

Sixtieth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1027

Introduced by

Legislative Council

(Economic Development Committee)

1 A BILL for an Act to create and enact a new section to chapter 2-05, two new sections to
2 chapter 15-10, a new section to chapter 15-20.1, a new section to chapter 54-34.3, a new
3 section to chapter 54-34.4, ten new sections to chapter 54-60, a new section to chapter
4 54-60.1, a new chapter to title 54, sections 57-38-01.24 and 57-38-01.25, and a new subsection
5 to section 57-38-30.3 of the North Dakota Century Code, relating to a rural airport economic
6 development fund, a state board of higher education report and grant program, a department of
7 career and technical education grant program, a business and tourism acceleration
8 commission, international business, visitor information centers, a department of commerce
9 division of innovation and technology, expenditure reports on taxes and state business
10 incentives, a tourism enhancement grant program, talent attraction, department of commerce
11 division of workforce development programs and duties, and tax credits for workforce
12 recruitment and internships; to amend and reenact subdivision c of subsection 1 of section
13 6-09.15-01, section 6-09.15-03, subsection 2 of section 6-09.17-01, sections 15-69-02,
14 15-69-03, 15-69-04, and 15-69-05, subsections 4 and 6 of section 54-17-07.3, sections
15 54-34.3-08, 54-60-02, 54-60-09, 54-60-12, 57-38-30.5, and 57-38.5-05, subsections 1 and 3 of
16 section 57-38.6-01, and section 57-39.2-04.3 of the North Dakota Century Code and section 17
17 of chapter 151 of the 2005 Session Laws, relating to the beginning entrepreneur loan guarantee
18 program, biodiesel partnership in assisting community expansion program, centers of
19 excellence program, housing finance agency programs, a business and tourism acceleration
20 commission, a department of commerce division of innovation and technology, department of
21 commerce division of workforce development duties, the North Dakota image information
22 program, tax forms, research and experimental expenditures tax credits, seed capital
23 investment tax credits, agricultural business investment tax credits, sales tax exemptions for
24 tourism equipment and wireless service provider equipment, and a legislative council study; to
25 repeal sections 57-38-71, 57-38-72, 57-38-73, and 57-38-74 of the North Dakota Century Code,

relating to beginning entrepreneur income tax incentives; to provide for state agency studies, reports to the legislative council, and legislative council studies; to provide appropriations and transfers; to provide effective dates; to provide an expiration date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 2-05 of the North Dakota Century Code is created and enacted as follows:

Rural airport economic development fund.

1. The rural airport economic development fund is a special fund in the state treasury. Subject to legislative appropriation, the aeronautics commission may provide grants from the fund to a public airport owned or operated by a public entity or to an airport operated by an airport authority in this state for the purpose of providing financial assistance for:
 - a. Purchase, development, and operation of automated weather reporting facilities, computers and terminals to obtain weather information relating to flight plans, and other equipment to enhance flight operational safety.
 - b. Obstruction removal within the runway protection zone of an airport to facilitate the new global positioning satellite all-weather instrument approach technology required to meet federal standards.
 - c. Construction or rehabilitation of runways, taxiways, and apron areas, including the extension of runways that do not meet the federal guidelines for this construction or rehabilitation but have a demonstrated state or local need.
 - d. Development of airport infrastructure and buildings that do not meet federal guidelines for this development but have a demonstrated state or local need.
2. To qualify for a grant under this section, an airport must provide matching funds of not less than ten percent and not more than fifty percent. The aeronautics commission shall set the match requirement in accordance with guidelines established by the commission by rule.

SECTION 2. AMENDMENT. Subdivision c of subsection 1 of section 6-09.15-01 of the North Dakota Century Code is amended and reenacted as follows:

- c. Has, including the net worth of that person's dependents and spouse, if any, a net worth of less than ~~one~~ two hundred thousand dollars, ~~not including the value of their equity in their principal residence, the value of one personal or family motor vehicle, and the value of their household goods, including furniture, appliances, musical instruments, clothing, and other personal belongings.~~

SECTION 3. AMENDMENT. Section 6-09.15-03 of the North Dakota Century Code is amended and reenacted as follows:

6-09.15-03. Application for guarantee - Term - Annual fee. A lender may apply to the Bank of North Dakota for a loan guarantee for a loan of up to one hundred thousand dollars. The Bank may approve a guarantee of a loan of up to five thousand dollars to a beginning entrepreneur for use by the beginning entrepreneur for accounting, legal, and business planning and other consulting or advisory services in planning for the establishment of a qualified revenue-producing enterprise. The Bank may approve a guarantee of a loan of up to twenty-five thousand dollars to a beginning entrepreneur without requiring the beginning entrepreneur to provide collateral for the loan. The term of a loan guarantee may not exceed five years. The Bank may charge a lender an annual fee during the term of a loan guarantee. The Bank may not guarantee more than ~~four~~ eight million dollars in loans outstanding under the beginning entrepreneur loan guarantee program.

SECTION 4. AMENDMENT. Subsection 2 of section 6-09.17-01 of the North Dakota Century Code is amended and reenacted as follows:

2. "Biodiesel production facility" means a corporation, limited liability company, partnership, individual, or association involved in production of biodiesel fuel to be used as an additive to diesel fuel ~~containing at least five percent biodiesel meeting the specifications adopted by the American society for testing and materials.~~

SECTION 5. Two new sections to chapter 15-10 of the North Dakota Century Code are created and enacted as follows:

Annual performance and accountability report. In the annual performance and accountability report required under section 15-10-14.2, the state board of higher education shall include an executive summary and information regarding:

1. Economic development, including:

- 1 a. New programs of study approved by the board and whether these programs
2 are responsive to the economic development needs of the state.
3 b. Information regarding how the goals of the system and of each of the
4 institutions of higher education under the control of the board are designed to
5 be responsive to the economic development needs of the state and
6 businesses in the state and data regarding how well these goals are being
7 met. The board shall consult with the department of commerce in determining
8 what data most effectively measures the accomplishment of these goals.

9 2. Student recruitment, including:

- 10 a. Whether the university system's strategic plan provides for a systemwide plan
11 for out-of-state recruitment of students.
12 b. Out-of-state recruitment efforts and how these efforts focus on factors specific
13 to the state, such as specially situated trade partner countries, targeted
14 industries, and workforce needs.

15 **New program startup - Grant.** The state board of higher education shall develop and
16 implement a grant program to assist institutions under its control in funding new program
17 startups. The grants must be awarded on a competitive basis to institutions that are starting
18 new programs in response to emerging fields. In establishing the eligibility guidelines for the
19 grants, the state board of higher education shall provide for a minimum matching fund
20 requirement of one dollar of matching funds for every dollar of state funds provided under this
21 section. The guidelines may allow for in-kind matches if appropriate. The state board of higher
22 education shall consult with the department of commerce and job service North Dakota in
23 determining whether a proposed new program is responsive to an emerging field.

