to provide for a legislative council study;" and replace "4-01-19" with "4-14.1-03.1"

Page 1, line 5, replace "subsection 4 of section 10-30.5-02, and section 10-30.5-05" with "54-34.3-08, and 57-43.1-03.1"

Page 1, line 6, remove "the pride of Dakota program,"

Page 1, line 7, replace "and administration and management of the North Dakota development fund" with "patent and royalty rights of the department of economic development and finance, and tax refunds for fuel used for agricultural purposes; to provide for application; to repeal chapter 10-30.4 and section 54-34.3-07 of the North Dakota Century Code, relating to technology transfer, incorporated; and to provide an effective date"

Page 1, line 15, replace "1,634,811" with "2,421,849"

Page 1, line 16, replace "1,591,673" with "1,481,995"

Page 1, line 20, replace "1,410,380" with "500,000"

Page 1, line 21, replace "5,598,107" with "4,097,462"

Page 1, replace line 22 with:

|                                |                    |
|--------------------------------|--------------------|
| "North Dakota development fund | <u>1,909,875</u> " |
|--------------------------------|--------------------|

Page 1, line 23, replace "12,457,802" with "12,484,012"

Page 2, line 1, replace "4,812,671" with "3,312,026"

Page 2, line 2, replace "7,645,131" with "9,171,986"

Page 2, remove lines 3 through 9

Page 2, line 11, after "Act" insert "relating to agricultural products utilization commission activities"

Page 2, line 19, after "**INCENTIVES**" insert "- **CONTINGENT TRANSFER**" and replace "\$3,007,000" with "\$1,507,000"

Page 2, line 21, replace "\$3,000,000" with "\$1,500,000"

Page 2, line 22, after "to" insert "the Grafton,", after "Dakota" insert a comma, and replace "plants" with "plant"

Page 3, line 8, after the period insert "If, at the end of each fiscal year, funding appropriated for ethanol incentive payments is not spent, the director of the office of management and budget shall transfer from the highway tax distribution fund the amount of unspent funds deposited into the fund pursuant to provisions of section 57-43.1-03.1 to the agricultural fuel tax fund for the agricultural products utilization commission for the purpose of providing grants as provided by law."

Page 3, after line 13, insert:

**"SECTION 6. EXEMPTION - ETHANOL INCENTIVE APPROPRIATION.** The funds provided in the ethanol incentive line item contained in chapter 48 of the 1995 Session Laws are not subject to the provisions of section 54-44.1-11 and any unexpended funds up to a maximum of \$250,000 from this line item are available for ethanol incentive payments to the Grafton ethanol plant during the biennium beginning July 1, 1997, and ending June 30, 1999. Notwithstanding the appropriation limit in section 4 of this Act, these funds shall be distributed based on the distribution formula contained in that section.

**SECTION 7. LEGISLATIVE INTENT - ETHANOL INCENTIVE PAYMENTS.** It is the intent of the legislative assembly that the appropriation of \$1,500,000 contained in section 1 of this Act for ethanol incentives and the \$250,000 of estimated unspent ethanol incentive funds from the 1995-97 biennium, to be available as a result of the exemption provided in section 6 of this Act, provide a total of \$1,750,000 for ethanol incentives for the Grafton ethanol plant during the biennium beginning July 1, 1997, and ending June 30, 1999. A maximum of \$875,000 may be paid annually to the Grafton ethanol plant during the 1997-99 biennium.

**SECTION 8. REALLOCATION OF ECONOMIC DEVELOPMENT FUNDS.** The director of the department of economic development and finance may reallocate among the technology transfer, inc., fund and the North Dakota development fund for rural and nonrural development projects up to ten percent of the amounts appropriated for these purposes for the biennium beginning July 1, 1997, and ending June 30, 1999."

Page 3, line 15, replace "\$1,410,380" with "\$500,000"

Page 3, line 16, after "fund" insert "and \$1,909,875 to the North Dakota development fund"

Page 3, line 23, replace "president of the Bank of North Dakota" with "director of the department of economic development and finance" and replace "president of the Bank of North" with "director of the department of economic development and finance"

Page 3, line 24, remove "Dakota"

Page 4, replace lines 10 through 28 with:

**"SECTION 12. LEGISLATIVE COUNCIL STUDY - ECONOMIC DEVELOPMENT FUNCTIONS.** The legislative council shall consider studying during the 1997-98 interim economic development functions in North Dakota including the Bank of North Dakota programs, technology transfer, incorporated, the North Dakota development fund, the department of economic development and finance, and other related state agencies. The study, if conducted, should include a review of the most appropriate, effective, and efficient method for the state to deliver economic development assistance in light of changing economic conditions and considerations.

