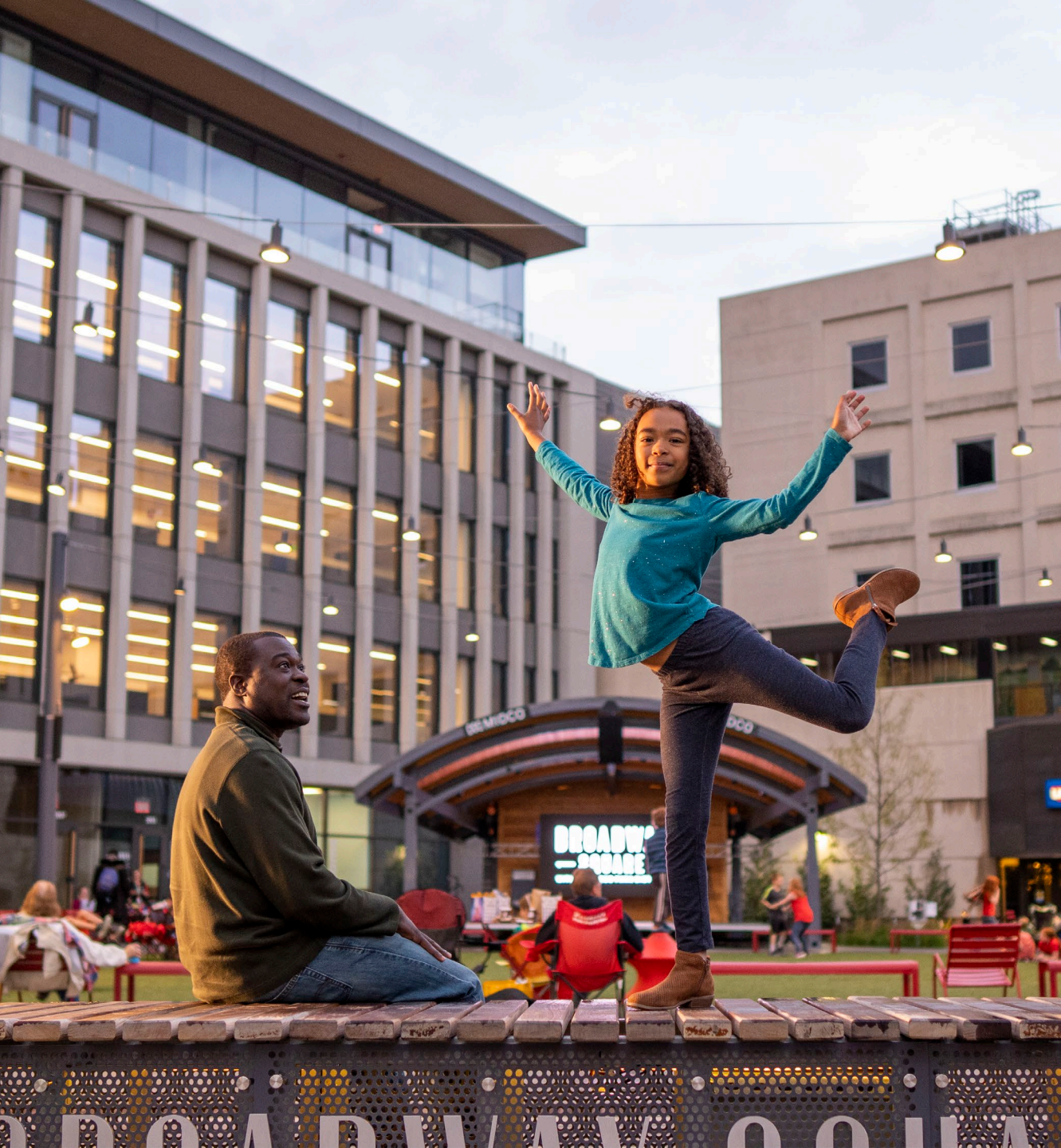




HOUSE APPROPRIATIONS

January 9, 2023

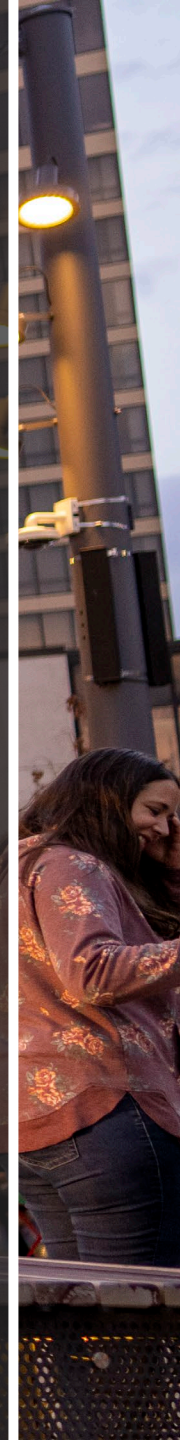


NORTH Dakota

Commerce

Be Legendary.

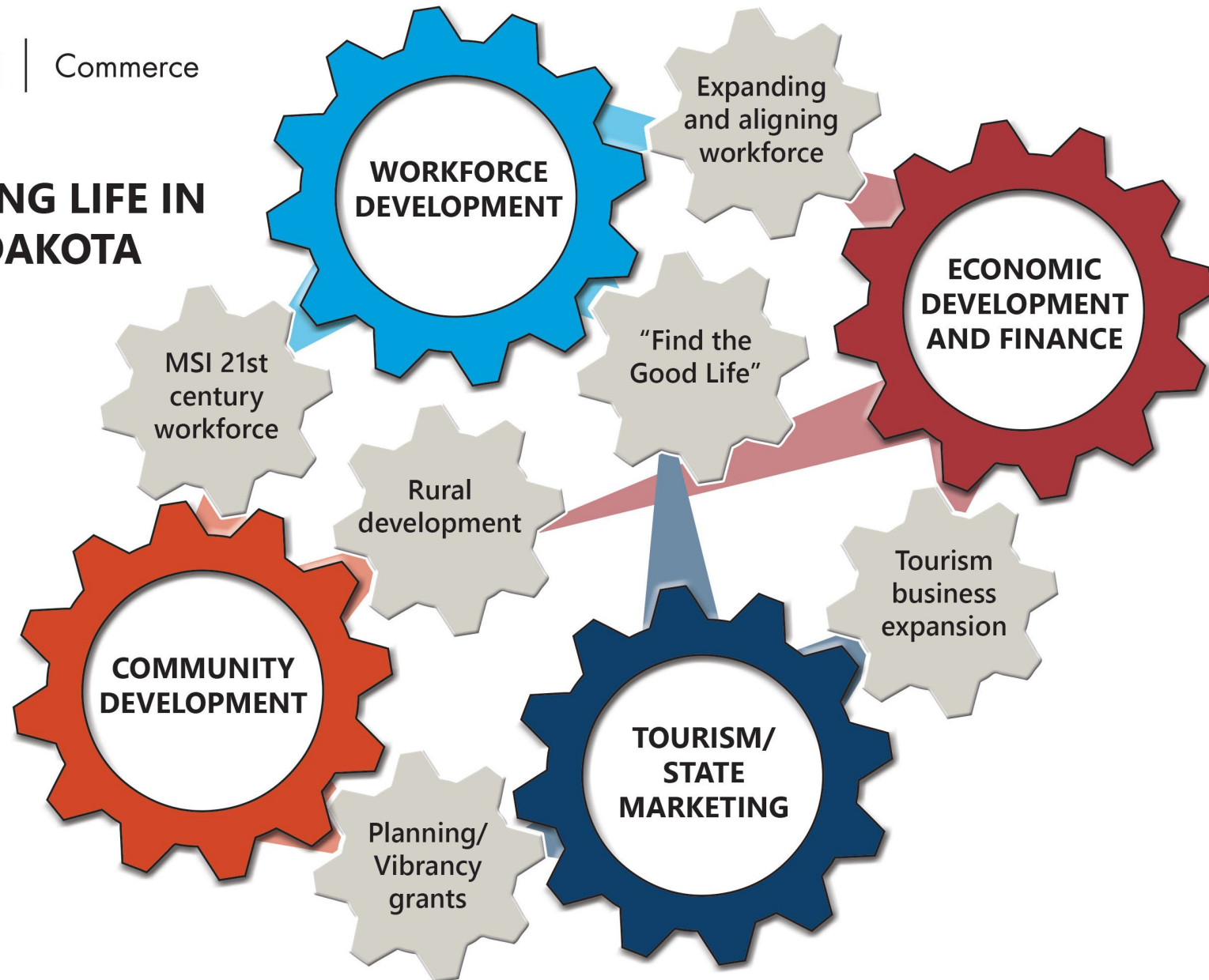
The North Dakota Department of Commerce works to improve the quality of life for North Dakota citizens by leading efforts to attract, retain and expand wealth. Commerce serves businesses and communities statewide through committed people and partners who offer valuable programs and dynamic services.



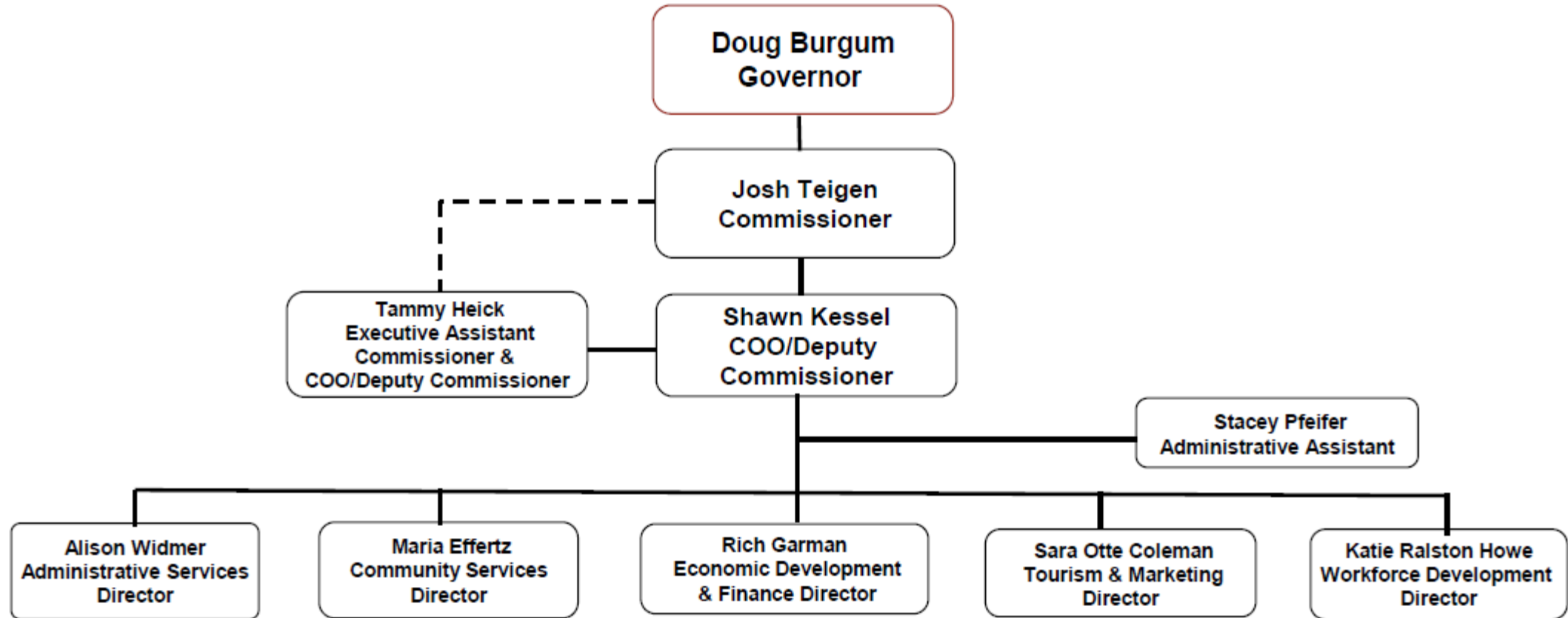


[Commerce Video](#)

IMPROVING LIFE IN NORTH DAKOTA



ORGANIZATIONAL CHART



AUDIT

- Commerce LIHEAP Finding – lack of subrecipient risk assessments.
- Finding relates to the global pandemic.
- Corrective action plan has been completed as of December 31, 2022.

COMMERCE FTES

Current

58.8 FTEs – Fully Funded with Benefits

2023-2025

63.8 FTEs – Fully Funded with Benefits

2023-2025 - FTE Request

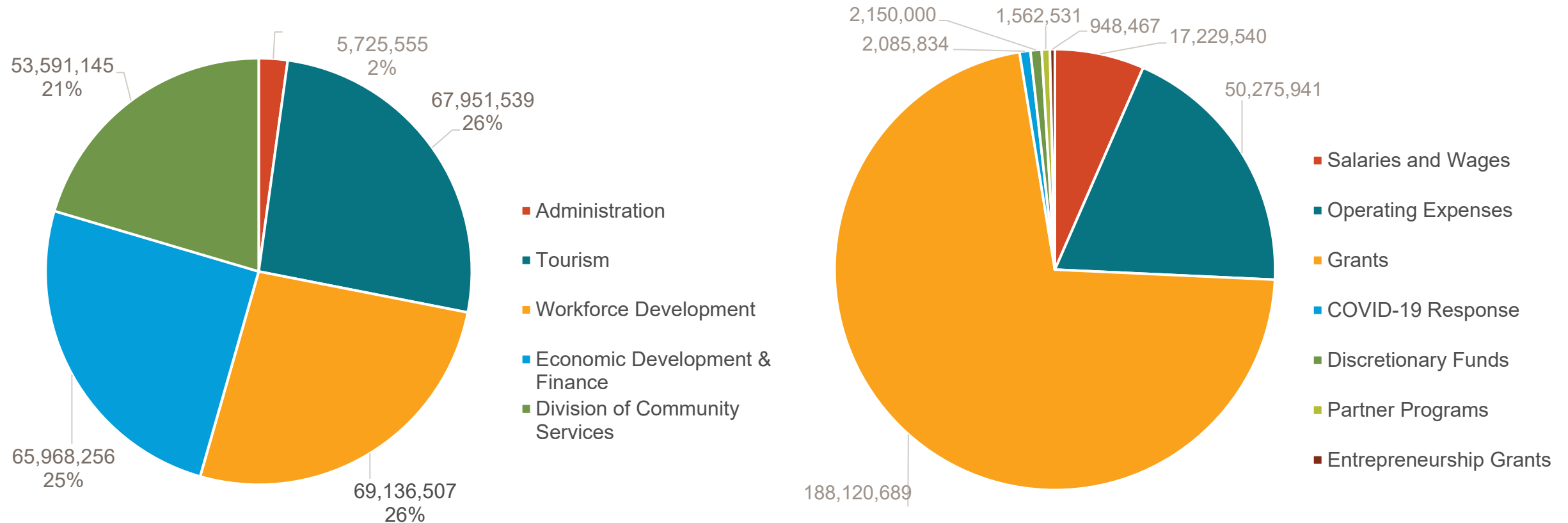
- Workforce Division (2 FTEs)
- Office of Automation (1 FTE)
- Community Services* (1 FTE) * May add three more
- Global Engagement (1 FTE)