24 **SECTION 6.** A new section to chapter 15-20.1 of the North Dakota Century Code is
25 created and enacted as follows:

26 **Grants for innovation.** The department shall design and implement a program to
27 provide a dollar-for-dollar match to teachers or schools for the purpose of funding innovative
28 science, technology, or innovation programs for students in kindergarten through grade twelve.
29 The department shall award the grants on a competitive basis. A grant awarded under this
30 section may not exceed seven thousand five hundred dollars. The matching funds of a grant
31 recipient may come from a public source, a private source, or any combination of public and

1 private sources. The department shall consult with the department of commerce division of
2 innovation and technology in making award determinations.

3 **SECTION 7. AMENDMENT.** Section 15-69-02 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **15-69-02. (Effective through July 31, 2011) Centers of excellence.**

- 6 1. The board shall establish a centers of excellence program relating to economic
7 development. The program must distinguish among center designations for
8 awards designed to address commercialization, workforce, and infrastructure
9 needs. Through the program the commission shall make funding award
10 recommendations for commission-approved applications to the board, the
11 foundation, and the budget section of the legislative council. A center must be an
12 institution of higher education under the control of the board or a nonprofit
13 university-related or college-related foundation of an institution of higher education
14 under the control of the board. In order to be considered for center designation,
15 the institution of higher education or nonprofit foundation must be working in
16 partnership with the private sector. In addition to any center designated under this
17 chapter, the North Dakota state university center for technology enterprise and the
18 university of North Dakota center for innovation are centers.
- 19 2. A commission funding award recommendation must be for a specified amount.
20 Designation of a center occurs upon board, foundation, and budget section
21 approval of a commission funding award recommendation. In considering whether
22 to designate a center, the board, foundation, and budget section may not modify
23 the commission recommendation. The budget section may not make a
24 determination of whether to approve or reject a commission funding award
25 recommendation until the emergency commission reviews the commission
26 recommendation and makes a recommendation to the budget section.
- 27 3. A center that receives funds distributed under this chapter is not qualified to
28 receive subsequent designations as a center until the biennium following the
29 center's most recent designation.

4. The board rules adopted under subsection 9 of section 15-10-17, relating to ownership of intellectual property, inventions, and discoveries, must address activities and issues unique to centers.

5. Unless otherwise provided through the appropriation process, the commission's funding awards to address workforce needs may not exceed ten percent and the commission's funding awards to address infrastructure needs may not exceed ten percent of the funds appropriated for funding centers during the biennium.

SECTION 8. AMENDMENT. Section 15-69-03 of the North Dakota Century Code is amended and reenacted as follows:

15-69-03. (Effective through July 31, 2011) Centers of excellence commission.

The centers of excellence commission consists of six members. The foundation shall appoint three of the foundation's members to serve on the commission and the board shall appoint three of the board's members to serve on 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 three years, beginning July first; may be reappointed for additional terms; and serves at the pleasure of the appointing entity. If a commission member ceases to serve as a member of the appointing entity, that member's membership on the commission ceases immediately and the appointing entity shall appoint a new member for the remainder of the term. ~~Terms of initial commission members begin on July 1, 2005, and~~ must be staggered. On a meeting-by-meeting basis, an appointing entity may substitute a member of that appointing entity to serve in place of one of the regular members appointed by that entity. If the commission chairman and vice chairman are not present at a meeting, the commission members present at that meeting shall select a commission member to serve as chairman for that meeting. A commission member may receive compensation and travel and expense reimbursement from the appointing entity. ~~The board~~ department of commerce shall provide the commission with appropriate staff services as may be requested by the commission.

SECTION 9. AMENDMENT. Section 15-69-04 of the North Dakota Century Code is amended and reenacted as follows:

15-69-04. (Effective through July 31, 2011) Application - Eligibility requirements.

- 1 1. The ~~board~~ department of commerce shall provide center application forms, accept
2 applications, review applications for completeness and compliance with board and
3 commission policy, ~~and~~ forward complete applications to the commission in
4 accordance with guidelines established by the commission, and assist with
5 preaward reviews and postaward monitoring as may be requested by the
6 commission.
- 7 2. The commission shall meet as necessary to review all complete applications;
8 provide for independent, expert review of complete applications; approve or
9 disapprove complete applications; make funding award recommendations for
10 commission-approved proposed centers; direct the office of management and
11 budget to distribute funds to the centers; monitor centers for compliance with
12 award requirements; ~~and~~ review changes in assertions made in center
13 applications; and conduct postaward monitoring of centers.
- 14 3. In considering whether to approve or disapprove an application, the commission
15 shall determine whether the applicant has conducted the due diligence necessary
16 to put together a viable proposal and the commission shall consider whether the
17 center will:
 - 18 a. Use university or college research to promote private sector job growth and
19 expansion of knowledge-based industries or use university or college
20 research to promote the development of new products, high-tech companies,
21 or skilled jobs in this state;
 - 22 b. Create high-value private sector employment opportunities in this state;
 - 23 c. Provide for public-private sector involvement and partnerships;
 - 24 d. Leverage other funding;
 - 25 e. Increase research and development activities that may involve federal funding
26 from the national science foundation experimental program to stimulate
27 competitive research;
 - 28 f. Foster and practice entrepreneurship;
 - 29 g. Promote the commercialization of new products and services in industry
30 clusters;
 - 31 h. Become financially self-sustaining; and

i. Establish and meet a deadline for acquiring and expending all public and private funds specified in the application.

4. In considering whether to approve an application, the commission shall provide for an independent, expert review of the application to determine whether the proposed center is viable and whether the proposed center is likely to have the desired economic impact. As necessary, the commission may contract for additional technical review of applications. The commission may not approve an application unless the commission determines the proposed center has a high likelihood of viability and success in positively impacting economic development in the state.

5. For no fewer than six years and no more than ten years following center designation, the commission shall monitor the center's activities in order to determine whether the center is having the desired economic impact.

SECTION 10. AMENDMENT. Section 15-69-05 of the North Dakota Century Code is amended and reenacted as follows:

15-69-05. (Effective through July 31, 2011) Use of funds - Terms of funds - Distribution of funds.

1. A center shall use funds awarded under this chapter to enhance capacity; enhance infrastructure; and leverage state, federal, and private sources of funding. If a center's primary use of funds will be to enhance infrastructure, the commission must have specifically designated the center as addressing infrastructure needs. A center awarded funds under this chapter may not use the funds to supplant funding for current operations or academic instructions or to pay indirect costs.

2. As a condition for receipt of funds under this chapter, a center shall agree to provide the board, foundation, and budget section of the legislative council with annual audits on all funds distributed to the center under this chapter. The annual audits must be provided until the completion of ~~four years following the final distribution of funds under this chapter~~ the commission's postaward monitoring of the center. As a condition for receipt of funds under this chapter, a center shall agree to provide the commission with the information necessary to monitor the postaward activities of the center.

- 1 3. Before the commission directs the office of management and budget to distribute
2 funds awarded under this chapter, the center shall provide the commission with
3 detailed documentation of private sector participation and the availability of two
4 dollars of matching funds for each dollar of state funds to be distributed under this
5 chapter. The commission may not direct distribution of funds if the private sector
6 participants cease to participate. The matching funds may include funds facilitated
7 through the collaboration of the private sector participants with other funding
8 entities. The matching funds may include a combination of cash and in-kind assets
9 with itemized value. Private sector participation may be established through equity
10 investments or through contracts for services with private sector entities. In
11 making funding recommendations and designation determinations, the
12 commission, board, foundation, and budget section shall give major consideration
13 to the portion of the matching funds provided in cash by the private sector.
- 14 4. If, before funds are distributed by the office of management and budget, a center
15 undergoes a change in the terms of or assertions made in its application, the
16 commission may direct that the office of management and budget withhold all or a
17 portion of any undistributed funds pending commission review of the changes.