**SECTION 13. AMENDMENT.** Section 4-14.1-03.1 of the 1995 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**4-14.1-03.1. Agricultural products utilization commission - Authority.** The North Dakota agricultural products utilization commission may apply for, accept, and expend any appropriation, grant, gift, or service made available from public or private sources consistent with the purpose of this chapter. The commission may administer grant programs consistent with the purpose of this chapter including a basic and applied research grant program, utilization and marketing grant program, cooperative marketing grant program, farm diversification grant program, agricultural prototype development grant program, and a North American marketing grant program."

Page 5, replace lines 8 through 24 with:

**"SECTION 15. AMENDMENT.** Section 54-34.3-08 of the 1995 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**54-34.3-08. Patents.** The department of economic development and finance, ~~technology transfer, incorporated,~~ the North Dakota development fund, incorporated, and the North Dakota agricultural products utilization commission may hold or assign for remuneration all or a portion of their interest in patents or royalty rights acquired in the course of their operation and performance of duties as provided by law.

**SECTION 16. AMENDMENT.** Section 57-43.1-03.1 of the 1995 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**57-43.1-03.1. (Effective until December 31, 1999) Refund of tax for fuel used for agricultural purposes - ~~Reduction for agricultural fuel tax fund~~ Reductions.** Any person who buys or uses any motor vehicle fuel for agricultural purposes, except motor vehicle fuel used in motor vehicles operated or intended to be operated in whole or in part upon any of the public highways of this state on which the motor vehicle fuel tax has been paid, must be reimbursed or repaid within the time provided in this chapter, the amount of the tax paid upon the presentation to and the approval of the commissioner of a claim for refund. The amount of the tax refund provided for in this section must be reduced by ~~four~~ seven cents per gallon [3.79 liters] except for those fuels used in aircraft or with respect to refunds claimed by aircraft fuel users, ~~two~~ Two cents per gallon [3.79 liters] withheld from the refund must be deposited in the agricultural fuel tax fund ~~and two cents, one cent per gallon [3.79 liters] withheld from the refund must be retained in the highway tax distribution fund, and four cents per gallon [3.79 liters] withheld from the refund must be deposited in the agricultural research fund.~~ Those persons who have a valid tax assignment permit issued by the commissioner under section 57-43.1-11 must be charged ~~four~~ seven cents per gallon [3.79 liters] by the dealer and the ~~four~~ seven cents charged must be remitted to the commissioner by the dealer when the dealer submits the tax assigned invoices for credit.

**(Effective January 1, 2000) Refund of tax for fuel used for agricultural purposes - ~~Reduction for agricultural fuel tax fund~~ Reductions.** Any person who buys or uses any motor vehicle fuel for agricultural purposes, except motor vehicle fuel used in motor vehicles operated or intended to be operated in whole or in part upon any of the public highways of this state on which the motor vehicle fuel tax has been paid, must be reimbursed or repaid within the time provided in this chapter, the amount of the tax paid upon the presentation to and the approval of the commissioner of a claim for refund. The amount of the tax refund provided for in this section must be reduced by ~~two~~ six cents per gallon [3.79 liters] except for those fuels used in aircraft or with respect to refunds claimed by aircraft fuel users, ~~two~~ Two cents per gallon [3.79 liters] withheld from the refund must be deposited in the agricultural fuel tax fund ~~and four cents per gallon [3.79 liters] withheld from the fund must be deposited in the agricultural~~

research fund. Those persons who have a valid tax assignment permit issued by the commissioner under section 57-43.1-11 must be charged ~~two~~ six cents per gallon [3.79 liters] by the dealer and the ~~two~~ six cents charged must be remitted to the commissioner by the dealer when the dealer submits the tax assigned invoices for credit.

**SECTION 17. APPLICATION.** Section 16 of this Act applies to refund claims for motor vehicle fuel taxes paid after December 31, 1996.

**SECTION 18. TECHNOLOGY TRANSFER, INCORPORATED, TRANSFERS.** Any moneys and any investment, contract, partnership, or any other business transaction of technology transfer, incorporated, are transferred to the North Dakota development fund and are deemed to be assets of the North Dakota development fund.

**SECTION 19. REPEAL.** Chapter 10-30.4 of the North Dakota Century Code and section 54-34.3-07 of the 1995 Supplement to the North Dakota Century Code are repealed.

**SECTION 20. EFFECTIVE DATE.** Sections 15, 18, and 19 are effective on July 1, 1999."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