SUPPORT FOR TOTAL REWARDS

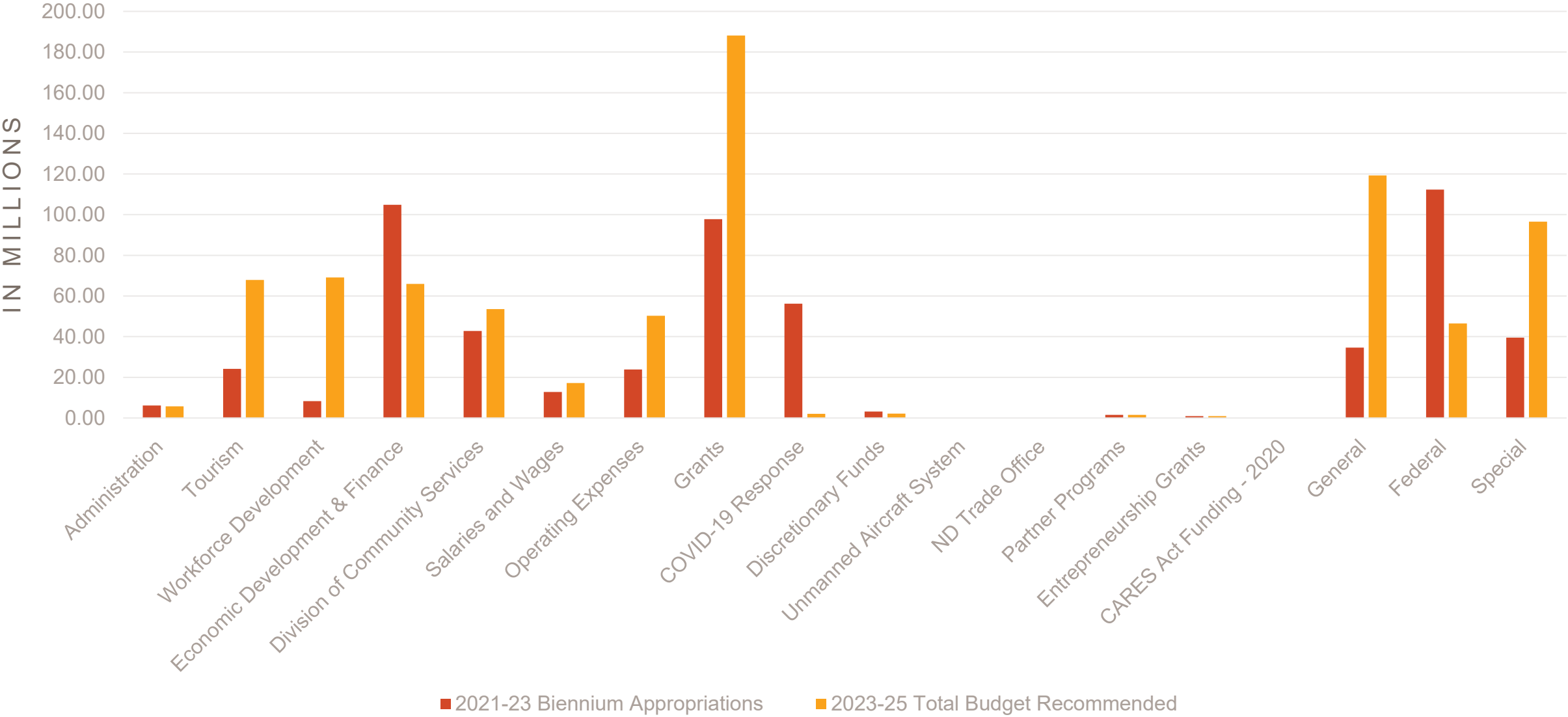
\$90M equity

- 6% year one
- 4% year two

BUDGET – OPERATIONS OVERVIEW



BUDGET COMPARISON



ONE TIME FUNDING – LAST BIENNIUM

- Beyond Visual Line of Sight Unmanned Aircraft System Enhanced Use Lease Grant
- COVID 19 Response – State Small Business Initiative
- Discretionary Funds – Tourism Planning Grants
- Job Development and Economic Growth Grant
- Motion Picture Production and Recruitment Grant
- Technical Skills Training Grant
- Tourism Marketing
- Tourism Transportation Improvement Grants
- Travel Agency and Tour Operator Emergency Resiliency Grants
- Event Center Emergency Resiliency Grants
- Unmanned Aircraft System
- Workforce Grants to Tribally Controlled Community Colleges Workforce Safety Grant

ONE TIME FUNDING – PROPOSED 23-25

One Time Funding

Workforce

Workforce Investment Funding	\$ 20,000,000.00
Talent Attraction	\$ 24,797,060.00
Automation Workforce Transition Training Program	\$ 5,000,000.00
Workforce Enhancement Grant	\$ 2,000,000.00
Volunteer Generation Fund	\$ 878,571.00

Tourism

Destination North Dakota	\$ 5,000,000.00
Destination Development Fund	\$50,000,000

Community Development

Rural Renewal Workforce Housing	\$ 5,500,000.00
Community Development Grants	\$ 800,000.00
Rural Revitalization and Redevelopment Grant Program	\$ 10,000,000.00

Economic Development and Finance

Northern Plains Unmanned Aircraft Systems	\$ 30,000,000.00
Enhanced Use Lease - Grand Sky	\$ 7,000,000.00
Automation Grant	\$ 10,000,000.00

Transfers

Workforce

Internship Fund	\$ 1,000,000.00
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Economic Development and Finance

North Dakota Development Fund	\$ 30,000,000.00
Innovation Loan Fund	\$ 20,000,000.00

21-23 SPECIAL SESSION FUNDS

	SB 2345	(60180)	Amount	Nov-22
North Dakota Development Fund	Section 35		\$5,000,000.00	Transfer is pending
Autonomous Agriculture Matching Grants	Section 37		\$10,000,000.00	\$279,697.25
Workforce Development Incentive Grant Program	Section 38		\$15,000,000.00	\$20,413.31
Technical Skills Training Grant Program	Section 39		\$5,000,000.00	\$191,406.95
	HB 1506			
Workforce Community Services Program	Section 19	(60163)	\$1,074,888.00	
Community Development Planning Grant Program	Section 20	(60164)	\$1,000,000.00	\$116,089.26
Workforce Innovation Network Grant Program	Section 21	(60167)	\$100,000.00	\$41,257.49

ANTICIPATED FORMULA ALLOCATION FEDERAL FUNDS '23-'25

The following was provided to legislative council in September 2022 regarding anticipated federal formula funds Commerce is anticipating to receive.

Program Name / Description	Estimated Federal Funds to be Received
Community Development Block Grant/State's Program	\$8,200,000
Emergency Shelter Grants Program	1,000,000
Shelter plus Care (Special Needs Assistance)	500,000
State Energy Program	881,360
Weatherization Assistance for Low-Income Persons	6,000,000
LIHEAP	10,000,000
Community Services Block Grant	7,000,000
SHOPP	5,000
State Commission	269,135
Americorps	2,000,000
Commission Investment Fund (CIF)	250,000
Apprenticeship Grants	347,160
National Aeronautics and Space Administration	10,000,000
Total	\$ 54,018,402.50





WORKFORCE DEVELOPMENT

The North Dakota Department of Commerce Workforce Development Division partners with other state agencies and public sector industry to deliver specialized programs and services to assist in enhancing the workforce of North Dakota.

It monitors and delivers workforce strategies for North Dakota such as:

- Ensuring employers have access to a skilled talent pool
- Growing opportunities for youth in careers and civic engagement
- Expanding volunteerism

Katie Ralston Howe, Director



WORKFORCE DEVELOPMENT

REGIONAL WORKFORCE IMPACT PROGRAM Current Biennium

Accomplishments

- Awarded 59 projects to date
 - Areas of focus: infrastructure investments, talent attraction, affordable housing, career exploration, career and technical education, workforce training, and child care.
- Supported expansion of 33 child care facilities; 1,590 new slots statewide

Challenges

- Limitations within federal funding source
- Modifying program during application window to accommodate applicant concerns
- Timeline to review and approve applications took longer than expected due to gaps and ineligibilities in proposals
- Program end date is causing concern for recipients

Funding

- 2021-2023: \$15 million (ARPA); \$14,218,377.14 awarded to date

WORKFORCE DEVELOPMENT

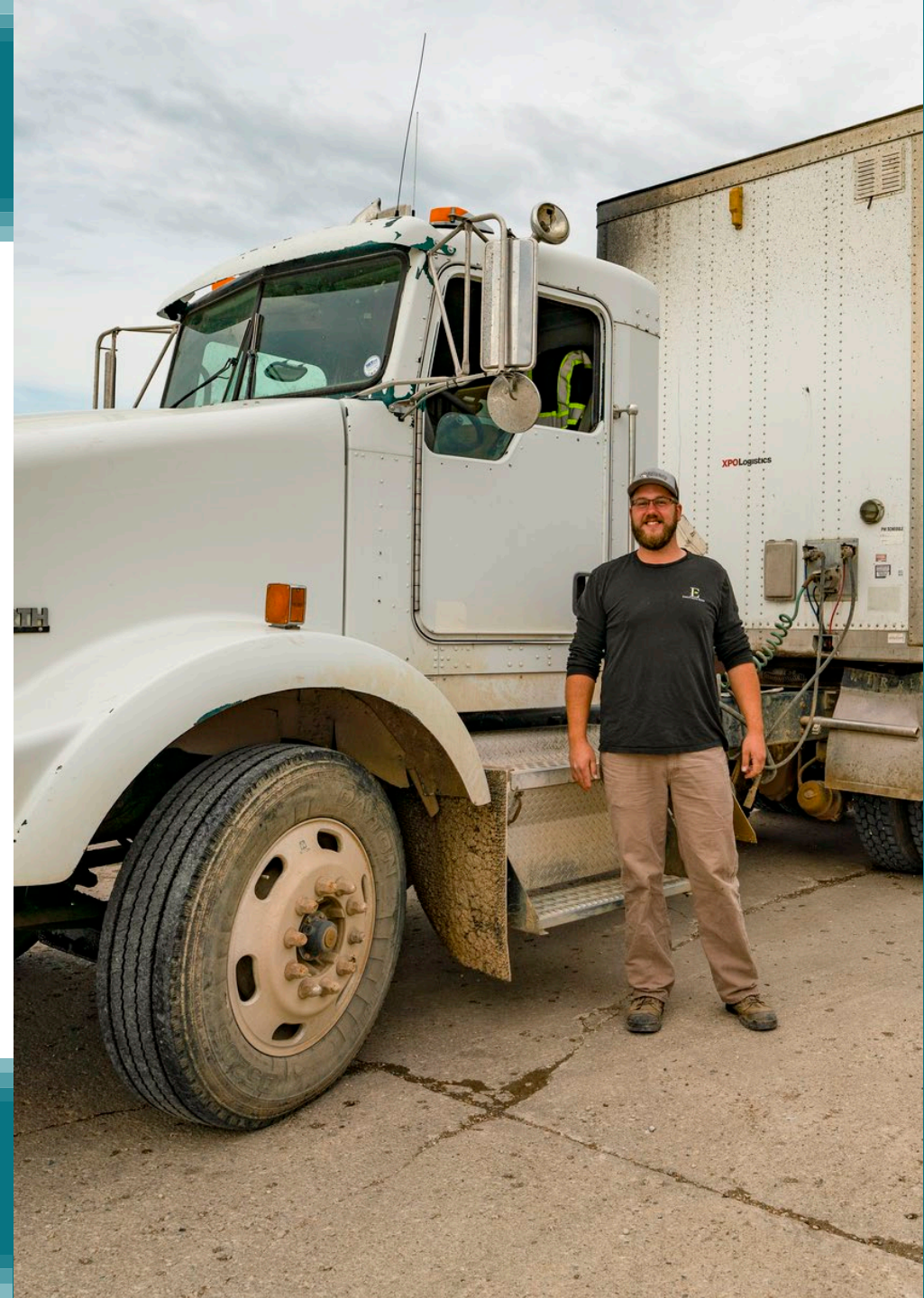
TECHNICAL SKILLS TRAINING GRANT CURRENT BIENNIUM

■ Accomplishments

- Expanded program to include incumbent worker training
- 20 programs supported this biennium
- Examples: welding, CNA, CDL, software development and cyber security, UAS, and more.
- Training providers include businesses, community colleges, area career and technology centers

■ Funding

- 2021 Regular Session: \$1M (CRF); \$509,171 expended
- 2021 Special Session: \$3M (ARPA); \$626,705 awarded



WORKFORCE DEVELOPMENT

WORKFORCE INNOVATION GRANT Current Biennium

Accomplishments

- Working to identify most innovative opportunities within ARPA guidelines

Challenges

- Administrative burden and challenges with RWIP caused Workforce Innovation Grant to stall
- Initial vision for grant is not allowable under ARPA guidelines
- Challenges in hiring a temporary employee to administer ARPA grant programs

Funding

- 2021-2023: \$2M (ARPA); requesting carryover authority

WORKFORCE DEVELOPMENT

OPERATION INTERN, AMERICORPS – Current Biennium

OPERATION INTERN

Accomplishments

- 148 businesses
- 470 interns

Challenges

- Demand was higher than available funding
- \$824,358

Funding

- 2021-2023: \$755,000

AMERICORPS

Accomplishments

- Increased number of projects; now at six
- Recruited 150+ AmeriCorps members
- 62 service locations

Funding

- Federal: \$3.8M
- State match: \$108,302

WORKFORCE DEVELOPMENT

FIND THE GOOD LIFE IN ND Current Biennium

Accomplishments

- Have 1,106 leads in the pipeline in six months
 - 29% to move immediately
 - 66% within 0-6 months
 - 78% new to ND
 - 9 relocated participants
 - 308 resumes
- Built a network of 60 community champions to assist job seekers
- 316 leads connected to champions



Challenges

- Establishing direct connections between job seekers and employers

Funding

- \$410,000 discretionary funds

WORKFORCE DEVELOPMENT

NEXT BIENNIUM GOALS AND PLANS

- Build on FTGL to expedite conversion timeline and increase number of job seekers/families who relocate to ND
- Create more flexibility and opportunities for innovation in RWIP
- Lean into skilled workforce training and try to be more proactive in pursuing new programs



WORKFORCE DEVELOPMENT

Budget

- Operating Budget: \$1M
- Regional Workforce Impact Program: \$20M
 - Carryover Authority + 1 FTE
- Technical Skills Training Grant: \$2M
 - Carryover Authority
- Workforce Innovation Grant: Carryover Authority ONLY
- Find the Good Life: \$12M (additional \$12M in Tourism & Marketing Budget)
- Automation Enhancement Workforce Training Grant: \$5M

TOURISM & MARKETING

We build a positive public image of North Dakota as a dynamic place to live and work. By showcasing opportunities and inspiring visitors to Be Legendary, we strengthen the economy and provide opportunity for people across our communities.