18 **SECTION 11. AMENDMENT.** Subsections 4 and 6 of section 54-17-07.3 of the North
19 Dakota Century Code are amended and reenacted as follows:

- 20 4. Mortgage loan financing program. A program or programs to provide for the
21 purchase or guaranty of a temporary or permanent mortgage loans loan originated
22 by ~~lenders~~ a lender on residential real property or on land to be developed into
23 residential real property, in addition to ~~such a mortgage loans loan~~ acquired or to
24 be acquired under subsections 1 through 3. A program authorized under this
25 subsection may provide assistance in the development of low to moderate income
26 housing or to otherwise assist a developing community in the state address an
27 unmet housing need or alleviate a housing shortage.
- 28 6. Housing grant program. A program or programs to provide ~~grants~~ a grant other
29 than those authorized by section 54-17-07.6 to encourage and promote housing
30 availability for persons of low or moderate income or to otherwise assist a

developing community in this state address an unmet housing need or alleviate a housing shortage.

SECTION 12. AMENDMENT. Section 54-34.3-08 of the North Dakota Century Code is amended and reenacted as follows:

54-34.3-08. Patents. The division of economic development and finance, the North Dakota development fund, incorporated, the business and tourism acceleration commission, 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 13. A new section to chapter 54-34.3 of the North Dakota Century Code is created and enacted as follows:

International business and trade office - Higher education. The international business and trade office shall work with the state board of higher education to implement strategies to expand international business expertise of students of higher education.

SECTION 14. A new section to chapter 54-34.4 of the North Dakota Century Code is created and enacted as follows:

Visitor information centers. The division may develop and implement a visitor information center assistance program. The program may include matching grant funds, training assistance, and marketing assistance for visitor information centers and for rest stop volunteers.

SECTION 15. AMENDMENT. Section 54-60-02 of the North Dakota Century Code is amended and reenacted as follows:

54-60-02. Department of commerce - Divisions. The North Dakota department of commerce is created. All records, materials, supplies, and equipment used by the division of community services, department of economic development and finance, and the department of tourism are transferred to the department.

1. The department must consist of:

- a. A division of community services;
- b. A division of economic development and finance;
- c. A division of tourism;
- d. A division of workforce development; ~~and~~

e. A division of innovation and technology; and

f. Any division the commissioner determines necessary to carry out this chapter.

2. The commissioner shall appoint the director of ~~any each~~ division created by the commissioner under subsection 1. ~~Effective August 1, 2003, the commissioner shall appoint the directors of the division of community services, division of economic development and finance, and division of workforce development. Effective August 1, 2005, the commissioner shall appoint the director of the division of tourism of the department.~~ Each director appointed by the commissioner serves at the pleasure of the commissioner and is entitled to receive a salary set by the commissioner within the limits of legislative appropriations. ~~Until August 1, 2003, the governor shall appoint the directors of the division of community services, division of economic development and finance, and division of workforce development and until August 1, 2005, the governor shall appoint the director of the division of tourism. The individuals appointed by the governor shall serve at the pleasure of the governor and are entitled to receive a salary set by the governor within the limits of legislative appropriations.~~

SECTION 16. AMENDMENT. Section 54-60-09 of the North Dakota Century Code is amended and reenacted as follows:

54-60-09. Division of workforce development - Duties. The division of workforce development shall ~~actively~~:

1. Actively monitor local, regional, and national private and public workforce development initiatives.
2. Develop and implement the state's talent strategy.
3. Develop and implement a statewide intelligence coordination strategy.

SECTION 17. AMENDMENT. Section 54-60-12 of the North Dakota Century Code is amended and reenacted as follows:

54-60-12. North Dakota image information program. The commissioner shall implement a program for use by state agencies and the private sector to assist state agencies ~~and~~ state agencies' employees, private businesses, and private businesses' employees to present to the public a positive image of the state. ~~The commissioner may expand the program to include use of the program by the private sector.~~

1 **SECTION 18.** A new section to chapter 54-60 of the North Dakota Century Code is
2 created and enacted as follows:

3 **Tax expenditure report.**

- 4 1. Before the tenth legislative day of each regular session of the legislative assembly,
5 the commissioner of commerce shall submit to the president of the senate and the
6 speaker of the house a tax expenditure report. This report must be based upon
7 information available to the tax commissioner and information available to the
8 department of commerce, and must include:
- 9 a. Data that expressly identifies all tax expenditures for the previous two tax
10 years.
- 11 b. An analysis of all tax expenditures which includes a description of the annual
12 state revenue losses and benefits and a cyclical analysis of these losses and
13 benefits.
- 14 2. The tax commissioner shall compile tax expenditure data and provide this data to
15 the department of commerce. Notwithstanding section 57-38-57, or other
16 confidentiality statutes, the tax commissioner shall provide the department of
17 commerce the information necessary to accomplish and effectuate the intent of this
18 section. The tax commissioner may request the assistance of the office of
19 management and budget as necessary to compile this tax expenditure data.
- 20 3. The tax commissioner may adopt rules setting forth the procedure by which the tax
21 commissioner will compile the tax expenditure data and the format in which the tax
22 commissioner will provide this data to the department of commerce. The
23 department of commerce may adopt rules setting forth the manner in which the tax
24 expenditure data will be analyzed, organized, and presented in the report.
- 25 4. If an employee of the department, pursuant to subsection 2, obtains income tax
26 information or other tax information from the tax commissioner, the confidentiality
27 of which is protected by law, the employee may not divulge the information except
28 to the extent necessary for administration of this section.
- 29 5. For purposes of this section, the term tax expenditure means a provision in the
30 state tax laws, including an exclusion, a deduction, a tax preference, a credit, and a

deferral designed to encourage certain activities or to aid a taxpayer in special
circumstances.

SECTION 19. Nine new sections to chapter 54-60 of the North Dakota Century Code
are created and enacted as follows:

Rural community tourism enhancement grant program.

1. The department shall manage and administer a rural community tourism
enhancement grant program to assist a rural community in meeting the match
requirement or seed money requirement for accessing a public or private grant that
is in part or in whole intended to help the community identify and enhance its
unique characteristics in attracting visitors and improve the appearance of the rural
community. For purposes of this section, a rural community is a city with a
population fewer than eight thousand. In determining whether a rural community is
qualified to be awarded a grant under this section, the department shall determine
whether the public or private grant is intended to improve the marketability of the
community and whether this improvement is likely to enhance tourism in the
community.
2. The department may not award grant funds under this section unless the city
raises funds in the amount of a dollar-for-dollar match for the amount requested in
the grant application and meets any additional program requirements the
department adopts by rule. The source of city funds used for grant matching funds
may be any combination of public and private funds. The department may not
distribute funds awarded under this section until the city:
 - a. Provides verification the city has been awarded the public or private grant;
and
 - b. Provides verification the city has raised funds for the required dollar-for-dollar
match required under this subsection.
3. The department may award a grant under this subsection in an amount not to
exceed ten thousand dollars. Total grants awarded by the department under this
subsection may not exceed one hundred thousand dollars per biennium.

