

1 A BILL for an Act to amend and reenact section 15-10-41 of the North Dakota Century Code,
2 relating to the centers of excellence program; and to provide for a report to the legislative
3 council.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. AMENDMENT.** Section 15-10-41 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **15-10-41. ~~Centers~~ Economic development centers of excellence - Economic**
8 **development centers of excellence commission.**

- 9 1. The state board of higher education shall establish a an economic development
10 centers of excellence program relating to economic development consistent with
11 the purpose under subsection 2 through which the economic development centers
12 of excellence commission awards funds to research universities, university-related
13 foundations, and public institutions that are located in the state.
- 14 2. In this section, unless the context otherwise requires:
- 15 a. "Commission" means the economic development centers of excellence
16 commission.
- 17 b. "Foundation" means the North Dakota economic development foundation.
- 18 c. "Industry cluster" means one of the following industries:
- 19 (1) Advanced manufacturing;
- 20 (2) Aerospace;
- 21 (3) Energy;
- 22 (4) Information and technology;
- 23 (5) Tourism;
- 24 (6) Value-added agriculture; or

(7) An industry specifically identified by the department of commerce as an industry that is likely to contribute to the gross state product.

3. The economic development centers of excellence commission consists of seven members. The foundation shall appoint two members of the commission, the board shall appoint two members of the commission, and the legislative council shall appoint three members of the legislative assembly as members of the commission. The commission members shall designate a chairman and a vice chairman of the commission. Each member of the commission shall serve for a term of two years, beginning July first of each odd-numbered year; may be reappointed for additional terms; and serves at the pleasure of the appointing entity. A member of the commission who is appointed by the legislative council is entitled to receive compensation per day for each day spent in attendance at commission meetings in the same amount as provided for members of the legislative council and reimbursement for travel and other necessary expenses incurred in the performance of official duties in the amounts provided by law for other state officers. A commission member appointed by the board or foundation may receive compensation and travel and expense reimbursement from the appointing entity. The commission shall meet as necessary to review applications, make designation determinations, and make awards of funds. The board shall provide the commission with appropriate staff services as may be requested by the commission.

4. The board shall establish application forms, accept applications, review applications for completeness, and forward complete applications to the commission. The ~~board shall~~ commission and the legislative assembly each may designate economic development centers of excellence. A designation by the ~~board~~ commission or legislative assembly of a an economic development center of excellence ~~within the economic development category~~ does not preclude the board or a higher education institution from designating a center of excellence in an academic or service area. ~~Centers of excellence relating to economic development include the North Dakota state university center for technology enterprise and the university of North Dakota center for innovation.~~

Before January 1, 2004, the

5. The board, in consultation with the ~~North Dakota economic development~~ foundation and with private sector input, shall establish definitions and eligibility criteria for commission-designated economic development centers of excellence ~~relating to economic development. The board shall present the definitions and eligibility criteria for the centers of excellence relating to economic development to an interim committee designated by the legislative council. The North Dakota economic development foundation may identify and recommend high priority centers of excellence relating to economic development for consideration by the state board of higher education for future budget requests.~~
2. ~~The purpose of the program is to develop~~ eligibility criteria must include requirements that the proposed economic development center of excellence:
 - a. Develop and engage strategies for science and technology research and development, commercialization, entrepreneurship, infrastructure, ~~growth and expansion~~ utilization to assist the growth and expansion of knowledge-based industries, and other activities in the state to develop innovative approaches that expand the gross state product; ~~to assist.~~
 - b. Create employment opportunities for residents of this state.
 - c. Assist efforts to attract private and federal assistance for science and technology research and development ~~and for commercialization in growth.~~
 - d. Assist efforts to commercialize industry clusters ~~most likely to increase the gross state product; to increase.~~
 - e. Increase collaboration among state, federal, and private science and technology research and development ~~and technology commercialization~~ organizations in the state; ~~to strengthen.~~
6. In designating a center, the commission shall:
 - a. Make a determination that the requirements of subsection 5 have been established by the applicant.
 - b. Consider whether the proposed center will:
 1. Strengthen the leadership and support of the national science foundation experimental program to stimulate competitive research

1 programs and to encourage partnerships with other state institutions for
2 expanded efforts to stimulate economic growth in ~~identified~~ industry
3 clusters; ~~to provide.~~

4 2. Provide leadership in science and technology policy at a regional, a
5 national, and an international level; ~~and to create.~~

6 3. Create employment opportunities for North Dakota university system
7 graduates. ~~Identified industry clusters include advanced~~
8 ~~manufacturing, aerospace, energy, information and technology,~~
9 ~~tourism, and value-added agriculture.~~

10 c. In partnership with the board and the foundation, present the details of a
11 proposed designated center to the budget section for approval. An approved
12 award determination must include details regarding the terms under which the
13 board will distribute allocated funds.

14 ~~3.~~ 7. The state In accordance with commission award determinations approved by the
15 budget section, the board of higher education shall allocate funds from
16 appropriations for undesignated centers of excellence relating to economic
17 development based on the criteria established and for the purpose of funding
18 centers. The board, in partnership with the commission and foundation, shall
19 report to the budget section on the status of such allocations, in partnership with
20 the North Dakota economic development foundation, to the budget section and
21 actual fund distributions.

22 8. A recipient of funds awarded under this section shall use the funds to enhance
23 capacity; enhance infrastructure; and leverage state, federal, and private sources
24 of funding. ~~Funds~~ A recipient of funds awarded under this section may not be
25 ~~used~~ use the funds to supplant funding for current operations or academic
26 instruction or to pay indirect costs. ~~The board may award funds under this section~~
27 ~~to research universities, university-related foundations, and public institutions that~~
28 ~~are located in the state which demonstrate the potential to deliver expertise and~~
29 ~~service to industry clusters that will contribute to the gross state product. A~~
30 ~~recipient of funds under this section which is~~

1 9. Before funds awarded under this section are distributed to an institution of higher
2 education under the control of the board ~~of higher education~~ or ~~which is to a~~
3 nonprofit university-related foundation, the recipient shall:

4 a. ~~Provide~~ provide the board ~~of higher education~~ with detailed documentation of
5 the availability of two dollars of matching funds for each dollar of funds
6 awarded under this section ~~as a condition of eligibility for receipt of funds~~
7 ~~under this section; and.~~

8 b. ~~Provide~~ An institution of higher education under the control of the board or a
9 nonprofit university-related foundation that receives funds under this section
10 shall provide the board ~~of higher education~~, governor, and ~~North Dakota~~
11 ~~economic development~~ foundation with annual reports for four fiscal years
12 following receipt of the funds.

13 **SECTION 2. REPEAL.** Section 15-10-41 of the North Dakota Century Code is
14 repealed.

15 **SECTION 3. REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the
16 state board of higher education and the centers of excellence commission shall report to the
17 legislative council on the status of the centers of excellence program. The report must include
18 information regarding funding, private sector participation, and accomplishments of each center
19 of excellence and whether there are potential changes that could be made to improve the
20 centers of excellence program.

21 **SECTION 4. EFFECTIVE DATE.** Section 2 of this Act becomes effective July 1, 2009.