



Testimony
Senate Appropriations Committee
HOUSE BILL NO. 1380
March 31, 2021

Chairman Holmberg and members of the Senate Appropriations Committee. I am Brian Johnson the CEO of Choice Bank and Vice Co-Chair of the Valley Prosperity Partnership (VPP), an initiative led by business executives to advance and advocate for shared strategic economic development opportunities for the Red River Valley region and for North Dakota.

The business executives who lead companies across the state of North Dakota that comprise the VPP desire to strengthen and diversify our economy. They feel that investing in research and development and workforce development are critical to insuring a robust and prosperous future for all North Dakotans. Thanks to the vision of these business leaders and to public policy leaders like yourself, the legislature will have multiple proposals to consider that seek to diversify the state's economy by investing state dollars into the research and workforce development.

HB 1380's provisions relating to an economic diversification research fund are right on target. My experience tells me that North Dakota faces both a need & perception challenge. We are proud of ag & oil but we are so heavily identified with these labels that it keeps outside investment away because capital can go to other places without the swings that often affect ag & oil.

I have experienced this directly while serving as the Chair of the Community Depository Institutions Advisory Council of the Minneapolis Federal Reserve Board and while raising over \$100 million to diversify our ag bank both geographically and in terms of our business lines (insurance, wealth, health benefits, Fintech space)

We need to find ways to attract outside capital, whether it is to build upon our existing economic base or by attracting new talent and ideas that are outside of ag & oil. HB 1380 can be the start and an example to accomplish both of these.

Likewise, the VPP supports passage of House Bill No. 1141, which continues a legacy innovation fund to support technology advancement in the state. We also welcome recent



passage of House Bill 1425 that will enable the state investment board to allocate funding to qualified investment firms and financial institutions for the purpose of making fixed income investments and equity investments within the state.

Thank you for your consideration of these important investments in research and development that will lead to new innovations and enable the expansion of opportunity in North Dakota.



Strengthening and Diversifying North Dakota's Economy by Investing in Research and Development

R&D>ND PROPOSAL: This is a private-sector led initiative. The broad-based business coalition wants to **strengthen our core sectors to make them more resilient and diversify our state's economy.** North Dakota's universities and colleges are important economic drivers, whose research and development capabilities sustain our competitive advantages in agriculture and energy, translating innovations into new economic opportunities, a more skilled workforce, and higher-paying jobs for North Dakotans.

NEED for R&D

- **BEYOND OIL & SOIL:** North Dakota's economic trajectory is directly linked to the strength of the agriculture and energy sectors.
- **STRENGTHEN & DIVERSIFY:** Business leaders support the strengthening and diversification of our economy efficiently and effectively meet the unique healthcare needs of the State.
- **ADVANTAGE:** North Dakota does not have a stream of funding that supports basic and applied research and development at research universities.

FUNDING PROPOSAL

- \$ **FIFTEEN PERCENT (15.0%) OF LEGACY FUND EARNINGS** or other comparable State funds will be allocated annually for use by UND, NDSU, the 9 other public universities, and the private sector.
- \$ **TEN PERCENT (10.0%) to ND's NON-RESEARCH UNIVERSITIES & PRIVATE-SECTOR RESEARCHERS:** At minimum, 10% of the State-awarded amount is to be made available to fund research proposals at any of the 9 non-research university entities within the purview of the State Board of Higher Education.
- \$ **LEVERAGE FUNDING:** Leverage federal, private and additional sources of funding.

ACCOUNTABILITY

- ✓ **BANK of NORTH DAKOTA:** Creation of BND panel to provide annual reports.
- ✓ **INTERNAL ADVISORY COMMITTEE:** Members appointed from the education institutions would review and formulate recommendations on effectiveness and implementation of research programs at NDSU & UND.
- ✓ **EXTERNAL ADVISORY COMMITTEE:** External scientific experts would provide feedback and recommendations on the program's strategic direction.

GOALS for INVESTMENT

- **VALUE-ADDED:** Enhance value-added opportunities within the State's core agriculture and energy industries
- **HEALTHCARE:** More efficiently and effectively meet the unique healthcare needs of the State
- **ECONOMY OF THE FUTURE:** Expand investments in UAS, autonomous capabilities, and emerging technologies in advanced manufacturing and materials, augmented reality, data, robotics and automation, and alternative energy and storage technologies.