Talent attraction. The department shall establish and implement a program to attract
workers from out of state. This program may focus on attracting former North Dakota residents

1 and workers from geographical areas in which there is high unemployment and a surplus of
2 skilled workers. The program may include coordination of out-of-state recruitment events such
3 as job fairs and onsite recruitment activities.

4 **Division of workforce development - Foreign worker recruitment.** The division of
5 workforce development shall study, develop, and implement strategies to assist North Dakota
6 businesses in recruitment of permanent legal immigrants to fill occupations that are in high
7 demand and require high skill.

8 **Division of workforce development - Talent strategy - Performance and**
9 **accountability - Annual report.**

10 1. The division of workforce development, in developing and implementing the state's
11 talent strategy, shall:

12 a. Consult with partners in the state's system for workforce development,
13 workforce training, and talent attraction, including job service North Dakota,
14 the department of career and technical education, the superintendent of public
15 instruction, the state board of higher education, the department of human
16 services, and other divisions of the department of commerce.

17 b. Develop a comprehensive, consolidated biennial statewide strategic plan for
18 the state's system for workforce development, workforce training, and talent
19 attraction.

20 c. Continuously review, identify how to improve, and implement improvements to
21 the state's system for workforce development, workforce training, and talent
22 attraction.

23 d. Develop linkages between partners of the state's system for workforce
24 development, workforce training, and talent attraction, to assure coordination
25 and nonduplication of programs and services provided in the state.

26 2. The division of workforce development shall develop and implement a system of
27 performance and accountability measures for the state's system for workforce
28 development, workforce training, and talent attraction. Each partner of the state's
29 system for workforce development, workforce training, and talent attraction shall
30 cooperate in providing the division the data necessary to implement these
31 measures.

- 1 3. Periodically the director of the division of workforce development shall report to the
2 commissioner on the state's talent strategy and the status of the system of
3 performance and accountability measures for the state's system for workforce
4 development, workforce training, and talent attraction.

5 **Division of workforce development - Intelligence coordination - Annual report.**

- 6 1. The division of workforce development, in developing and implementing the
7 statewide intelligence coordination strategy system, shall address workforce
8 development, workforce training, talent attraction, business needs, and
9 employment statistics.
- 10 2. The system developed under this section:
- 11 a. Must provide for dissemination of intelligence to stakeholders and partners of
12 workforce development, workforce training, business, and talent attraction;
13 and
- 14 b. Must use data from the followup information on North Dakota education and
15 training system as a central source of intelligence.
- 16 3. The division of workforce development shall consult with users, holders, and
17 creators of intelligence to determine what intelligence is needed, what intelligence
18 needs are unmet, and barriers to using existing intelligence.
- 19 4. The division of workforce development shall administer the followup information on
20 North Dakota education and training system, which the information technology
21 department shall host on its network.
- 22 5. The division shall provide an annual report on the status of the statewide
23 intelligence coordination strategy system which includes an update on the followup
24 information on North Dakota education and training system.

25 **Workforce development - Report to governor and legislative council.** Biennially
26 the commissioner shall report to the governor and the legislative council. The report must
27 include information regarding the state's talent strategy; the status of the system of
28 performance and accountability measures for the state's system for workforce development,
29 workforce training, and talent attraction; the status of the statewide intelligence coordination
30 strategy system; and any recommended legislative changes necessary to improve the state's

1 talent strategy and related performance and accountability measures and the statewide
2 intelligence coordination strategy system.

3 **Workforce development - Higher education internships.**

4 1. The workforce development division shall administer a higher education internship
5 program to increase use of higher education internships. The primary focus of this
6 program must be higher education internships in target industries. This program
7 shall provide services to employers, communities, and business organizations to
8 increase higher education internship opportunities.

9 2. As part of the higher education internship program, the division of workforce
10 development shall:

11 a. Collect and analyze data on for-credit and not-for-credit higher education
12 internships.

13 b. Market internship opportunities to private and public sector employers.

14 c. In consultation with the state board of higher education, develop and
15 implement strategies to reduce barriers to students and businesses in
16 participating in higher education internships.

17 d. Develop and implement a program to incentivize state and local government
18 employers to use higher education internships.

19 **Workforce development division - Career education - Career promotion.**

20 1. The division of workforce development, in consultation with the department of
21 career and technical education, job service North Dakota, and the superintendent
22 of public instruction, shall develop and implement a program to assist public
23 schools in providing career education to students in kindergarten through grade
24 twelve. Under this subsection, the division shall administer a program through
25 which funds are provided to support at least one career counselor for each
26 educational association governed by a joint powers agreement. Each career
27 counselor who is funded under this section shall develop a program to increase
28 career education and internship partnerships with businesses in the school
29 community.

30 2. The division of workforce development shall develop and implement a career
31 promotion program for students in grades nine through twelve. The focus of the

1 program must be career opportunities available in the state in the state's target
2 industries. The program may include marketing services, educational services,
3 and matching fund grants. The services provided under this subsection must
4 supplement career education services provided to students.

5 **Division of innovation and technology - Duties.** The division of innovation and
6 technology shall advise the governor and the commissioner in matters of innovation, science,
7 and technology and shall monitor and track innovation, science, and technology activities in the
8 state.

9 **SECTION 20.** A new section to chapter 54-60.1 of the North Dakota Century Code is
10 created and enacted as follows:

11 **State business incentive expenditure report.**

- 12 1. Before the tenth legislative day of each regular session of the legislative assembly,
13 the commissioner of commerce shall submit to the president of the senate and the
14 speaker of the house a state business incentive expenditure report. This report
15 must be based upon information available to the department and must include:
16 a. Data that expressly identifies all state business incentive expenditures for the
17 previous two years.
18 b. An analysis of all state business incentive expenditures which includes a
19 description of the annual state revenue losses and benefits and a cyclical
20 analysis of these losses and benefits.
21 2. The administering agency for each state business incentive shall compile state
22 business incentive expenditure data and provide this data to the department. The
23 department shall determine the data appropriate to measure the losses and
24 benefits for each state business incentive and shall inform the administering
25 agency of the specific data required and the format in which the administering
26 agency shall provide this data to the department.
27 3. The department may adopt rules as necessary to implement this section.
28 4. For purposes of this section, the term business incentive does not include a tax
29 expenditure as defined under section 18 of this Act.

30 **SECTION 21.** A new chapter to title 54 of the North Dakota Century Code is created
31 and enacted as follows:

Definitions. In this chapter, unless the context otherwise requires:

1. "Commission" means the business and tourism acceleration commission.

2. "Department" means the department of commerce.

Policy of state - Responsibility of commission. It is the public policy of this state to protect and foster the prosperity and general welfare of its people by improving the business economy of the state. In furtherance of this policy, the commission shall provide necessary assistance for the research, development, technology, and marketing needs of businesses and entrepreneurs in the state to aid in innovation for new or existing businesses, expansion of existing and development of new tourism-based businesses, and growth of international business through trade.