- Proactive media and influencer recruitment
- Paid advertising (tourism and workforce)
- Global tourism marketing
- Outdoor niche promotions
- Visitor support and services
- Business/partner support
- Tourism business development

Sara Otte Coleman, Director

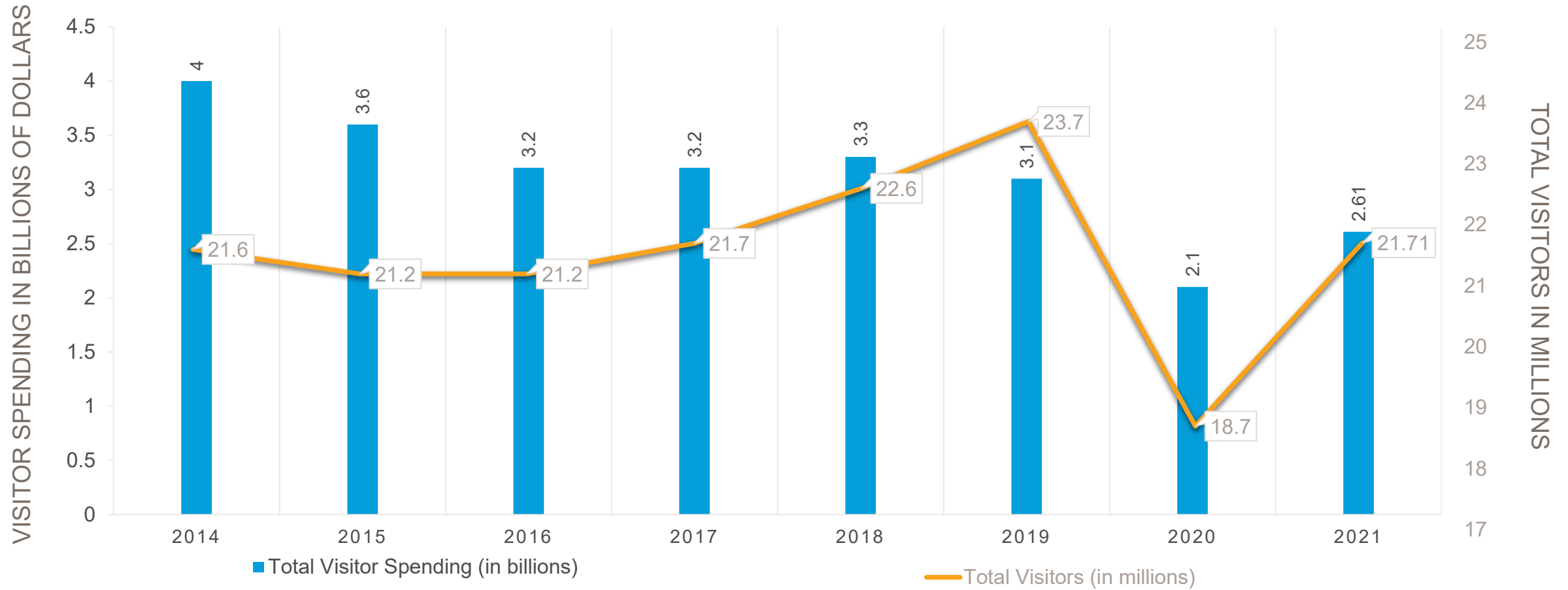


TOURISM & MARKETING

Current biennium accomplishments, challenges

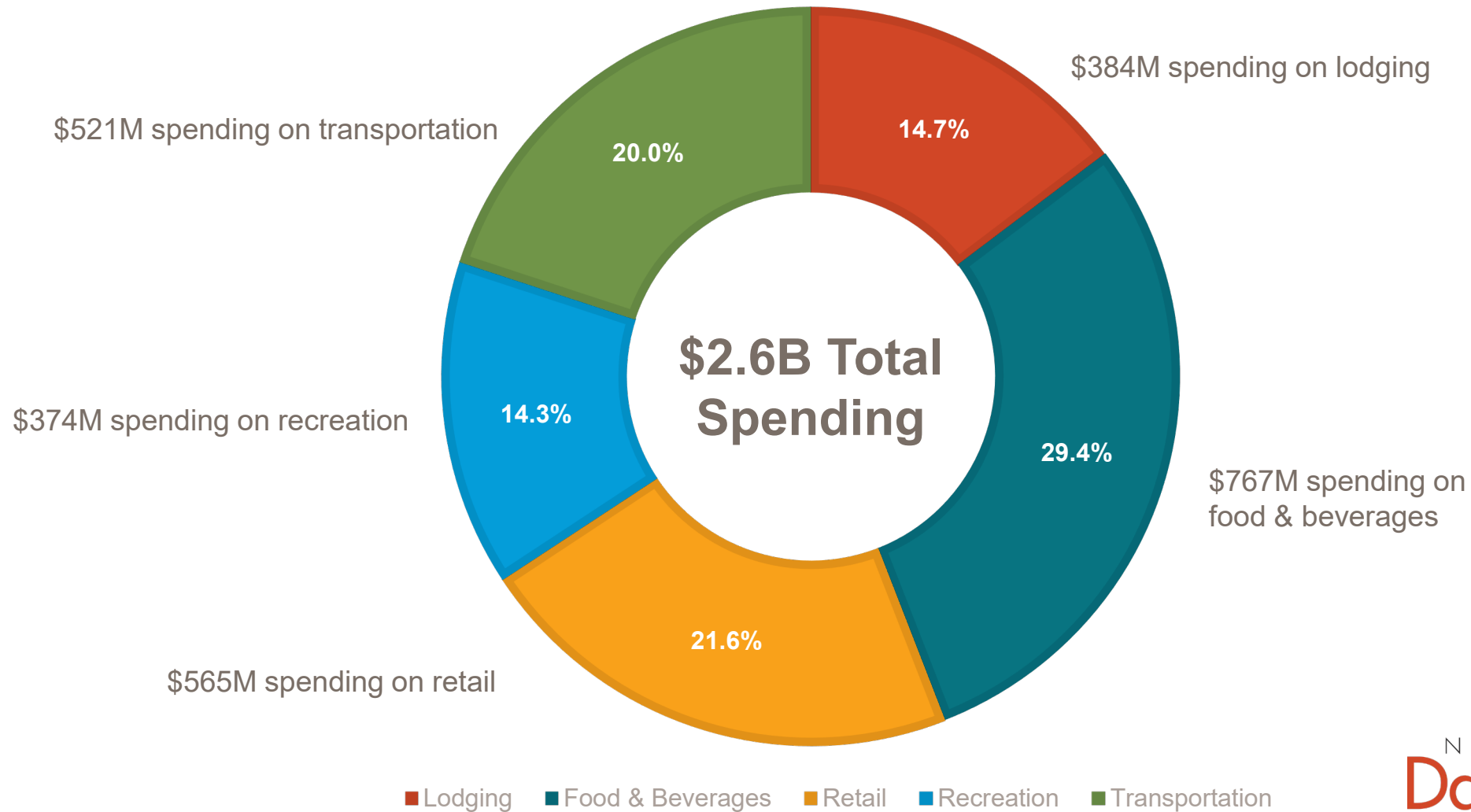
- Media outreach resulted in 4,019 instances - up 821% - reaching 20.2B
- Tourism advertising reached 333 million resulting in 285,000 click-throughs and 15.2M video completions
- Domestic road trips tracked 7.9M trips
- Hotel occupancy was up 11.9%, RevPAR up 23.9%. Lodging tax up 37%
- Global tours up 9.6%
- NDtourism.com – updated and improved, welcomed more than 2M visits

VISITOR SPENDING IN NORTH DAKOTA

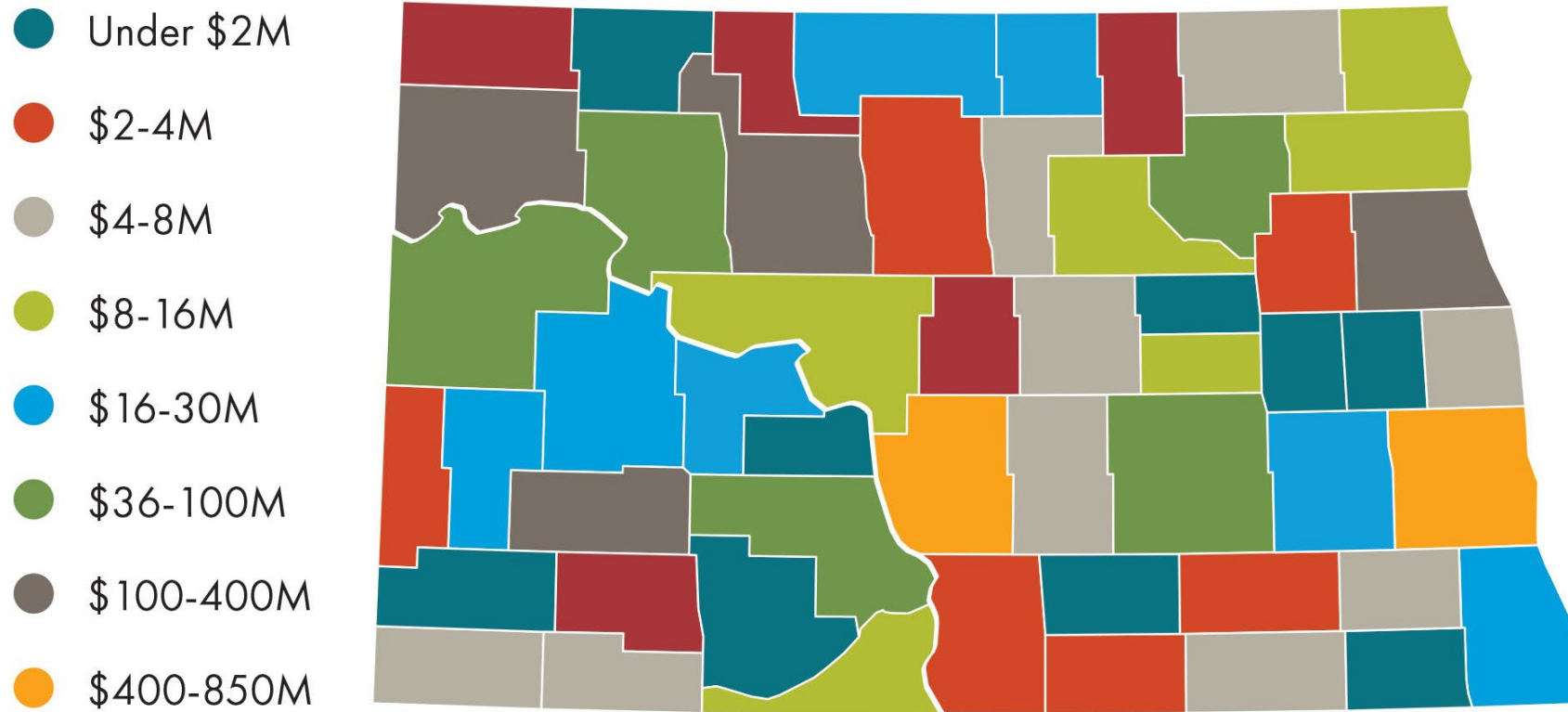


VISITOR SPENDING TOUCHES VARIOUS SECTORS

TOURISM INDUSTRY SALES IN NORTH DAKOTA, 2021



VISITOR SPENDING BY COUNTY

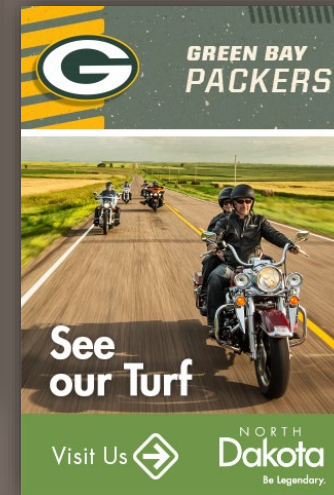
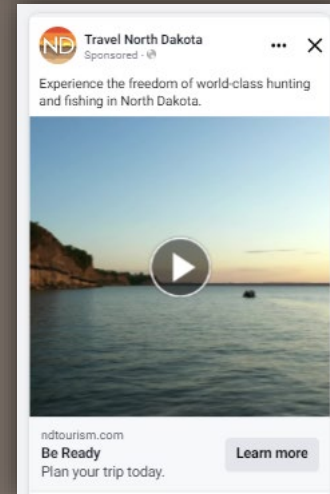
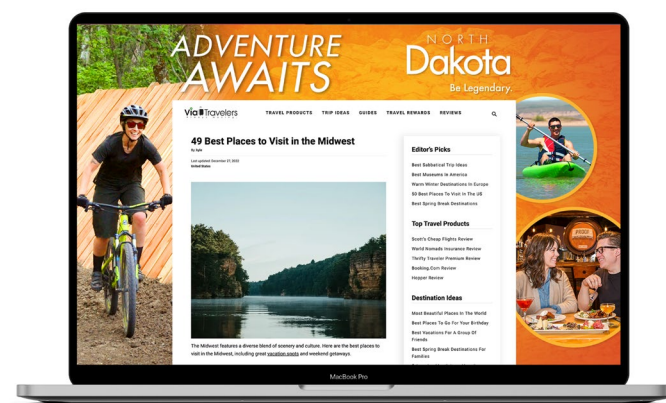


Travel and tourism benefits every county in North Dakota, creating jobs, generating sales across dozens of sectors and improving our quality of life.

TOURISM & MARKETING

CURRENT BIENNIUM ACCOMPLISHMENTS, CHALLENGES

- Halo effect of seeing tourism advertising improves North Dakota's image
- 12.5% advertising seen
- 26.2% advertising seen + visit to ND

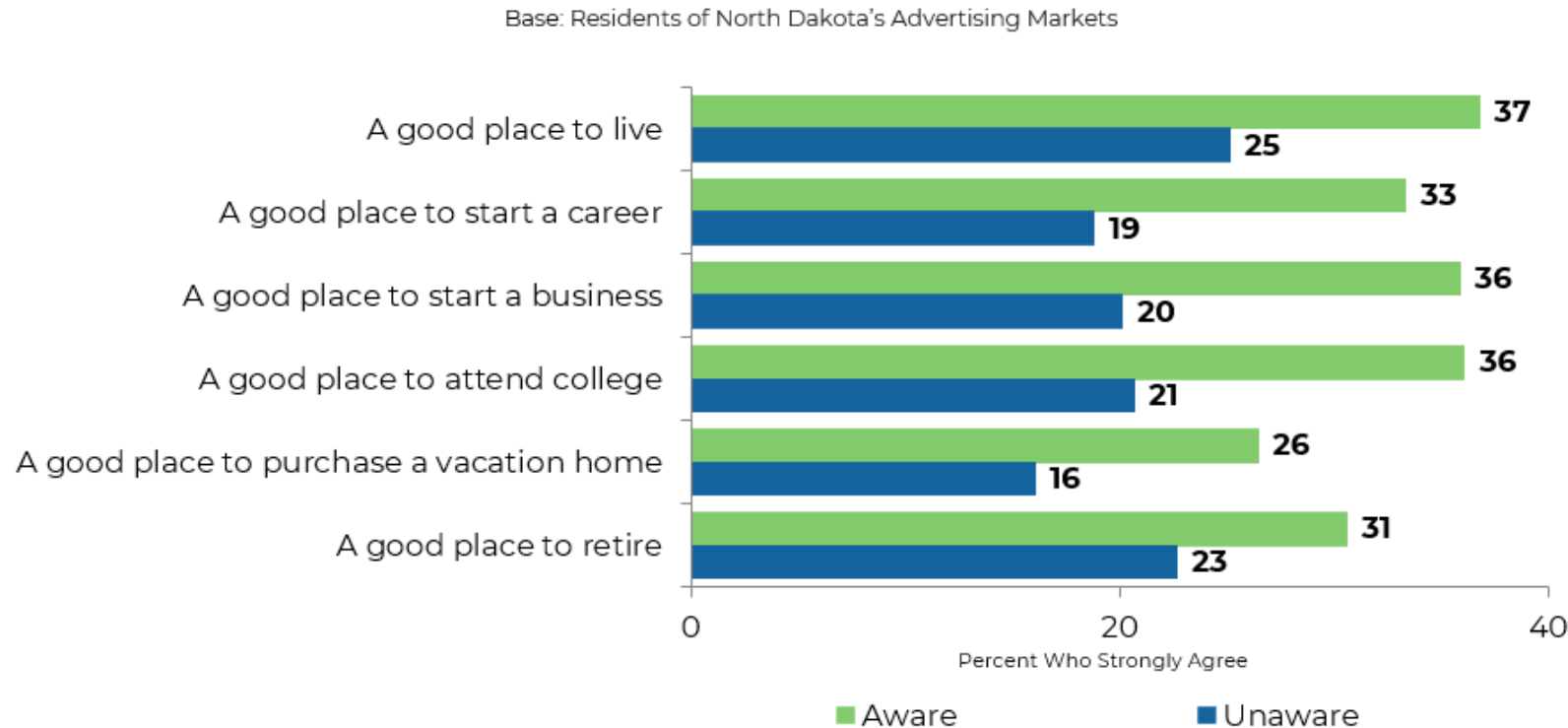


RIDE NORTH
TO UNCROWDED FREEDOM.