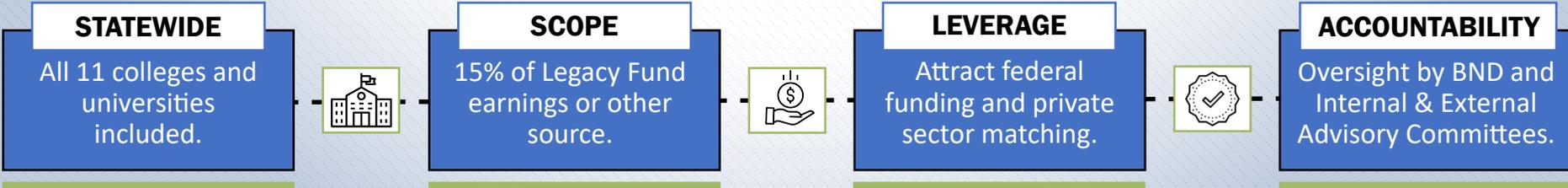
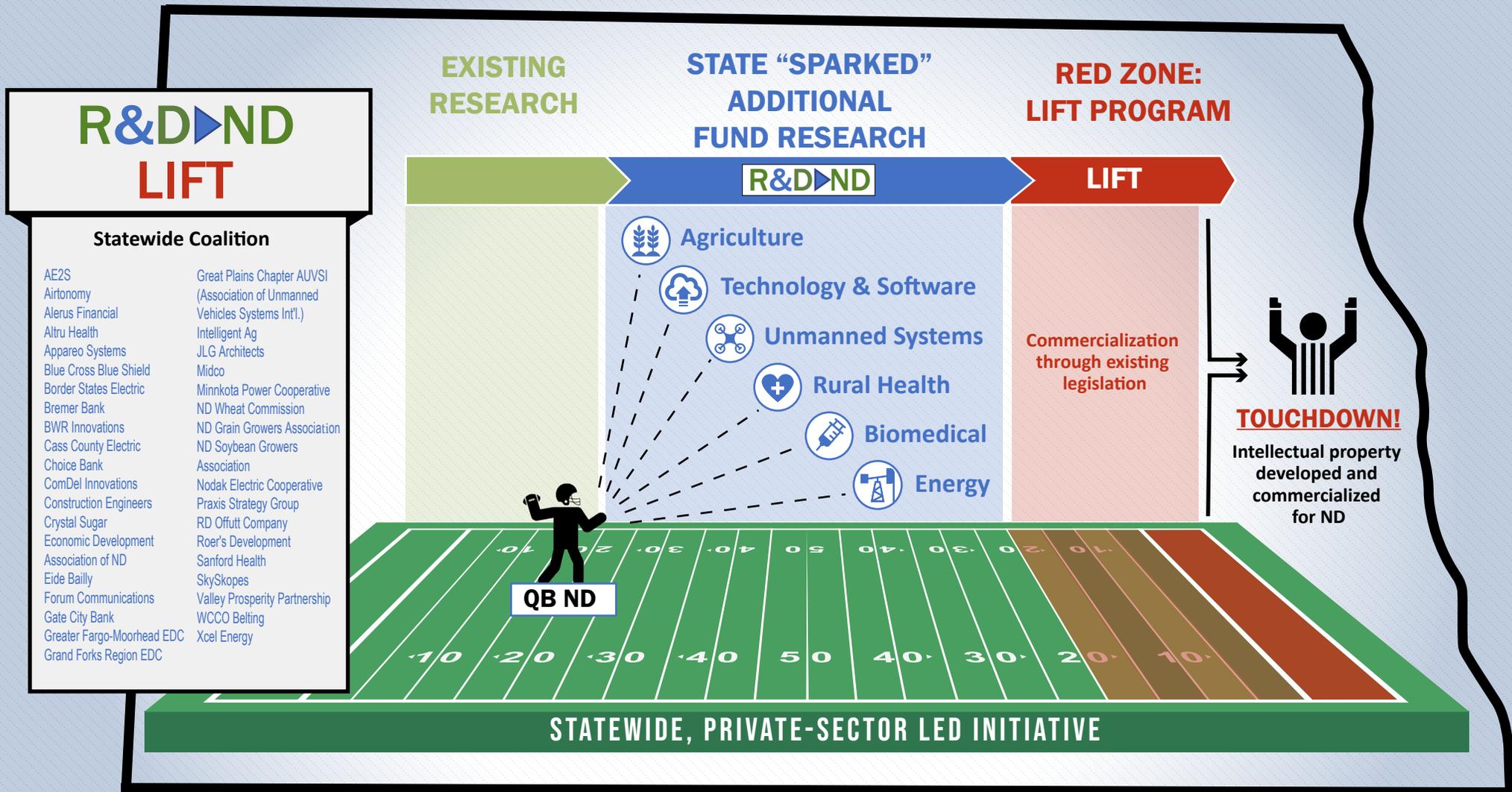
GUIDELINES for USE OF FUNDS

- \$ **LEVERAGE FUNDING:** Basic or applied university research, with the expectation it will leverage funding from federal, corporate, or other sources;
- \$ **PARTNERSHIPS:** University-originated research partnerships with industry, and;
- \$ **INDUSTRY SUPPORT:** Research that is originated by a business, public or private university or non-profit organization that is conducted in partnership with a NDUS university or college.

OPPORTUNITIES

- ✓ **INVESTMENT ECOSYSTEM:** R&D>ND will round out the state's R&D ecosystem by getting more ideas to the LIFT program and leveraging existing research activities, including NDSU Extension projects, the EERC and ND's research councils.
- ✓ **ATTRACT TALENT & FUNDING:** Long term, predictable funding will attract research talent and funding for sectors that are key to strengthening and diversifying North Dakota's economy.

STRENGTHENING AND DIVERSIFYING NORTH DAKOTA'S ECONOMY BY INVESTING IN RESEARCH AND DEVELOPMENT





The Valley Prosperity Partnership (VPP) is focused on developing a unified, shared vision for high value and sustained economic growth for all Red River Valley residents. A steering committee of private sector industry and higher education leaders, joined by economic development partners, work to advance strategic economic development opportunities for the Red River Valley region of North Dakota and Minnesota and for the entire State of North Dakota.

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Cass County Electric Cooperative,
Co-Chair, Valley Prosperity Partnership

Steve Burian, President & CEO
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