Business and tourism acceleration commission - Composition - Appointment.

1. The business and tourism acceleration commission consists of seven members as follows:

a. Three members appointed by the governor, for terms of two years, arranged so that one term expires in odd-numbered years and two terms expire in even-numbered years. One of these members must be from the private sector and actively engaged in businesses in this state, one must be from the private sector and actively engaged in a business in this state which participates in international trade, and one must be from the private sector and actively engaged in the tourism industry in this state.

b. Four members appointed by the commissioner of commerce, for terms of two years, arranged so that two terms expire in odd-numbered years and two terms expire in even-numbered years. One of these members must represent business interests, one must represent international trade interests, one must represent tourism interests, and one must represent innovation interests. The commissioner may fill any of these positions with ex officio members.

2. Terms of commission members run from the first day of July. Commission members may be reappointed to the commission. The commission shall elect one of its members as chairman. If a member position becomes vacant, the appointing individual shall appoint a member to complete the remaining term. The terms of

1 the initial commission members may run for a single year as may be necessary to
2 initiate the cycle of two-year terms.

3 **Authority - Accountability.**

4 1. The commission may apply for, accept, and expend any appropriation, grant, gift,
5 or service made available from public or private sources consistent with the
6 purpose of this chapter.

7 2. The commission may administer grant programs consistent with the purpose of this
8 chapter, including:

9 a. An innovation grant program;

10 b. A tourism grant program; and

11 c. An international trade grant program.

12 3. The department may adopt rules to implement this chapter, including establishing
13 qualification requirements for any of the grant programs administered under this
14 chapter.

15 4. The commission shall create application forms and shall accept completed
16 applications.

17 **Commission meetings - Personnel - Reports.** The commission is an office of the
18 department of commerce. The commission shall meet as necessary and shall report to each
19 regular session of the legislative assembly. The commission may secure office space, hire
20 consultants, spend any funds appropriated to the commission, and contract with public entities
21 or private parties for services. The commission shall determine necessary qualifications of
22 personnel.

23 **Commission member reimbursement and compensation.** Members of the
24 commission are entitled to reimbursement for mileage and expenses incurred in the
25 performance of their duties in the same manner as provided for state officers. If not otherwise
26 employed by the state of North Dakota, members of the commission are entitled to receive as
27 per diem compensation of sixty-two dollars and fifty cents for each day devoted to attending
28 meetings and performing other duties relating to official business of the commission. The
29 commission chairman, if not otherwise employed by the state of North Dakota, may receive an
30 additional one hundred dollars for each day of a regular meeting attended as payment for
31 reviewing and evaluating grant proposals.

1 **Commission - Administrative expenses.** Administrative expenses of the
2 commission, including expenses of members of the commission, employment of needed
3 personnel, hiring of consultants, and contracting with public or private entities for services may
4 not exceed ten percent of the funds provided to the commission each biennium, excluding
5 federal funds.

6 **SECTION 22.** Section 57-38-01.24 of the North Dakota Century Code is created and
7 enacted as follows:

8 **57-38-01.24. Workforce recruitment credit for hard-to-fill employment positions.**

9 A taxpayer that is an employer in this state is entitled to a credit as determined under this
10 section against state income tax liability under section 57-38-29, 57-38-30, or 57-38-30.3 for
11 specified direct costs of the taxpayer associated with recruitment of employees for hard-to-fill
12 employment positions within this state.

13 1. The amount of the credit to which a taxpayer is entitled is the lesser of twenty-five
14 thousand dollars or five percent of the direct costs incurred by the taxpayer during
15 the taxable year associated with recruiting for a hard-to-fill employment position in
16 this state. For purposes of this section:

17 a. "Direct costs" include:

- 18 (1) Expenses of creating a targeted recruitment program, not including
19 salary and expenses of dedicated recruitment staff;
20 (2) Registration and travel costs of recruiting efforts, including attendance
21 at job fairs;
22 (3) Moving expenses paid to or for newly recruited employees; and
23 (4) Signing bonuses paid to newly recruited employees.

24 b. "Hard-to-fill employment position" means a job that is identified by the
25 executive director of job service North Dakota as one that offers an above
26 market average wage but which requires extraordinary recruitment costs for
27 the employer due to the nature or location of the employment or the skills,
28 education, training, or professional licensing or certification required of the
29 employee. The executive director of job service North Dakota may identify a
30 hard-to-fill employment position on a statewide basis or for defined regions of
31 the state.

2. Any amount of unused credit under this section may be carried forward for up to four taxable years after the taxable year in which the costs were incurred.

3. A passthrough entity that incurs direct costs associated with recruiting for hard-to-fill employment positions within this state must be considered to be the taxpayer for purposes of this section and the amount of the credit allowed with respect to a passthrough entity's costs associated with that recruiting must be determined at the passthrough entity level. The amount of the total credit determined at the passthrough entity level must be allowed to the members in proportion to their respective interests in the passthrough entity.

SECTION 23. Section 57-38-01.25 of the North Dakota Century Code is created and enacted as follows:

57-38-01.25. Internship employment tax credit.

1. A taxpayer that is an employer within this state is entitled to a credit as determined under this section against state income tax liability under section 57-38-29, 57-38-30, or 57-38-30.3 for qualified compensation paid to a college intern employed by the taxpayer.

2. The amount of the credit to which a taxpayer is entitled is ten percent of the stipend or salary paid to a college intern employed by the taxpayer. A taxpayer may not receive more than three thousand dollars in total credits under this section for all taxable years combined. For purposes of this subsection:

a. An intern must be an enrolled full-time student in a North Dakota institution of higher education who is engaged in a major field of study closely related to the work experience performed in the intern program of the taxpayer; and

b. The tax credit under this section applies to a stipend or salary for not more than five interns employed at the same time.

SECTION 24. A new subsection to section 57-38-30.3 of the North Dakota Century Code is created and enacted as follows:

A taxpayer filing a return under this section is entitled to the credits provided under sections 57-38-01.24 and 57-38-01.25.

SECTION 25. AMENDMENT. Section 57-38-30.5 of the North Dakota Century Code is amended and reenacted as follows:

57-38-30.5. Corporate income tax credit for research and experimental

expenditures. ~~Any~~ A corporation is allowed a credit against the tax imposed under this chapter for the taxable year equal to ~~eight~~ twenty-five percent of the first one ~~and one-half~~ million thousand dollars of the qualified research expenses for the taxable year in excess of the base period research expenses and equal to ~~four~~ twenty percent of all qualified research expenses for the taxable year more than one ~~and one-half million~~ hundred thousand dollars in excess of the base period research expenses.

1. For purposes of this section:

- a. "Base period research expenses" means base period research expenses as defined in section 41(c) of the Internal Revenue Code [26 U.S.C. 41(c)], except it does not include research conducted outside the state of North Dakota.
- b. "Qualified research" means qualified research as defined in section 41(d) of the Internal Revenue Code [26 U.S.C. 41(d)], except it does not include research conducted outside the state of North Dakota.
- c. "Qualified research expenses" means qualified research expenses as defined in section 41(b) of the Internal Revenue Code [26 U.S.C. 41(b)], except it does not include expenses incurred for basic research conducted outside the state of North Dakota.