TOURISM & MARKETING

Next Biennium Goals and Plans - Improve Awareness

North Dakota Halo Effect: Advertising Impact

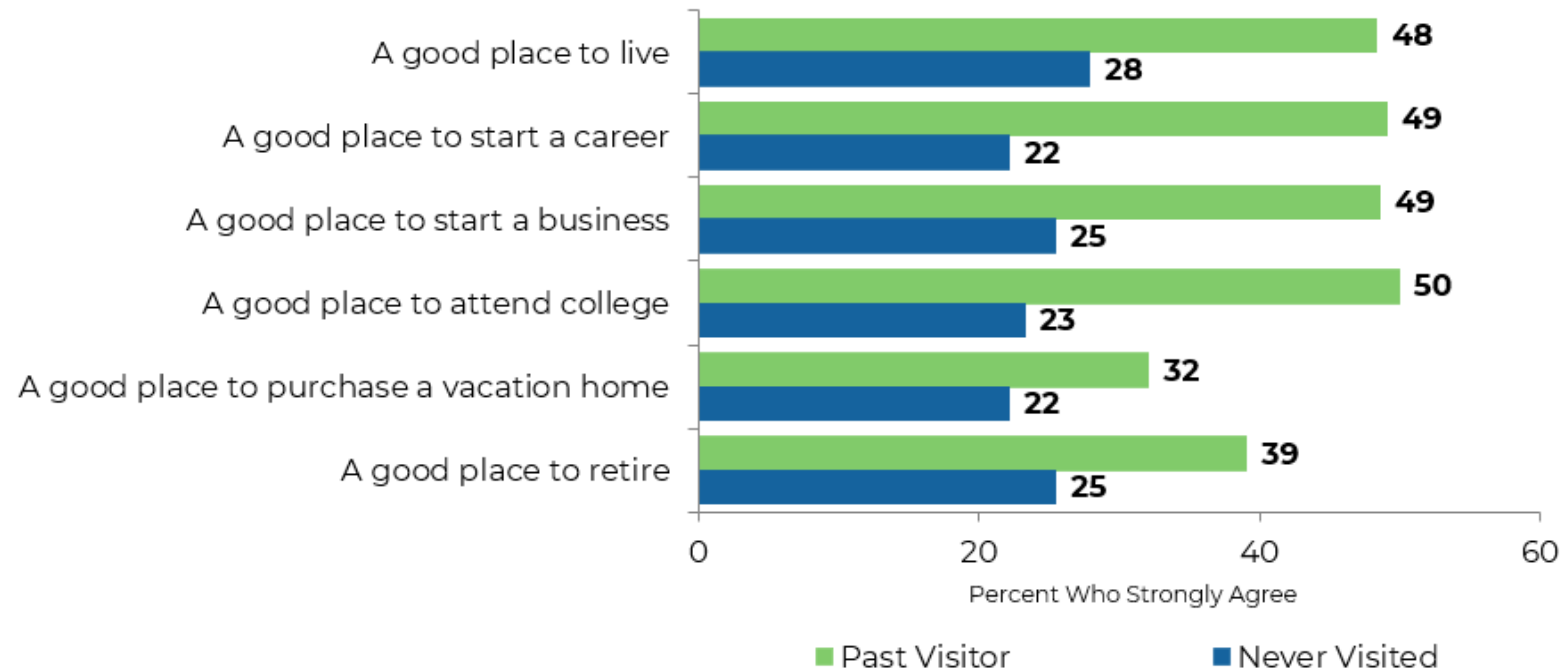


TOURISM & MARKETING

Next Biennium Goals and Plans - Improve Awareness

North Dakota Halo Effect: Visitation Impact

Base: Residents of North Dakota's Advertising Markets



TOURISM & MARKETING

Current biennium accomplishments, challenges

Find the Good Life

- Updated logo, website and targeting
- Campaign drives interested relocators into pipeline
 - \$438,000 resulted in 11M impressions, 55,000 visitors and 5,150 conversions
- Synergies between tourism, talent attraction and economic development



Tourism business development

- Focus on recruiting and attracting new tourism businesses and offerings

TOURISM & MARKETING

Next Biennium Goals and Plans

Marketing to address – Lack of Awareness for North Dakota

- \$5M (one-time) addition to tourism marketing
- \$12-\$15M – Find the Good Life marketing
- Break-through creative
- Synergy between tourism and workforce
 - 76% of new residents visited North Dakota prior to moving
 - Cross-sell to both audiences
 - Using best from 2022, to grow conversions and visitation
 - Potential new channels and longer campaigns



TOURISM & MARKETING

NEXT BIENNIUM GOALS AND PLANS

Destination Development

- Dedicated staff person and plan
- Value-added recreation and tourism
- Destination development fund - \$50M
 - Encourage non-state investments (1:1 match) in new and expanded attractions
 - New visitors, revenue, new residents, quality of life
 - Destination Development Council – goal legacy projects



TOURISM & MARKETING

BUDGET

- \$100,000 to cover operating expenses
- \$5M addition to tourism base budget for destination marketing
- \$50M for Destination Development Fund grants
- \$12M for workforce recruitment marketing – Find the Good Life in North Dakota



TOURISM & MARKETING

One-Time Funding

2021-2023

- Film and theater production grant – The full \$100,000 has been expended.
- Tourism marketing – \$7M Cares Act dollars to support tourism marketing (expanded campaign to shoulder season, new test markets, new partnerships with media, improved website)
- Travel agent and tour operator grants – \$1.4M of \$2M awarded to 24 applicants
- Events and support service grants – \$2M awarded to 28 applicants
- Tourism Transportation Improvement Grant – \$565,432 awarded to accessibility project
- Tourism Planning Grants – \$1M transferred from 1015 supported 5 tourism planning grants to support future tourism development

2023-2025

- \$5M tourism marketing

TOURISM & MARKETING

FEDERAL FUNDING

- EDA Non-competitive Grant North Dakota for Tourism and Outdoor Recreation
 - \$1.3M state marketing targeting outdoor enthusiasts and leisure travelers will allow 2023 spring/summer campaign
 - \$250,000 to support digital information compilation and distribution
 - Pilot program to enhance Apple Creek Rest area to better sell North Dakota



COMMUNITY SERVICES

Provides the people of North Dakota with effective, efficient and customer-oriented administration of federal and state programs for:

- Community Development
- Energy Efficiency
- Housing
- Self Sufficiency

Maria Effertz, Director



COMMUNITY SERVICES

CDBG and CSGB - Current Biennium Accomplishments, Challenges

Community Development Block Grant (CDBG)

- Provide grants to local governments with public facilities, economic development, housing and public services. Primary beneficiaries must be low to moderate income.
 - 2020 Award from HUD \$3,961,967
 - 2021 Award from HUD \$4,023,769
- CDBG CARES Funding - DCS received an additional \$6.1M

Community Services Block Grant (CSGB)

- Locally designed to promote self-sufficiency, family stability and community revitalization.
 - Impacted 35,246 low-income individuals
 - 13,000 children; 5,605 persons with disabilities; 5,379 people who lacked health insurance
- CSGB CARES Funding - DCS received additional \$4,209,178.50
 - Community Action Agencies assisted 4,984 low-income clients in 2020 and 2021

COMMUNITY SERVICES

Weatherization Assistance Program - Current Biennium Accomplishments

Weatherization/LIHEAP goals are to increase energy efficiency in homes for low-income persons across the state

- 1,200 homes have been weatherized since January 1, 2020, including 623 families with children.
- Weatherization program shows an ROI of \$2.78 in non-energy benefits for every \$1 invested in the program.

Request authority to receive and spend with Emergency Clause

- \$15,131,495 in federal funds from Infrastructure Investment and Jobs Act (IIJA)
- Two FTEs to support and administer additional funding

COMMUNITY SERVICES

Emergency Shelter Grants (ESG) and ND Homeless Grant (NDHG) current biennium accomplishments

The ESG and NDHG provide financial assistance to facilities and programs across the state.

- 10,471 persons served by Homeless grants
- CARES ESG - An additional \$5,142,580 was received and distributed to provide support to the ESG grant.

Request transfer to North Dakota Housing Finance Agency (NDHFA)

- \$1,387,341 in federal funds for ESG
- \$1,330,212 in state Homeless grant funds.

COMMUNITY SERVICES

STATE ENERGY PROGRAM, CURRENT BIENNIUM ACCOMPLISHMENTS, CHALLENGES

- Promoting energy conservation and efficiency with a variety of grant resources including energy education, installation of energy efficient features and new and expanding energy technology.
 - \$1.34M in project funding to 42 projects across the state
- Request ability to receive and expend federal funds with an emergency clause:
 - \$20M IJA SEP
 - \$90M IRA SEP
 - 1 FTE



COMMUNITY SERVICES

Main Street Initiative, current biennium accomplishments, challenges

- 99 communities engaged through the Main Street program
- Partners in Planning Grants
 - 20 communities in the amounts of \$169,587.
 - ROI 25:1 - The total state and local investment for these grants totaled over \$10M
- Vibrancy Grants
 - 59 grants totaling \$73,528
 - ROI 10:1
- Youth involvement
 - Launching leadership, youth participation in community meetings, active engagement in tribal areas
- EDA funded six communities with \$506,000 in Placemaking grants

COMMUNITY SERVICES

ONE-TIME FUNDING

- Community Planning and Community workforce enhancement
 - \$800,000 community development/comprehensive planning and community vibrancy grants
 - Partnership/collaboration with EDA on implementation of placemaking projects

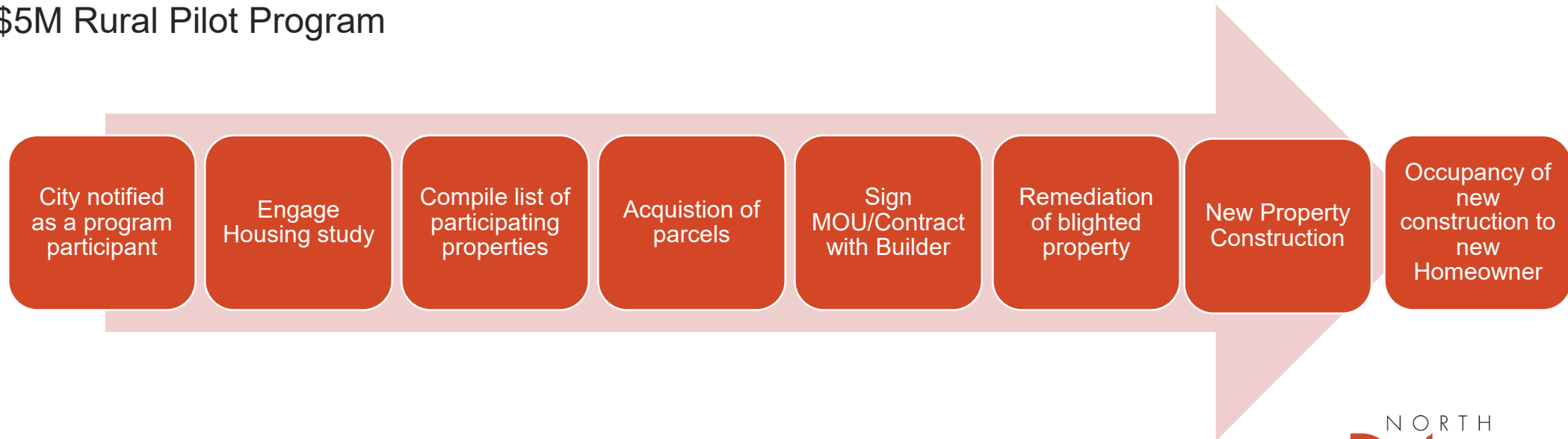


COMMUNITY SERVICES

One-time Funding

Rural Workforce Housing Pilot Program

- Effectively re-use existing infrastructure while engaging the private sector.
- Targets workforce housing for the displaced, blight and unsafe properties and the effective reuse of existing infrastructure for in-fill housing development.
- \$5M Rural Pilot Program



COMMUNITY SERVICES

One-time Funding

Rural Revitalization and Redevelopment Pilot Program *(removal of slum and blight)*

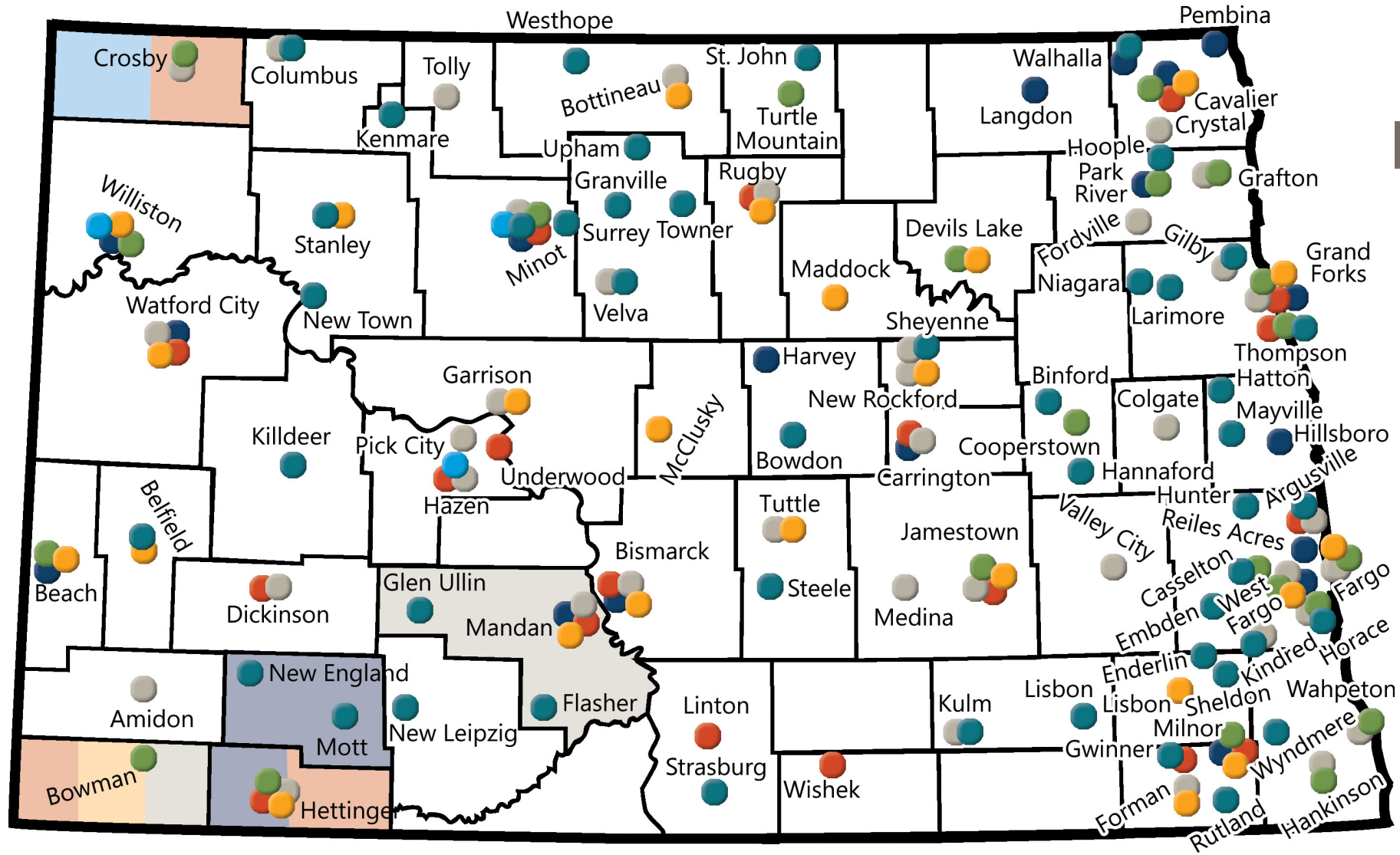
Reinvesting in public properties increases local tax bases, facilitates job growth, utilizes existing infrastructure, takes development pressures off undeveloped, open land, and both improves and protects the environment.