DEPARTMENT 601 - DEPARTMENT OF ECONOMIC DEVELOPMENT AND FINANCE

CONFERENCE COMMITTEE - This amendment makes the following changes:

|                                      | 1997-99<br>EXECUTIVE<br>RECOMMENDATION | SENATE CHANGES | SENATE VERSION | CONFERENCE<br>COMMITTEE<br>CHANGES | CONFERENCE<br>COMMITTEE<br>VERSION |
|--------------------------------------|----------------------------------------|----------------|----------------|------------------------------------|------------------------------------|
| Salaries and wages                   | \$ 2,421,849                           | \$ (787,038)   | \$ 1,634,811   | \$ 787,038                         | \$ 2,421,849                       |
| Operating expenses                   | 1,591,673                              |                | 1,591,673      | (109,678)                          | 1,481,995                          |
| Equipment                            | 34,000                                 |                | 34,000         |                                    | 34,000                             |
| Grants                               | 1,313,141                              |                | 1,313,141      |                                    | 1,313,141                          |
| General allocation grants            | 725,690                                |                | 725,690        |                                    | 725,690                            |
| Technology Transfer, Inc.            | 1,410,380                              |                | 1,410,380      | (910,380)                          | 500,000                            |
| Development fund                     | 1,909,875                              | (1,909,875)    |                | 1,909,875                          | 1,909,875                          |
| Agricultural Products<br>Utilization | 5,598,107                              |                | 5,598,107      | (1,500,645)                        | 4,097,462                          |
| Pride of Dakota                      | <u>150,000</u>                         |                | <u>150,000</u> | <u>(150,000)</u>                   |                                    |
| Total                                | \$15,154,715                           | \$(2,696,913)  | \$12,457,802   | \$ 26,210                          | \$12,484,012                       |
| General fund                         | \$10,342,044                           |                |                |                                    |                                    |
| Special funds                        | 4,812,671                              | \$(2,696,913)  | \$ 7,645,131   | \$ 1,526,855                       | \$ 9,171,986                       |
|                                      |                                        |                | 4,812,671      | (1,500,645)                        | 3,312,026                          |
| FTE                                  | 30                                     | (9)            | 21             | 7                                  | 28                                 |
| Other changes -                      |                                        |                |                |                                    |                                    |

This amendment:

Restores the transfers made by the Senate from the Department of Economic Development and Finance to the Bank of North Dakota, including funding for five FTE positions relating to the fund (\$490,577), and removes related Sections 14 and 15, added by the Senate.

Restores general fund appropriation authority to the Department of Economic Development and Finance in lieu of an appropriation to the Bank of North Dakota from the Bank's earnings for the North Dakota development fund line item as contained in the Senate version.

Restores the authority for four FTE positions and related general fund appropriation authority of \$296,461.

Reduces funding for Technology Transfer, Inc., by \$910,380 from the general fund, from \$1,410,380 to \$500,000 and replaces the three FTE in the current program with one FTE technology technician. The \$500,000 is provided for:

|                                                                              |           |
|------------------------------------------------------------------------------|-----------|
| Technology technician position<br>and operating expenses                     | \$100,000 |
| Project investments that lead<br>to commercialization of<br>new technologies | 400,000   |
|                                                                              | <hr/>     |
| Total                                                                        | \$500,000 |

Removes funding of \$150,000 from the general fund for the Pride of Dakota program to be funded in the Department of Agriculture.

Removes Sections 10, 11, and 12 of the reengrossed bill, added by the Senate, relating to legislative intent for Technology Transfer, Inc., a Bank of North Dakota development specialist, and the Pride of Dakota program, respectively.

Reduces operating expenses by \$9,678 from the general fund and the Agricultural Products Utilization Commission line item by \$645 of special funds to remove risk management premiums. Also reduces operating expenses by \$100,000 from the general fund.

Reduces the ethanol production incentives appropriation, contained in the agricultural products utilization line item, from the highway tax distribution fund by \$1,500,000, from \$3,007,000 to \$1,507,000. Changes are made to Section 5 regarding the use of any unspent ethanol incentive payment funding that was generated from the one-cent agriculturally related motor vehicle fuel tax refund reduction.

Adds a new Section 6 to provide an exemption to allow up to \$250,000 of estimated 1995-97 unspent ethanol incentive funds to be spent during the 1997-99 biennium.

Adds a new Section 7 to provide legislative intent that a total of \$1,750,000 be available for the 1997-99 biennium for ethanol incentives and to provide that a maximum of \$875,000 may be paid annually.

Adds a new Section 8 allowing the transfer of funds, up to 10 percent, from Technology Transfer, Inc., and development fund for rural and nonrural projects.

Adds a new Section 12 providing for a Legislative Council study of economic development functions.

Adds a new Section 13 providing that the Agricultural Products Utilization Commission administer an agriculture prototype development program.

Adds a new Section 15 amending Section 54-34.3-08 removing reference to Technology Transfer, Inc., effective July 1, 1999.

Adds a new Section 16 which changes the allocation and the refund of tax for fuel used for agricultural purposes. Effective until December 31, 1999, the amount of the tax refund must be reduced by seven cents per gallon. Effective January 1, 2000, the amount of the tax refund must be reduced by six cents per gallon.

Adds a new Section 17 which provides an application date for refund claims for motor vehicle fuel taxes for refunds after December 31, 1996.

Adds a new Section 18 transferring assets of Technology Transfer, Inc., to the development fund and Section 19 repealing Technology Transfer, Inc., effective July 1, 1999.