2. The credit allowed under this section for the taxable year may not exceed the liability for tax under this chapter.

3. In the case of a corporation ~~which~~ that is a partner in a partnership or a member in a limited liability company, the credit allowed for the taxable year may not exceed an amount separately computed with respect to the corporation's interest in the trade, business, or entity equal to the amount of tax attributable to that portion of the corporation's taxable income which is allocable or apportionable to the corporation's interest in the trade, business, or entity.

4. If the amount of the credit determined under this section for any taxable year exceeds the limitation under subsection 2, the excess may be used as a research credit carryback to each of the three preceding taxable years and a research credit carryover to each of the fifteen succeeding taxable years or the taxpayer may

1 assign the excess to another taxpayer. The If the taxpayer elects to carry back or
2 carry over the credit, the entire amount of the excess unused credit for the taxable
3 year must be carried first to the earliest of the taxable years to which the credit may
4 be carried and then to each successive year to which the credit may be carried:-
5 ~~The~~ and the amount of the unused credit which may be added under this
6 subsection may not exceed the taxpayer's liability for tax less the research credit
7 for the taxable year. If the taxpayer elects to assign an excess credit under this
8 subsection, the assignment must be made on a form prescribed by the tax
9 commissioner which must be signed by the taxpayers assigning and receiving the
10 assignment of the credit. A taxpayer's total assignments under this section may
11 not exceed one hundred thousand dollars.

- 12 5. If a taxpayer acquires or disposes of the major portion of a trade or business or the
13 major portion of a separate unit of a trade or business in a transaction with another
14 taxpayer, the taxpayer's qualified research expenses and base period must be
15 adjusted in the manner provided by section 41(f)(3) of the Internal Revenue Code
16 [26 U.S.C. 41(f)(3)].

17 **SECTION 26. AMENDMENT.** Section 57-38.5-05 of the North Dakota Century Code is
18 amended and reenacted as follows:

19 **57-38.5-05. Seed capital investment tax credit limits.** The aggregate amount of
20 seed capital investment tax credit allowed for investments under this chapter is limited to ~~two~~
21 five million five hundred thousand dollars for each calendar year. If investments in qualified
22 businesses reported to the commissioner under section 57-38.5-07 exceed the limits on tax
23 credits for investments imposed by this section, the credit must be allowed to taxpayers in the
24 chronological order of their investments in qualified businesses as determined from the forms
25 filed under section 57-38.5-07.

26 **SECTION 27. AMENDMENT.** Subsections 1 and 3 of section 57-38.6-01 of the North
27 Dakota Century Code are amended and reenacted as follows:

- 28 1. "Agricultural commodity processing facility" means a:
29 a. A facility that through processing involving the employment of knowledge and
30 labor adds value to an agricultural commodity capable of being raised in this
31 state; or

b. A livestock feeding, handling, milking, or holding operation that uses as part of its operation a byproduct produced at an ethanol or biodiesel plant located in this state.

3. "Qualified business" means a cooperative, corporation, partnership, or limited liability company that:

a. Is incorporated or organized in this state after December 31, 2000, for the primary purpose of ~~processing and marketing~~ being an agricultural commodities capable of being raised in this state commodity processing facility;

b. Has been certified by the securities commissioner to be in compliance under the securities laws of this state;

c. Has an agricultural commodity processing facility, or intends to locate one, in this state; and

d. Is among the first ten businesses that meets the requirements of this subsection, but not a business that was previously certified as a qualified business under chapter 57-38.5.

SECTION 28. AMENDMENT. Section 57-39.2-04.3 of the North Dakota Century Code is amended and reenacted as follows:

57-39.2-04.3. Sales tax exemption for manufacturing or recycling machinery and equipment, tourism equipment, wireless service provider equipment, and primary sector business computer and telecommunications equipment.

1. Gross receipts from sales of machinery or equipment used directly in manufacturing of tangible personal property for wholesale, retail, or lease are exempt from taxes under this chapter. To be exempt, the machinery or equipment must be used in a new manufacturing plant or in a physical or economic expansion of an existing manufacturing plant. Purchase of replacement machinery or equipment is not exempt unless it results in a physical or economic expansion of the plant.

2. Gross receipts from sales of machinery or equipment used directly in recycling of tangible personal property are exempt from taxes under this chapter. To be exempt, the machinery or equipment must be used in a new recycling facility or in

physical or economic expansion of an existing recycling facility. Purchase of replacement machinery or equipment is not exempt unless it results in a physical or economic expansion of the facility.

3. Gross receipts from sales of computer and telecommunications equipment that is an integral part of a new primary sector business or a physical or economic expansion of a primary sector business are exempt from taxes under this chapter. Purchase of replacement equipment is not exempt under this subsection.

4. Gross receipts from sales of equipment that is an integral part of a new tourism business or a physical or economic expansion of a tourism business are exempt from taxes under this chapter. Purchase of replacement equipment is not exempt under this subsection unless it results in a physical or economic expansion of the tourism business.

5. Gross receipts from sales of equipment that is an integral part of a new or expanding wireless service provider are exempt from taxes under this chapter. Purchase of replacement equipment is not exempt under this subsection.

6. To qualify for exemption at the time of purchase, the manufacturer, recycler, tourism business, wireless service provider, or primary sector business must receive from the commissioner a certificate stating that the machinery or equipment qualifies for the exemption. If a certificate is not received before the purchase, the manufacturer, recycler, or primary sector business must pay the tax and apply to the commissioner for a refund.

- ~~5.~~ 7. If the machinery or equipment is purchased or installed by a contractor subject to tax under this chapter, the manufacturer, recycler, or primary sector business must apply for a refund of the amount remitted by the contractor.

- ~~6.~~ 8. For purposes of this section, the following definitions apply:

a. "Economic expansion" means an increase in production volume, employment, or the types of products that can be manufactured or recycled.

b. "Equipment":

- (1) For purposes of a manufacturer or recycler, means any tangible personal property other than machinery used directly in the manufacturing or recycling process; ~~and~~

(2) For purposes of a primary sector business other than manufacturing or recycling, means telecommunications equipment and computer equipment, printers, and software that are an integral part of the operations of the primary sector business;

(3) For purposes of a tourism business, means any tangible personal property used directly in the activities of the tourism business. The term does not include an item used directly in the lodging activities of a tourism business unless the business is a unique lodging tourism business; and

(4) For purposes of a wireless service provider, means any tangible personal property; telecommunications equipment; and computer equipment, printers, and software that are an integral part of the operations of the wireless service provider.

c. "Machinery" means mechanical devices purchased or constructed by the manufacturer or recycler, or its agent, and used directly in manufacturing or recycling operations at any time from the initial stage where the raw material is first received at the plant site through the completion of the product, including packaging and all processes prior to transportation of the product from the site. The term includes electrical, mechanical, and electronic components that are part of machinery and necessary for a machine to produce its effect or result and environmental control equipment required to maintain certain levels of humidity or temperature in a special and limited area of the manufacturing facility where the regulation is essential for production to occur. The term includes computer equipment that controls or monitors the functions of machinery used directly in the manufacturing operations.