- \$10M pilot program available to publicly owned buildings/areas
- Work jointly with DEQ and other state/local agencies
- Funding provided to assist but requires redevelopment plan and local participation

Community Planning and Community Workforce Enhancement

- \$800,000 Community Development/Comprehensive Planning and Community Vibrancy grants
- Partnership/collaboration with EDA on implementation of placemaking projects

MSI Impact



- EDA Placemaking Grant
- Vibrancy Grant
- MSI Community
- Partners in Planning Grant
- Community Visits
- MSI Awards
- Artists on Main Street Program

COMMERCE OFFICES

- Energy & Economic Coordination Office
- Global Engagement Office

Shawn Kessel



GLOBAL ENGAGEMENT OFFICE

Foreign Direct Investment (FDI)

The North Dakota Global Engagement Office offers customized services to help international companies looking to:

-locate *-expand* *-invest in* *-and/or acquire*

businesses in North Dakota to grow and diversify the state's economy.

The office is an *advocate* and *liaison* between foreign investors and federal, state, and local governments in North Dakota.

Connecting foreign businesses with ND companies/opportunities to create mutually beneficial partnerships while eliminating barriers so they can invest, expand, and operate their business in ND.

Example: Doosan/Bobcat - South Korea

COUNTRIES FORMALLY ENGAGED SINCE 2020

★ Consulate Relationship

★ Governor led mission

★ Business Activity in ND



GLOBAL ENGAGEMENT OFFICE

MISSION GOALS

1. Hold a Governor led investment mission once every two years
2. Hold a Commissioner led mission annually
 - Economic Development
 - Workforce
 - Tourism
3. Engage at least five countries annually (Consulates/Embassies)



ECONOMIC DEVELOPMENT & FINANCE

Strategic economic development is important to communities across North Dakota. This proactive work to support economic diversification, community building and workforce development keeps North Dakota growing.

Business incentives, government accessibility, and workforce performance, combined with North Dakota's favorable position as one of the lowest cost states for operating a business, are driving top companies to establish operations in North Dakota.

Rich Garman, Director



ECONOMIC DEVELOPMENT & FINANCE

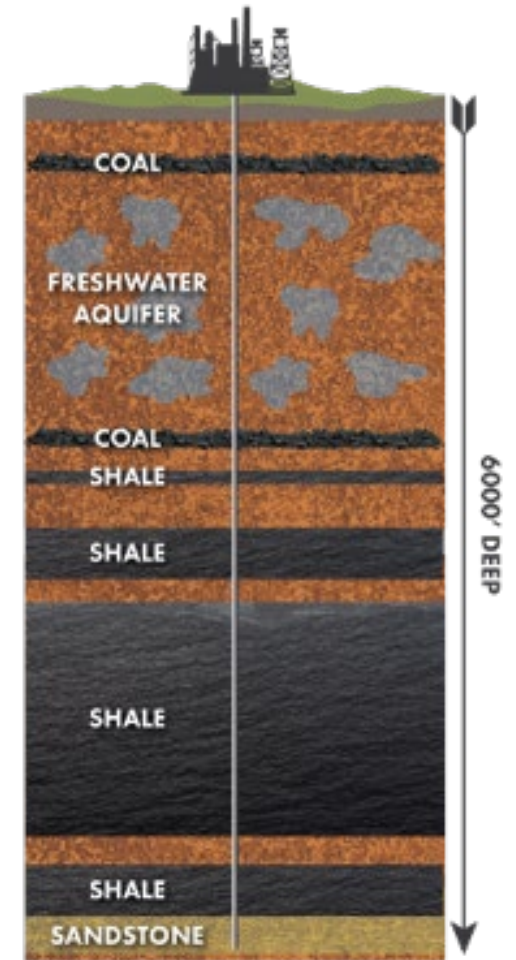
Current biennium accomplishments, challenges

- Gas to liquids project
- Sustainable plastics project
- Soy processing plants X 4
- Grand Farm
- Grand Sky
- Produced water processing
- Nickel processing facility
- Produced water processing
- Growing portfolio
- Local resistance to development
- Misinformation on projects
- Incentive values
- Compensation

ECONOMIC DEVELOPMENT & FINANCE

Next Biennium Goals & Plans

- Carbon capture, sequestration and use projects
- Develop several hubs (parks)
- Establish fertilizer producer
- Develop natural gas pipeline to east
- Support hydrogen hub
- Continue to bring in various projects seeking more business-friendly environment
- Support the existing incentives and help mature the portfolio of incentives to match the current project load
- UAS/Autonomy
- Energy & Economic Coordination Office



ECONOMIC DEVELOPMENT & FINANCE

BUDGET

- \$300K increase for operating expenses
- \$10M Automation Budget Grant
- \$22M Grants budget for Grand Sky
- \$30M for Northern Plains Test Site
- 1 FTE – Office of Autonomy



ECONOMIC DEVELOPMENT & FINANCE

ONE-TIME FUNDING

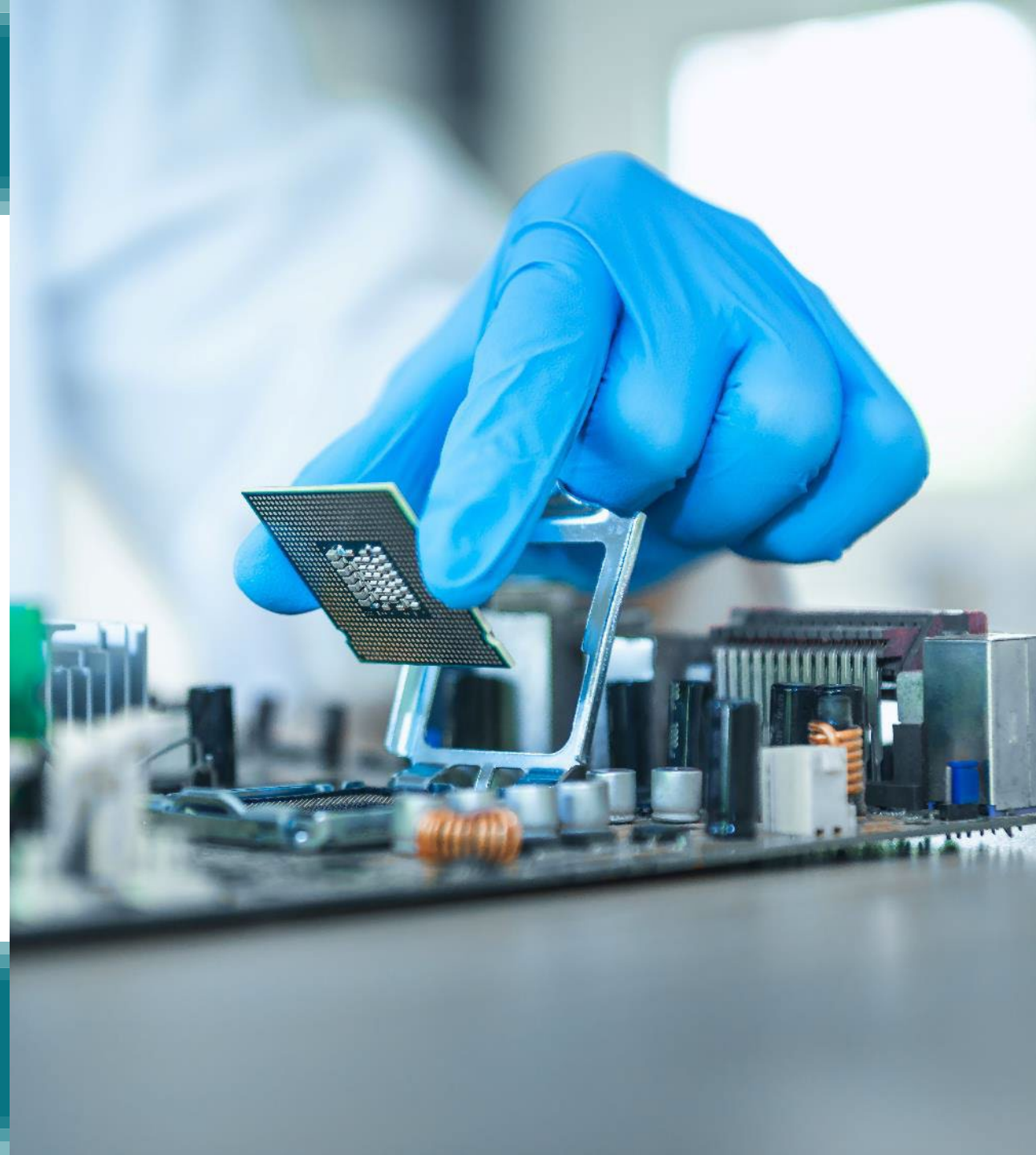
- ND Investment Fund - \$30M
- LIFT - \$20M
- Innovate ND - \$948K



ECONOMIC DEVELOPMENT & FINANCE

FEDERAL FUNDING

- Hydrogen Hub
- CHIPS For America
- State Energy Program
- Inflation Reduction Act