d. "Machinery" and "equipment":

(1) For purposes of a manufacturer or recycler, do not include handtools, buildings, or transportation equipment not used directly in manufacturing or recycling; machines and equipment used primarily in administrative, accounting, sales, or other nonmanufacturing segments of the business; any property that becomes a part of the manufactured

- 1 or recycled product; or any other equipment or machinery not used
2 directly in manufacturing or recycling; ~~and~~
- 3 (2) For purposes of a primary sector business other than manufacturing or
4 recycling, do not include equipment that is not an integral part of the
5 operations of the primary sector business;
- 6 (3) For purposes of a tourism business, do not include equipment that is
7 not an integral part of the operations of the tourism business; and
- 8 (4) For purposes of a wireless service provider, do not include equipment
9 that is not an integral part of the operations of the wireless service
10 provider.
- 11 e. "Manufacturing", in addition to the meaning ordinarily ascribed to it, means the
12 processing of agricultural products, including registered and certified seed, but
13 does not include mining, refining, extracting oil and gas, or the generation of
14 electricity.
- 15 f. "Primarily" means more than fifty percent of the time the machinery or
16 equipment is used.
- 17 g. "Primary sector business" means an individual, corporation, limited liability
18 company, partnership, or association that through the employment of
19 knowledge or labor adds value to a product, process, or service which results
20 in the creation of new wealth and which has been certified by the department
21 of commerce division of economic development and finance to be qualified
22 under this subdivision.
- 23 h. "Recycling" means collecting or recovering material that would otherwise be
24 solid waste and performing all or part of the process in which the material
25 becomes a raw material for manufacturing or becomes a product for sale at
26 retail or wholesale.
- 27 i. "Tourism" includes all tourism-related businesses and activities, such as
28 recreation, historical and cultural interpretation, events, guide services, and
29 unique lodging and food services that serve as destination attractions.
- 30 j. "Used directly" with respect to manufacturing means used primarily in the
31 actual production, processing, fabrication, or assembly of raw materials, or

partially finished materials, into the form in which the product is finalized, packaged, and ready for market. The term also means:

- (1) To effect a direct physical change upon the tangible personal property.
- (2) To guide or measure a direct physical change upon the property when the function is an integral and essential part of tuning, verifying, or aligning the component parts of the tangible personal property.
- (3) To test or measure the property on the production line or at a site in the location of production.
- (4) To transport, convey, or handle the tangible personal property during the manufacturing.
- (5) To package the product for sale and shipment.
- (6) To conduct research and development and design activities related to the manufacturing process of the plant.

"Used directly" with respect to recycling means used solely in processing, compacting, altering, transporting, or otherwise affecting material as a part of the recycling process.

- k. "Wireless service provider" means any entity authorized by the federal communications commission to provide wireless service within this state on the effective date of this Act.

SECTION 29. AMENDMENT. Section 17 of chapter 151 of the 2005 Session Laws is amended and reenacted as follows:

SECTION 17. LEGISLATIVE COUNCIL STUDY - NORTH DAKOTA BUSINESS

CLIMATE INITIATIVE. During the 2005-06 and 2007-08 interims, the legislative council shall study the state's business climate through a business climate initiative. The business climate initiative must include receipt of agency reports regarding economic development legislation introduced by the legislative council during previous legislative sessions, active participation in business climate focus groups across the state, and active participation in biennial business congresses. The focus groups shall discuss ways to enhance the state's business climate to stimulate job growth and enhance economic prosperity for employers and employees by encouraging the growth of existing businesses in the state, creating new businesses in the state, and encouraging expansion or relocation of businesses to this state. Each business

1 congress must receive a report on the activities of the focus group discussions, shall identify
2 methods to enhance the state's business climate to stimulate job growth and enhance
3 economic prosperity, shall identify methods to prepare the state for the high-growth and
4 high-demand jobs of the future, and shall evaluate the impact of existing state economic
5 development programs. The department of commerce shall organize the business climate
6 focus groups and the business congresses. Before each business congress, which must be
7 held before June 1, 2006, and before June 1, 2008, the department shall hold a minimum of six
8 focus group discussions, ~~two of which specifically focus on local economic developers, young~~
9 professionals, and ~~four of which specifically focus on private business needs.~~ The department
10 shall consult with the legislative council in compiling focus group and business congress
11 participant invitation lists and drafting and distributing invitations, establishing focus group and
12 business congress dates and locations, and preparing agendas for focus groups and business
13 congresses. The legislative council shall contract with a third party to provide professional
14 services to plan, facilitate, report on, and coordinate followup for the focus groups and business
15 congresses. The legislative council shall report its findings and recommendations, together
16 with any legislation required to implement the recommendations, to the sixtieth and sixty-first
17 legislative assemblies.

18 **SECTION 30. REPEAL.** Sections 57-38-71, 57-38-72, 57-38-73, and 57-38-74 of the
19 North Dakota Century Code are repealed.

20 **SECTION 31. STATE BOARD OF HIGHER EDUCATION REPORT ON CCBENEFITS**
21 **- LEGISLATIVE COUNCIL REPORT.** During the 2007-08 interim, the state board of higher
22 education shall monitor the implementation of the services of ccbenefits, incorporated, by the
23 institutions under the control of the state board of higher education. Before July 1, 2008, the
24 state board of higher education shall report to the legislative council on the status of the
25 implementation of the ccbenefits, incorporated, services, including the status of the
26 implementation at each institution using the services, the level of utilization of the services at
27 the institutional level and at the system level, the feasibility and desirability of expanding the use
28 of the services from use by the community colleges to use by all institutions in order to improve
29 responsiveness of institutions and to improve forecasting efforts of institutions, and
30 recommendations relating to the use of the ccbenefits, incorporated, services. The legislative

council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.

**SECTION 32. JOB SERVICE NORTH DAKOTA CHRONIC UNEMPLOYMENT AND
SOFT SKILLS TRAINING STUDY AND REPORT - LEGISLATIVE COUNCIL REPORT.**

1. During the 2007-08 interim, job service North Dakota shall study the issue of chronic unemployment and the issue of soft skills training for the chronically unemployed and as an element of workforce training. The study shall include:
 - a. Evaluation of the costs and effectiveness of the current unemployment, reemployment, and workforce training processes used by job service North Dakota, with consideration of the feasibility and desirability of increasing the use of soft skills training and with consideration of how these processes impact workforce needs in the state;
 - b. A report on the progress of and results from the chronic unemployment demonstration project carried out by job service North Dakota during the 2007-08 interim; and
 - c. Consideration of the appropriate means of funding any additional costs that might be incurred as a result of implementation of the study's recommendations.
2. Before July 1, 2008, job service North Dakota shall report to the legislative council the outcome of the study, along with any recommendations and any legislative language required to implement the recommendations.
3. The legislative council shall receive the report of job service North Dakota and consider whether to recommend any of the proposed recommendations of job service North Dakota. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.

**SECTION 33. DEPARTMENT OF COMMERCE TARGET INDUSTRY CLUSTER
INDUSTRIES STUDY - LEGISLATIVE COUNCIL REPORT.** During the 2007-08 interim, the department of commerce target industries report to the legislative council required under North Dakota Century Code section 54-60-11 must include a study of the cluster industries related to the state's target industries. The study must include an inventory of innovation assets which

may be relevant to the target industries and related cluster industries; how target industries and related cluster industries may be better aligned with state economic development activities and programs, such as centers of excellence, economic development incentives, and higher education; and how to stimulate development in the target industries and related cluster industries. The commissioner of commerce shall report to the legislative council the outcome of the study and identify proposed legislative changes necessary to implement the department of commerce's recommendations to stimulate development in the target industries and related cluster industries for each of these target industries.

SECTION 34. DEPARTMENT OF COMMERCE WORKFORCE INTELLIGENCE

STUDY AND REPORT - LEGISLATIVE COUNCIL REPORT. During the 2007-08 interim, the department of commerce shall study the workforce intelligence needs of the state. The study must include what workforce intelligence is needed to support a successful talent initiative; identification of workforce intelligence that currently exists and where it is located; and development of an ongoing method to share existing workforce intelligence, identify gaps in existing workforce intelligence, fill gaps in workforce intelligence, and ensure workforce intelligence is disseminated to workforce system partners, stakeholders, education and training providers, students, and parents of school-age children. Before July 1, 2008, the department of commerce shall report to the legislative council the outcome of the study, along with any recommendations and any legislative language required to implement the recommendations. The legislative council shall receive the report of the department of commerce and consider whether to recommend any of the proposed recommendations of the department of commerce. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.

SECTION 35. DEPARTMENT OF COMMERCE HIGHER EDUCATION INTERNSHIPS

STUDY AND REPORT - LEGISLATIVE COUNCIL REPORT.

1. During the 2007-08 interim, the department of commerce, in consultation with the state board of higher education, shall study the status of higher education internship opportunities in the state and strategies to increase higher education internships in the state. The study must include:
 - a. Consideration of the feasibility of the North Dakota university system providing expanded technical assistance and outreach to North Dakota target industry

employers to increase participation in for-credit and not-for-credit higher education internships.

- b. Consideration of the feasibility and desirability of creating a matching fund grant program for businesses and communities to incentivize participation in higher education internship programs.

2. Before July 1, 2008, the commissioner of commerce shall report to the legislative council the outcome of the study, along with any recommendations and any legislative language required to implement the recommendations.

3. The legislative council shall receive the report of the department of commerce and consider whether to recommend any of the proposed recommendations of the department of commerce. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.

**SECTION 36. DEPARTMENT OF COMMERCE CAREER EDUCATION STUDY AND
REPORT - LEGISLATIVE COUNCIL REPORT.**

1. During the 2007-08 interim, the department of commerce, in consultation with the department of career and technical education, job service North Dakota, and the superintendent of public instruction, shall study the career education needs of public school students in kindergarten through grade twelve and how to improve the career education services provided to these students. The study must include:
 - a. A survey of career education services being provided in the state and an analysis of the effectiveness of these services in preparing students to make career decisions;
 - b. Evaluation of the career education resources available to public schools across the state, taking into account the possibility of cooperative arrangements or joint powers agreements;
 - c. Consideration of the workforce needs in the state;
 - d. Consideration of the higher education opportunities and areas of study available in the state;
 - e. Consideration of possible strategies the state could undertake to improve the career education services being provided in the state, including whether it is

feasible and desirable to implement a statewide career education requirement and whether a state agency should be charged with administering a statewide career education program; and

f. Specific recommendations on how to improve the career education services provided to students.

2. Before July 1, 2008, the department of commerce shall report to the legislative council the outcome of the study and whether the department will be pursuing any of the recommendations. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.

SECTION 37. LEGISLATIVE COUNCIL STUDY - HOUSING NEEDS. During the 2007-08 interim, the legislative council shall consider studying the state's housing needs and how unmet housing needs may affect economic development in the state. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.

SECTION 38. LEGISLATIVE COUNCIL STUDY - WIRELESS SERVICE PROVIDERS. During the 2007-08 interim, the legislative council shall consider studying issues relating to wireless service providers in the state and how wireless service impacts the business climate in the state. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.

SECTION 39. TRANSFER. During the biennium beginning July 1, 2007, and ending June 30, 2009, the director of the office of management and budget shall transfer \$5,000,000 from the general fund to the rural airport economic development fund.

SECTION 40. APPROPRIATION. There is appropriated out of any moneys in the rural airport economic development fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, or so much of the sum as may be necessary, to the aeronautics commission for the purpose of the rural airport economic development fund, for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 41. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,200,000, or so

1 much of the sum as may be necessary, to the Bank of North Dakota for the purpose of
2 defraying the expenses of the biodiesel partnership in assisting community expansion fund, for
3 the biennium beginning July 1, 2007, and ending June 30, 2009.

4 **SECTION 42. APPROPRIATION.** There is appropriated out of any moneys in the
5 general fund in the state treasury, not otherwise appropriated, the sum of \$8,000,000, or so
6 much of the sum as may be necessary, to the Bank of North Dakota for the purpose of
7 defraying the expenses of the partnership in assisting community expansion fund, for the
8 biennium beginning July 1, 2007, and ending June 30, 2009.

9 **SECTION 43. APPROPRIATION TRANSFER.** The Bank of North Dakota shall
10 transfer the funds appropriated by sections 41 and 42 of this Act to the biodiesel partnership in
11 assisting community expansion fund established by section 6-09.17-02 and the partnership in
12 assisting community expansion fund established by section 6-09.14-02. The Bank of North
13 Dakota may not be construed to be a general fund agency because of the appropriations made
14 by sections 41 and 42 of this Act.

15 **SECTION 44. APPROPRIATION.** There is appropriated out of any moneys in the
16 general fund in the state treasury, not otherwise appropriated, the sum of \$45,000, or so much
17 of the sum as may be necessary, to the department of career and technical education for the
18 purpose of funding grants for innovation, for the biennium beginning July 1, 2007, and ending
19 June 30, 2009.

20 **SECTION 45. APPROPRIATION.** There is appropriated out of any moneys in the
21 general fund in the state treasury, not otherwise appropriated, the sum of \$600,000, or so much
22 of the sum as may be necessary, to job service North Dakota, for the purpose of funding a web
23 site spider program to identify job listings available in North Dakota, for the biennium beginning
24 July 1, 2007, and ending June 30, 2009. The funds appropriated under this section are
25 intended to supplement any federal funds made available to fund this spider program.

26 **SECTION 46. EFFECTIVE DATE - EXPIRATION DATE.** Sections 22, 23, 24, 25, 26,
27 27, and 30 of this Act are effective for taxable years beginning after December 31, 2006.
28 However, rentals under a lease entered before January 1, 2007, and eligible for the exemption
29 under section 57-38-73 when the lease was entered continue to be eligible for the exemption
30 for taxable years after 2006 on the same terms and conditions for the duration of the lease.

1 Section 28 of this Act is effective for taxable events occurring after June 30, 2007, and before
2 July 1, 2011, and is thereafter ineffective.

3 **SECTION 47. EMERGENCY.** Sections 2, 3, 4, 11, 41, 42, and 43 of this Act are
4 declared to be an emergency measure.