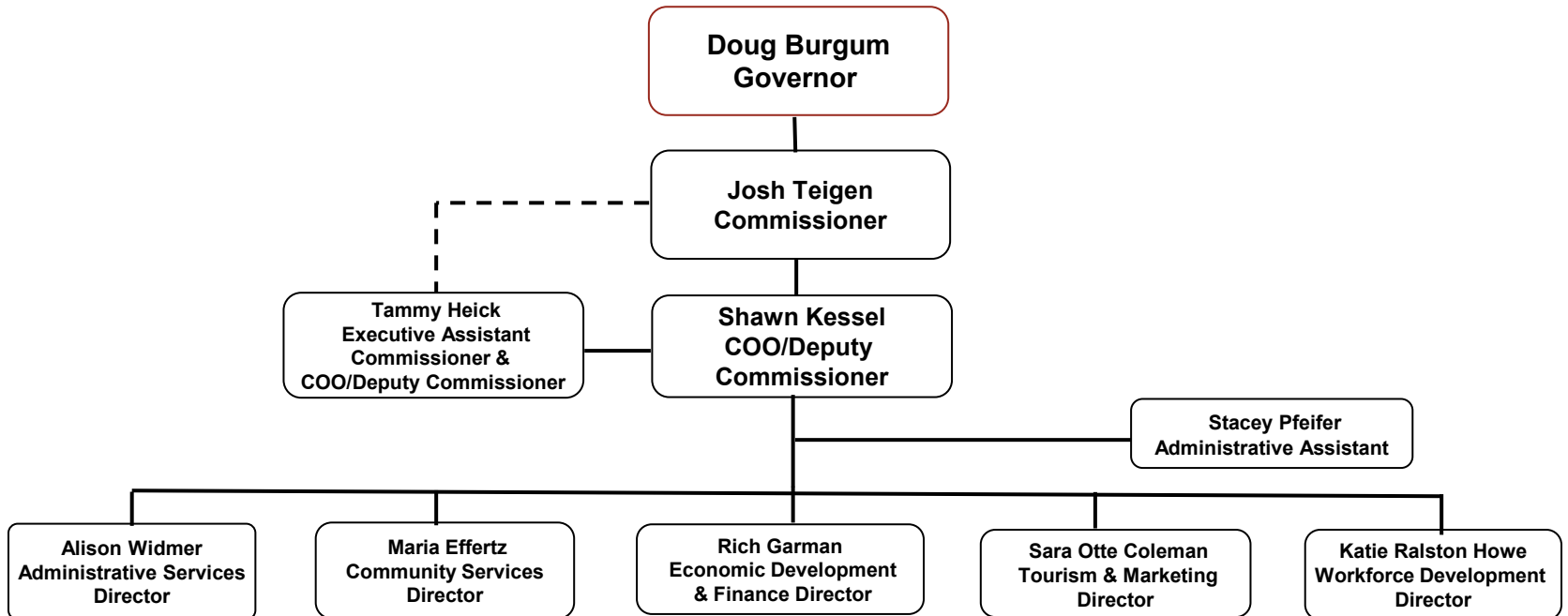




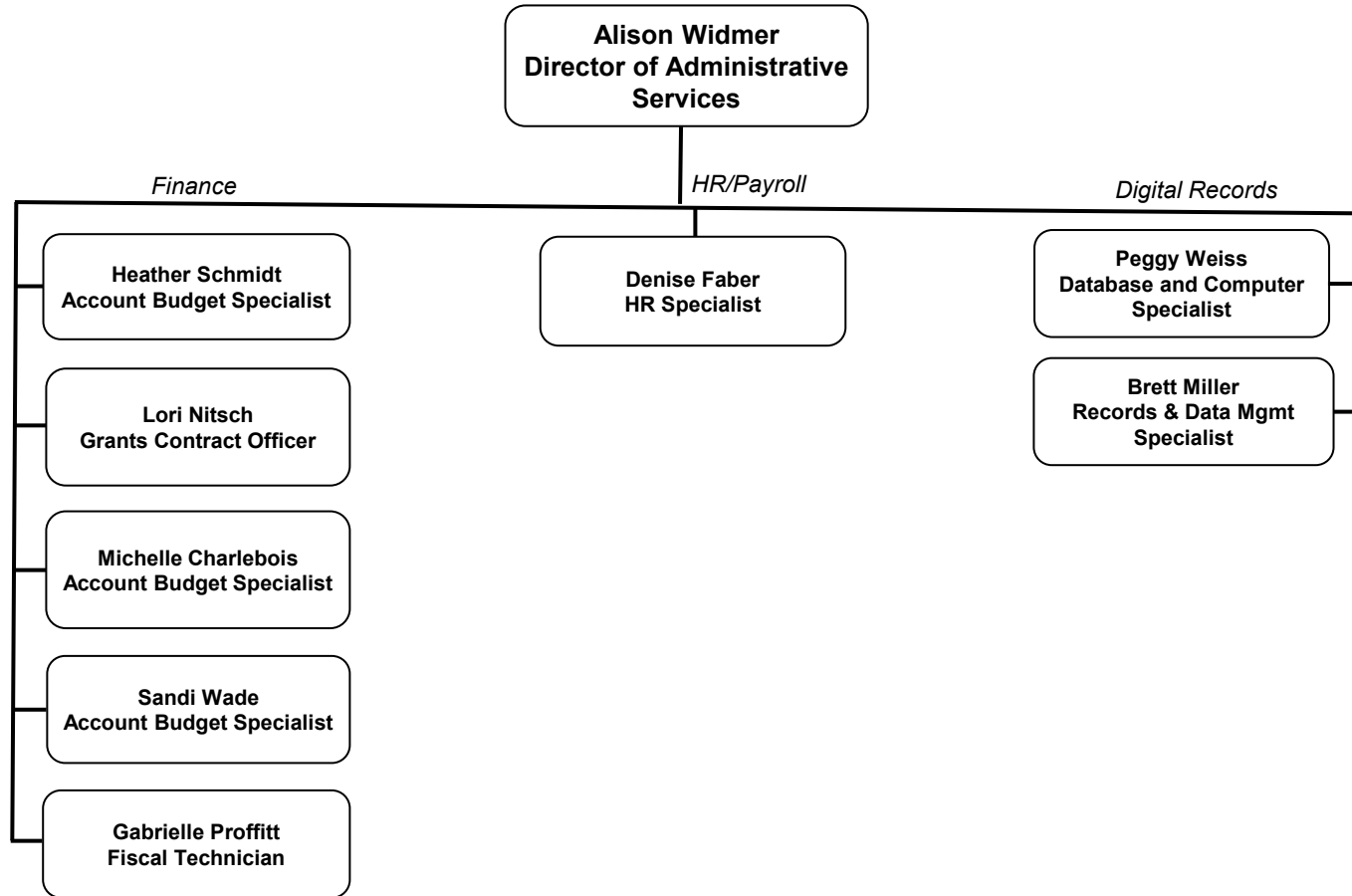
NORTH
Dakota

Be Legendary.

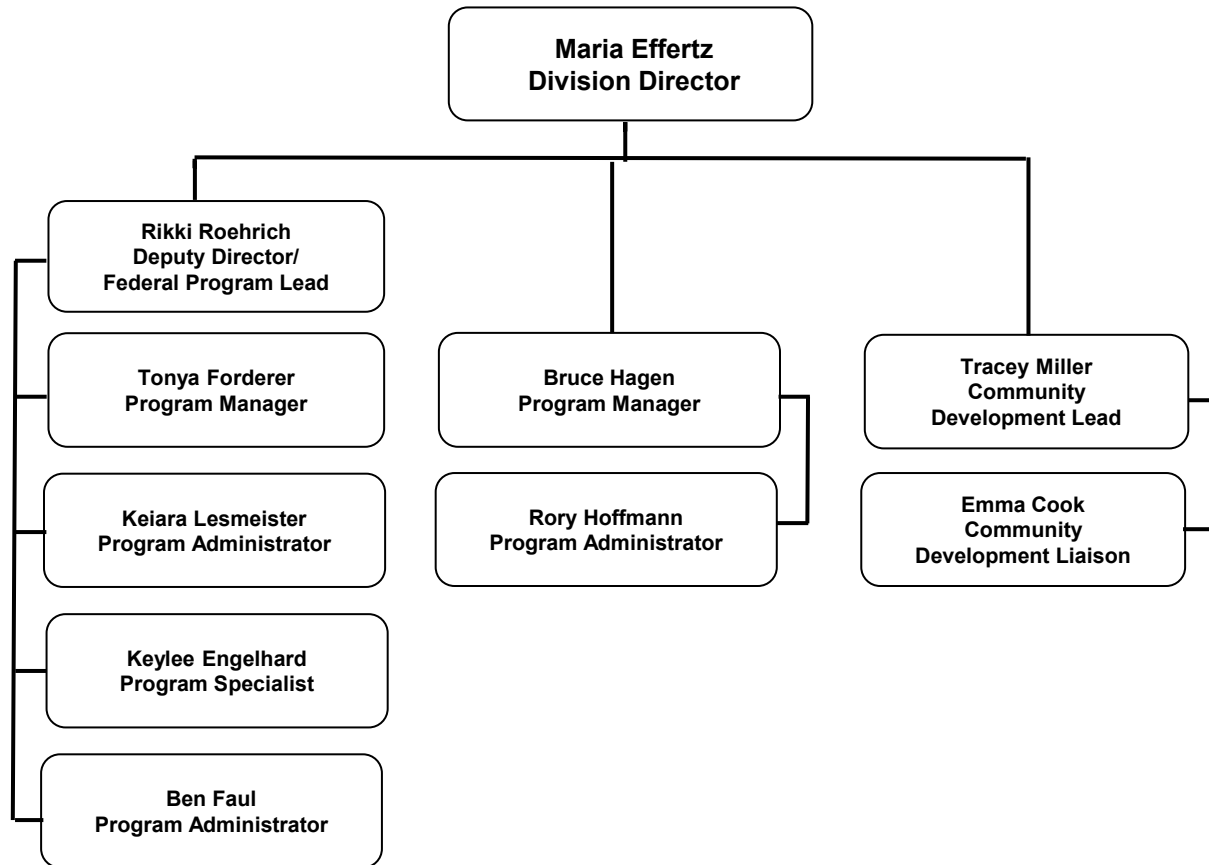
Department of Commerce Organizational Chart



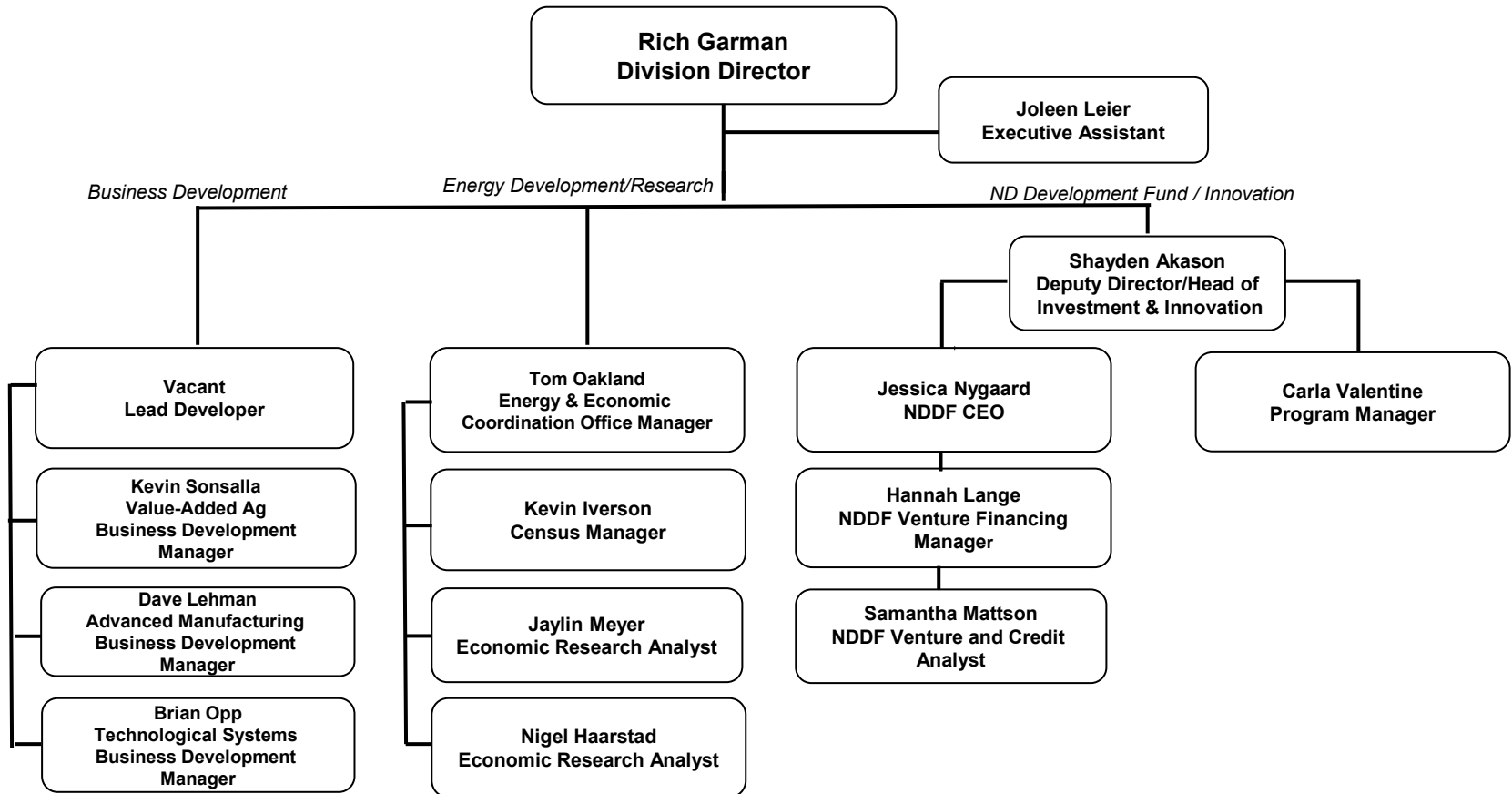
Administrative Services Organizational Chart



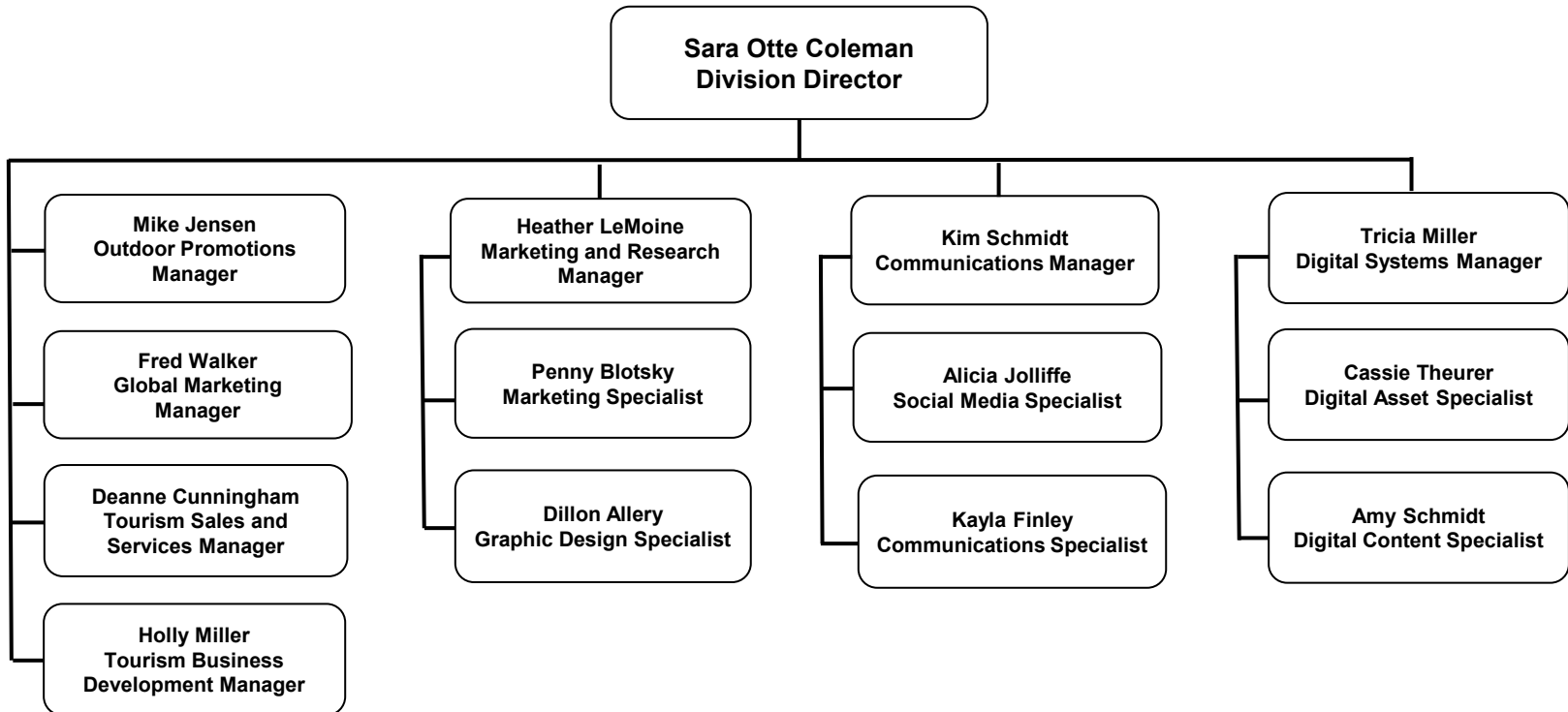
Division of Community Services Organizational Chart



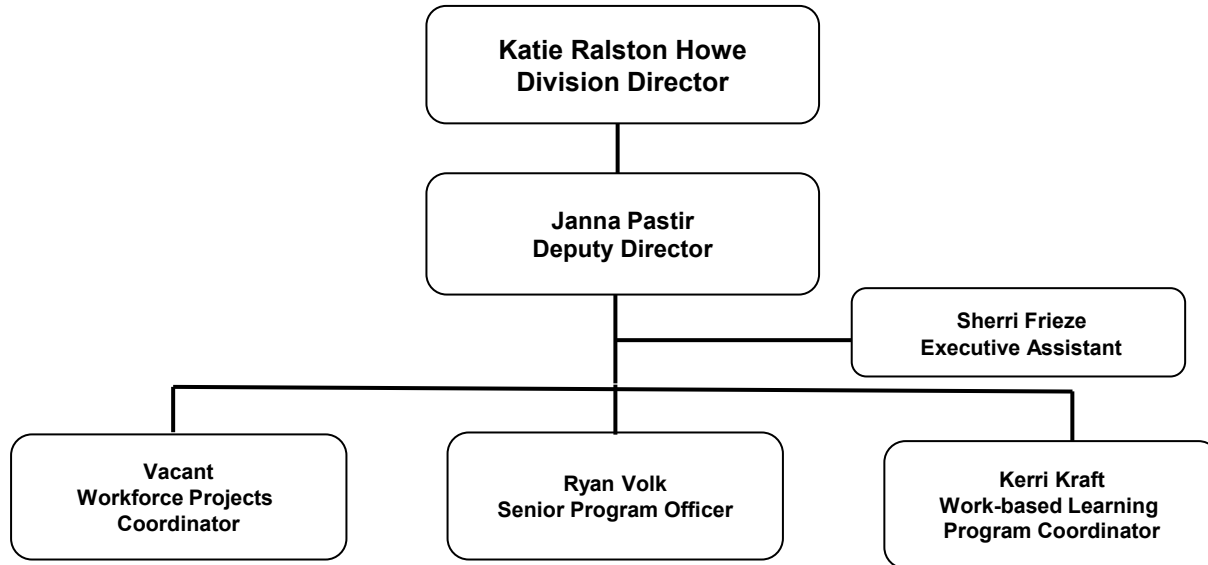
Division of Economic Development & Finance Organizational Chart



Division of Tourism and Marketing Organizational Chart



Division of Workforce Development Organizational Chart



HOUSE BILL NO. 1018
(Governor's Recommendation)

Introduced by

Appropriations Committee

(At the request of the Governor)

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

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Service & Program Guide (Commerce.nd.gov)

Economic Development & Finance

Services:

- State Data Center
- Incentives Reports for New or Expanding Businesses
- Requests for Proposal (RFP/RFI)
- General Economic Development Assistance
- Project Funding
- Connect Companies with Communities, Developers, Academia, Other Businesses, Etc.

Programs:

- Angel Match Program
- Automation Tax Credit
- ND Development Fund
- Regional Rural Revolving Loan Fund
- Childcare Loan Program
- Innovative Technology Program Fund (LIFT)
- Innovate ND
- Rural Growth Incentive Program

commerce.nd.gov/economic-development-finance

Workforce Development

Services:

- Recruiter Network
- Relocation Help Desk

Programs:

- AmeriCorps
- Operation Intern
- Find the Good Life in ND
- Technical Skills Training Grant
- Regional Workforce Impact Program
- Tribal College Grants
- Non-Resident Nursing Employment Recruitment
- Apprenticeship

commerce.nd.gov/workforce

Community Services

Services:

- Technical Assistance with Federal and State Grant Applications
- Community and Economic Development Project Funding
- Training and Technical Assistance for Compliance with Federal and State Regulations
- Monitoring of HUD Projects and Programs
- Community Development (Nonprimary Sector) Planning, Resources and Technical Assistance

Programs:

- Community Development Block Grant (CDBG)
- Community Development Loan Fund (CDLF)
- Weatherization/LIHEAP
- Renaissance Zone Program
- Manufactured Home Installation Program
- Renewable Energy Programs
- Main Street/Community Development
- Building Codes
- Community Services Block Grant (CSBG)
- State Energy Program
- Vibrancy Grants
- Partners in Planning Grants

commerce.nd.gov/community-services

Tourism & Marketing

Services:

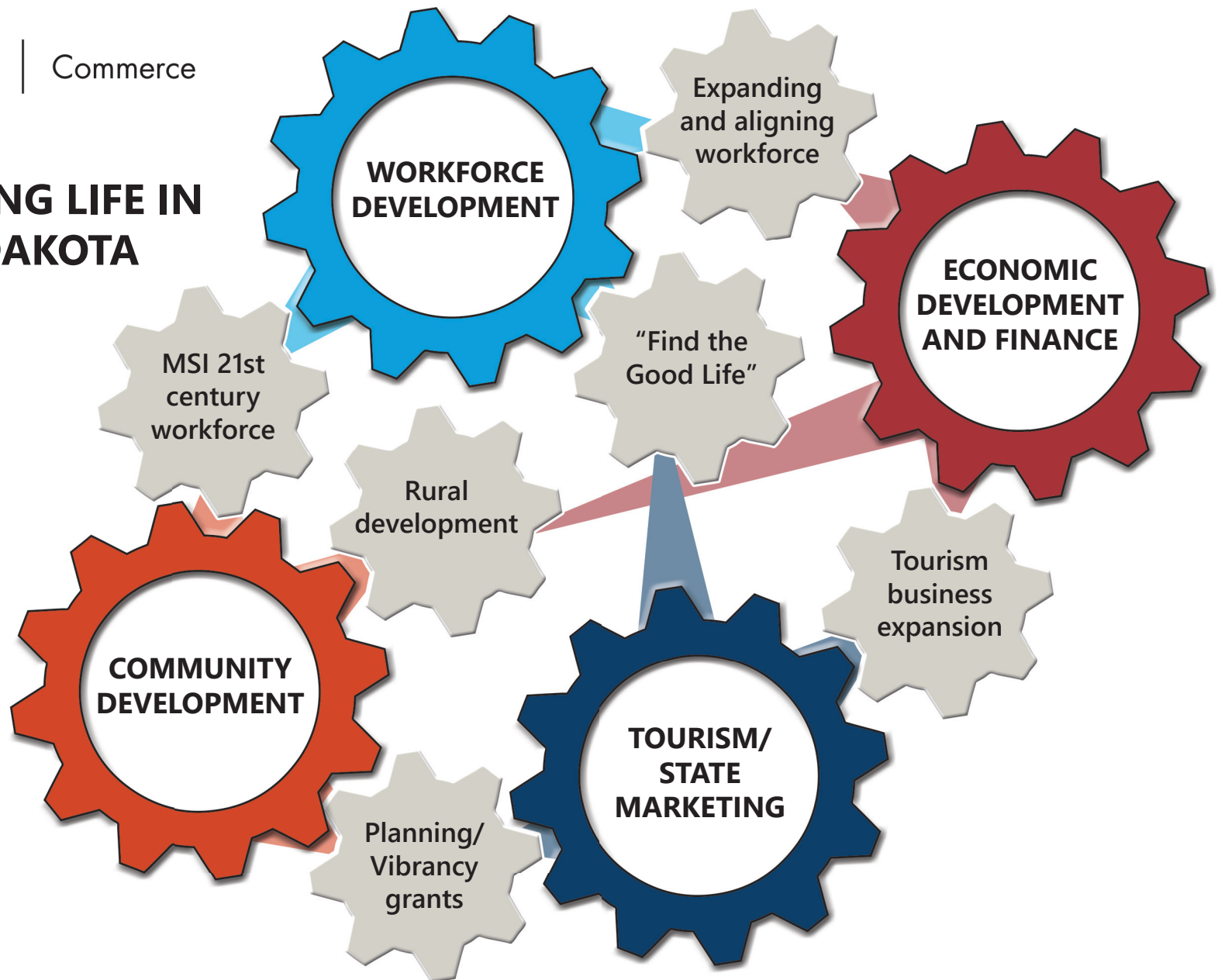
- State Marketing (Tourism and Workforce)
- Public and Media Relations
- Visitor Services
- Tourism Development
- Tribal Tourism
- Global Tourism Marketing
- Group Travel
- Outdoor Promotions
- Photo and Video Sharing
- Free Website Listings
- Social Media
- Research

Programs:

- Tourism Development Grant
- Cooperative Programs for Partners
- Agritourism

commerce.nd.gov/tourism-marketing

IMPROVING LIFE IN NORTH DAKOTA





FACTS

35K
OPEN JOBS
IN NORTH
DAKOTA

ONLY
22%
OF U.S.
RESIDENTS
SURVEYED ARE
FAMILIAR WITH
ND

68%
OF U.S. RESIDENTS
SURVEYED WOULD
CONSIDER ND

FIND THE GOOD LIFE — STRATEGIC MARKETING AND RECRUITMENT CAMPAIGN

The North Dakota Department of Commerce Workforce and Tourism and Marketing divisions have partnered with national talent attraction agency RoleCall to develop a comprehensive talent attraction marketing campaign built around the established [Find the Good Life](#) brand. The purpose of this initiative is to change perceptions of our state, improve awareness and showcase the best of life in North Dakota.

Advertising that targets four personas: boomers, young families, recent college graduates, and veterans, aims to drive traffic to the refreshed [findthegoodlife.com](#) website. The website includes a [relocation help desk](#) that provides a personalized relocation assistance service for prospective residents. The personalized service begins with a series of questions that includes basic information pertaining to relocation such as career goals, hobbies, and interest in specific areas of North Dakota. This information is used to connect potential new workers to more than 60 community champions who assist with details on their community.

This first-of-its-kind state program ushers potential workers through the sales funnel and connects them to communities and employers that fit their long-term needs.

EARLY RESULTS

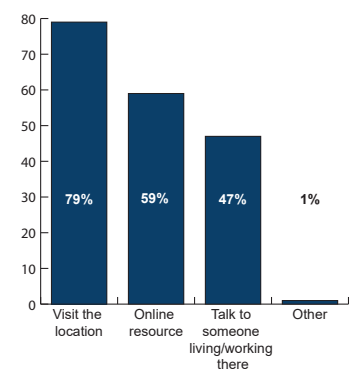
Top States:

- FL
- CA
- TX
- OH
- GA

Top Industries:

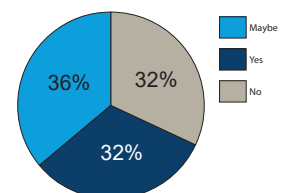
- Health Care
- Skilled Trades
- Sales and Marketing
- Manufacturing
- Social Services
- Transportation

MOST USEFUL TOOLS WHEN CONSIDERING RELOCATION



INTEREST IN RELOCATING TO NORTH DAKOTA

Q: If a job opportunity that matched your skill and salary requirements were offered to you in North Dakota, would you be willing to relocate?



24% of respondents report that they would not be willing to relocate to North Dakota because of the climate. Other top reasons preventing relocation: too far from family/friends and unknown.*

*Based on a 2022 national consumer perception study on ND

**\$438,000 marketing
campaign has delivered**

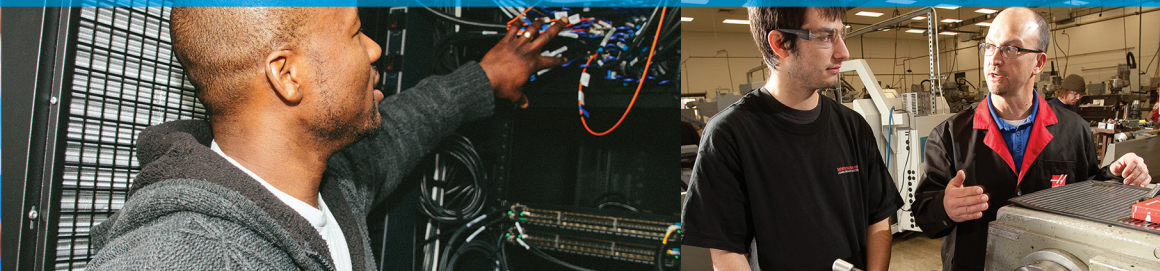
More than
10 million
impressions

Nearly 2 million
video completions

5,000
conversions

53,000 clicks to
website

UPDATED 01/06/2023



FACTS

78%

ND HIGH
SCHOOL
STUDENTS IN
CTE COURSES

1,350

RELEASED
ANNUALLY
FROM ND
CORRECTIONAL
FACILITIES

620

WIOA
PARTICIPANTS

20+

PROGRAMS

SUPPORTED
BY TECHNICAL
SKILLS GRANT
IN 2020

ROLE OF WORKFORCE DEVELOPMENT COUNCIL

The role of the North Dakota Workforce Development Council is to advise the governor and the public concerning the nature and extent of workforce development in the context of North Dakota's economic development needs, and how to meet these needs effectively while maximizing the efficient use of available resources and avoiding unnecessary duplication of effort.

The Workforce Development Council consists of more than 30 members, with representation from industry; K-12, post-secondary and career and technical education; organized labor; Workforce Innovation and Opportunity Act state workforce partners and local and state elected officials.

LETTER FROM THE CHAIR

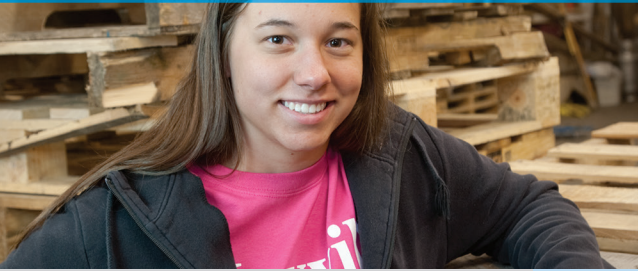
As chair of the North Dakota Workforce Development Council, I am pleased to forward 10 recommendations and four endorsements that the council believes can help address the greatest workforce challenges faced by the state of North Dakota today and in the coming years. These recommendations fall under four themes: earlier and more diverse career exploration, addressing the technical skills gap; removing barriers to employment; occupational licensing reform; and recruitment and retention of North Dakota workers.

David E. Innsworth

WDC MEMBER LOCATIONS



Council members represent large and small communities across the state.



FACTS

3,780

INTERNSHIP
POSITIONS
ASSISTED

481

BUSINESSES
PARTICIPATING
SINCE 2007

\$4,000

MATCHING
FUNDS
AVAILABLE

"Interns are an important part of OmniByte history and future. I have been utilizing the Operation Intern program nearly since its inception. I have been a big supporter of having a solid internship program where we provide real-world work for students while realizing value-added output from them."

– President and CEO Ray Berry of OmniByte Technology

Attracting workers to North Dakota is essential in helping to meet the state's current and future workforce needs. Internships provide a valuable way for students to make connections with businesses and identify career options in North Dakota. Operation Intern is designed to expand the number of internships, work experience and apprenticeship positions with North Dakota employers.

The program's primary focus is employers in the state's targeted industries: energy, advanced manufacturing, value-added agriculture, tourism and technology-based businesses. Funding may also be granted for other in-demand occupations on the Workforce Development Council's In-Demand Occupations Annual List. Government entities and non-profits do not qualify for the program, with the exception of the tourism and health care industries.

North Dakota businesses receive up to \$4,000 in matching funds for the internships. Funding can be used for items needed for the intern to perform their internships, like wages, tools and equipment, essential training or tuition reimbursement. The funding is a one-to-one match.

The Workforce Development Division of the North Dakota Department of Commerce manages Operation Intern.

UPDATED 01/04/2023

"This apprenticeship program is important as this is a growing and important field with a limited number of graduates. It allows us to select solid employees and offer them the opportunity to develop new skills and earn higher wages."

– Human Resources Manager Vicki Ham with Marvin Windows



FACTS

\$850K
ANNUAL
FUNDING

2,400
AMERICORPS
MEMBERS IN
ND

2.7
MILLION
HOURS OF
SERVICE

\$6.2
MILLION
IN EDUCATION
AWARDS

MEETING NEEDS IN NORTH DAKOTA

Last year more than 200 Americans of all ages and backgrounds met local needs, strengthened communities, and expanded economic opportunity through national service in North Dakota. The AmeriCorps Agency invested more than \$3.4 million in federal funding to support cost-effective community solutions, working hand in hand with local partners to empower citizens to solve problems.

AMERICORPS: HELPING COMMUNITIES

AmeriCorps state programs address critical needs specific to communities located in North Dakota. Programs are open to U.S. citizens, nationals, or lawful permanent resident aliens age 17 and older. Members may serve full or part-time over a period not to exceed 12 months. Individuals can serve as AmeriCorps members in North Dakota depending on the location of currently funded AmeriCorps projects. AmeriCorps grants provide assistance to eligible organizations and agencies to recruit, train and supervise AmeriCorps members in meeting critical community needs in the areas of:

- Education
- Disaster services
- Health
- Environmental stewardship
- Economic opportunity
- Service to veterans and military families

MEMBERSHIP BENEFITS

- Living allowances (established by project)
- Education awards for members (not to exceed the maximum federal college Pell Grant)
- Career development for members
- Community volunteer activity required by many colleges and universities

FULFILLING A NEED

ServeND conducts an annual competition for AmeriCorps funding. The following types of organizations and agencies are eligible to participate:

- State and local nonprofit organizations
- Community and faith-based organizations
- State, local and higher education institutions
- State and local governments
- U.S. territories

DID YOU KNOW



218,019 volunteers
contribute 15.6 million
hours of service statewide



Ranked 11th in the
nation, 37.4% of North
Dakota residents volunteer



Volunteer service is
worth an estimated
\$377.8 million



65.2% of state residents
do favors for neighbors



25.5% of state residents do
something positive for
the neighborhood



39.7% of state residents
participate in local
groups or organizations



62.6% of state residents
donate \$25 or more to
charity

PARTICIPATE AS AN ORGANIZATION

Serve ND is leading the challenge in our state to serve communities in need. The goal is to provide resources such as AmeriCorps funding to eligible North Dakota organizations and agencies committed to providing service. AmeriCorps funding helps organizations and agencies recruit, train and supervise AmeriCorps members to meet critical community needs.

AMERICORPS

AmeriCorps members meet pressing local needs across North Dakota, making a lasting impact in communities while gaining valuable skills and experience to advance their careers.

AmeriCorps members serve in one of three programs: AmeriCorps National Civilian Community Corps (NCCC), AmeriCorps state and national and AmeriCorps Volunteers In Service To America (VISTA). All programs engage volunteers at locations across the country through nonprofits, schools, public agencies, tribes, and community and faith-based groups.

- AmeriCorps State and National members engage in a diverse range of service projects at local and national organizations to address critical community needs of disaster services, economic opportunity, education, healthy futures, environmental stewardship and veterans and military families. Most AmeriCorps grant funding goes to the North Dakota State Commission on National and Community Service, the Governor-appointed State Service Commission, which in turn awards grants to organizations to respond to local needs.
- AmeriCorps VISTA taps the skills, talents, and passion of Americans of all ages to support community efforts to overcome poverty.
- AmeriCorps NCCC strengthens communities and develops leadership skills by contributing to public safety, environment, and disaster projects through direct, team-based service. Federal Emergency Management Agency (FEMA) Corps, a unit of NCCC, focuses solely on disaster preparedness, response, and recovery.

In exchange for their service, AmeriCorps members earn a Segal AmeriCorps Education Award that can be used to pay for trade school, college, graduate school, or to pay back qualified student loans. Since 1994, more than 2,400 North Dakota residents have served approximately 2.7 million hours and earned education awards totaling more than \$6.2 million.





INDUSTRY FACTS

**21.7
MILLION**
ANNUAL
VISITORS

**\$2.6
BILLION**
IN VISITOR
SPENDING

**MORE
THAN
2,900**
RELATED
BUSINESSES AND
ORGANIZATIONS

**MORE
THAN
41K**
JOBS

TOURISM DIVERSIFIES NORTH DAKOTA'S ECONOMY

Tourism links communities, supports main streets, sparks economic diversification and defines our image – how we see ourselves and how others see us. It is a significant economic driver.

Residents in every community, large and small, rural and urban, benefit from visitor spending and tourism activities.

North Dakota's tourism sector comprises five industries: lodging, food/beverage, recreation/arts/entertainment, transportation and retail. From restaurants to museums, service stations to golf courses.

TOURISM IS AN EXPORT COMMODITY

North Dakota's visitor economy grows when more people travel to and within the state, and visitors interact more with a destination. Shopping, dining, purchasing transportation and lodging, buying event tickets, attending galleries, performances and sporting events and other activities all contribute to a stronger visitor economy.

FAST FACTS ABOUT NORTH DAKOTA'S TOURISM INDUSTRY

REVENUE SOURCE

Travel and tourism generated \$2.61 billion in direct visitor spending and \$237 million in visitor paid taxes to the state's economy in 2021.

SUPPORTS LOCAL BUSINESS

Tourism is a significant revenue source for hotels, lodges, restaurants, museums, art galleries, parks, fishing and hunting outfitters, casinos, sporting events, retail outlets, coffee shops, festivals, craft shops, golf courses and many other businesses. In 2021, there were more than 21.7 million visitors to and through North Dakota.

ECONOMIC DRIVER

There are more than 2,900 businesses and organizations offering countless attractions, events and tourism-related activity in the state.

TOURISM IS A GATEWAY TO ECONOMIC AND WORKFORCE DEVELOPMENT

Businesses don't build in a location they know nothing about. People don't move to a location they've never visited. Tourism marketing and visitation are a gateway to a number of key economic development measures.

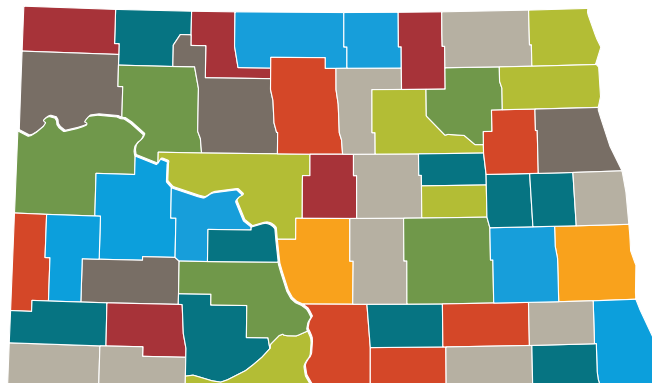


15.22 million video completions

Research on the 2021 paid advertising campaign showed that 1.4 million trips were motivated due to advertising. Visitors reported spending \$241.9 million in incremental spending. Every dollar invested in the 2021 ND advertising campaign generated \$34 in direct visitor spending and \$3 in tax contributions.

VISITOR SPENDING BY COUNTY

- Under \$2m
- \$2-4m
- \$4-8m
- \$8-16m
- \$16-30m
- \$36-100m
- \$100-400m
- \$400-850m



Travel and tourism benefits every county in North Dakota, creating jobs, generating sales across dozens of sectors and improving our quality of life.

VISITOR SPENDING BRINGS OUTSIDE DOLLARS INTO NORTH DAKOTA'S ECONOMY, GENERATING TAX REVENUE, ADDITIONAL BUSINESS INCOME, JOBS AND A MORE DIVERSE ECONOMY.



**\$384
MILLION**
IN LODGING



**\$767
MILLION**
IN FOOD AND
BEVERAGE



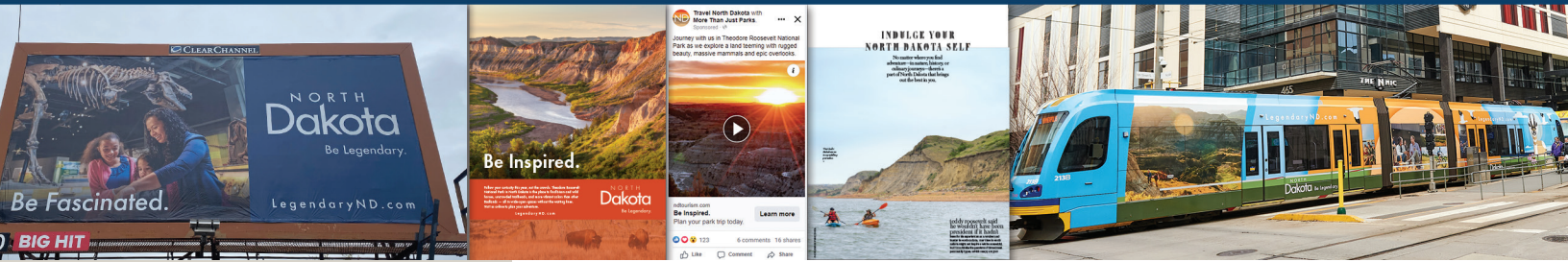
**\$521
MILLION**
IN
TRANSPORTATION



**\$374
MILLION**
IN RECREATION



**\$565
MILLION**
IN RETAIL



AD EFFECTIVENESS

13%

AVERAGE IMAGE
LIFT FROM
ADVERTISING
AWARENESS

MORE THAN
2 MILLION
VISITS TO
NDTOURISM.COM
IN 2022

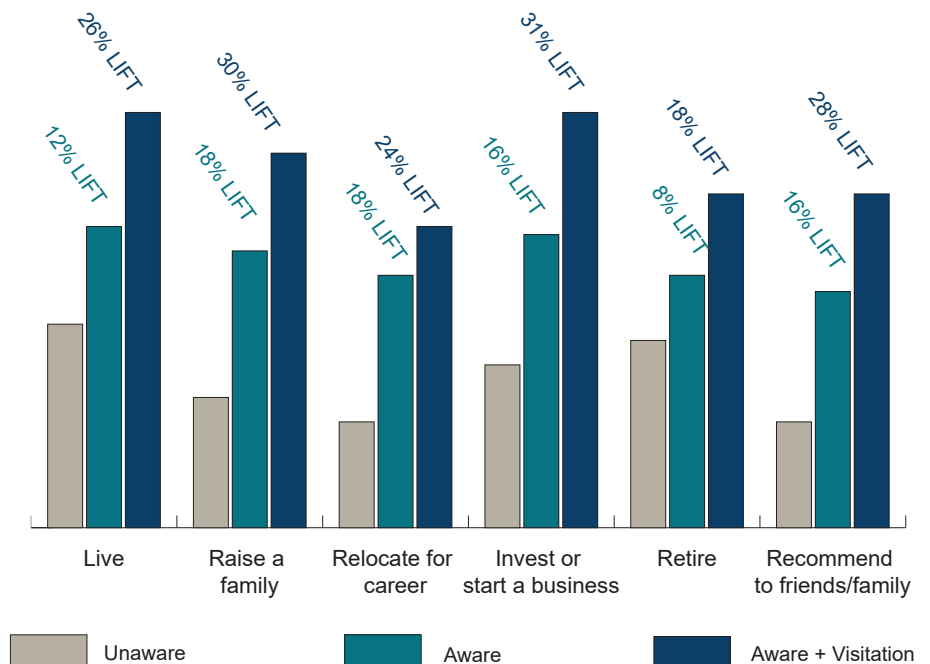
DIGITAL
CAMPAIGN HAD
15 MILLION
VIDEO
COMPLETIONS

1.4
MILLION
ADDITIONAL
ADVERTISING-
MOTIVATED
TRIPS

TOURISM ADVERTISING ELEVATES NORTH DAKOTA'S IMAGE

Advertising is a powerful tool with the ability to change perceptions, attitudes and behaviors. Research shows that North Dakota Tourism's promotional campaigns create a "halo effect" that lifts image and diversifies the economy through increased visitation and makes North Dakota a more favorable place to visit, live, raise a family, work or advance your career, or invest or grow a business.

HALO EFFECT OF NORTH DAKOTA TOURISM MARKETING

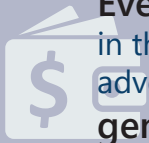


A recent national perception study confirmed North Dakota lacks general awareness and there is potential to influence the state's public image. North Dakota's destination advertising has a positive impact on overall image lift and perception of economic development attributes. Tourism advertising is the most visible and cost-effective tool for reaching those who can be motivated, not only to visit our state, but to consider North Dakota for relocation or business building.

WHY INVEST IN MARKETING?



Tourism marketing supports North Dakota entrepreneurs and businesses by raising awareness of North Dakota.



Every dollar invested in the 2021 tourism advertising campaign generated \$34 in direct visitor spending.



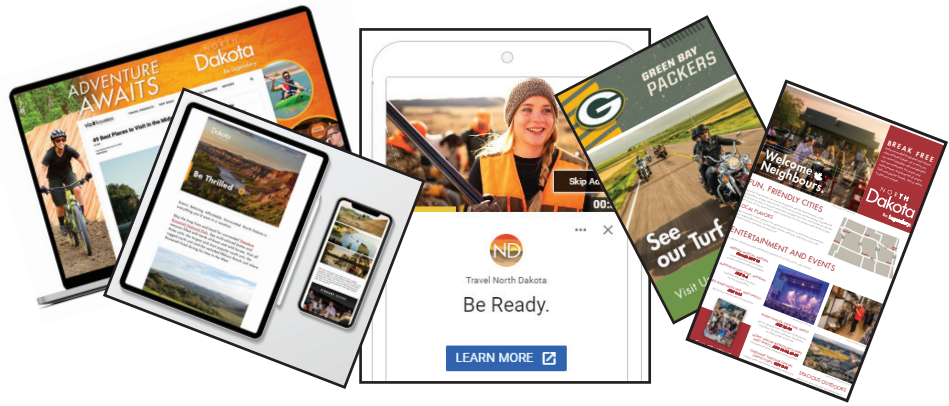
Every dollar invested in North Dakota Tourism paid media returns \$3 in tax revenue resulting in \$23.5 million in visitor-paid taxes.



Tourism marketing supports North Dakota's vibrant communities with visitation and spending in all 53 counties.



There are more than 41K visitor-supported jobs and 2,968 tourism-related businesses in North Dakota.



SOLID ADVERTISING OUTREACH

Research on the effectiveness of the 2021 paid advertising campaign showed that 1.4 million additional trips were motivated due to advertising. Visitors reported spending a total of \$241.9 million in incremental spending, of which \$23.5 million was state and local taxes paid. Here is how far the North Dakota Tourism campaign has reached over the last couple of years.



TV/RADIO

202 MILLION (2021)
83 MILLION (2020)



PRINT

12 MILLION (2021)
12 MILLION (2020)



DIGITAL

314 MILLION (2021)
233 MILLION (2020)



SOCIAL MEDIA

17 MILLION (2021)
23 MILLION (2020)



OUT-OF-HOME

255 MILLION (2021)
85 MILLION (2020)

EARNED MEDIA TELLS THE NORTH DAKOTA STORY

Proactive outreach to national and global media resulted in 4,019 national media instances, up 821% over 2021. Dedicated national PR firm and targeted efforts created additional media opportunities and reach on North Dakota's stories. Total instances reached 20.2 billion. Additionally, 96 global stories reached 224 million. This coverage improves awareness of our state and elevates our image across all Commerce focus areas.





FACTS

53,193

PEOPLE
IMPACTED BY
CDBG AND
CSBG

10,471

PERSONS
SERVED BY
HOMELESS
GRANTS

CDBG AND
HOME FUNDS
REHABBED

132
HOMES

42

PROJECTS
COMPLETED
THROUGH THE
STATE ENERGY
PROGRAM

DIVISION OF COMMUNITY SERVICES

The North Dakota Department of Commerce Division of Community Services (DCS) was established to provide technical assistance to local governments and state agencies in the areas of community and rural planning and development, policy research and development and grant program implementation.

PROGRAMS INCLUDE:

STATE ENERGY PROGRAM — Promoting Energy Conservation and Efficiency

The State Energy Program provides a range of grant resources for energy conservation-related opportunities, including energy education, installation of energy efficient features, and new and expanding energy technologies. The program's state energy plan is supported by financial and technical assistance through the U.S. Department of Energy (DOE) and funds political subdivisions, nonprofits and education centers. More than \$1.34 M in project funding was granted for 42 projects in 2020–2022.

COMMUNITY DEVELOPMENT BLOCK GRANT — Developing Vibrant and Sustainable Communities

The Community Development Block Grant Program (CDBG), provided through the U.S. Department of Housing and Urban Development (HUD), provides financial assistance to local governments in the form of grants for public facilities, housing rehabilitation and economic development projects and public services. The primary beneficiaries of these projects must be low to moderate income individuals.

EMERGENCY SOLUTIONS AND NORTH DAKOTA HOMELESS GRANT — Working to End Homelessness

The Emergency Solutions Grant (ESG) is a program of the U.S. Department of Housing and Urban Development.

The Emergency Solutions Grant and ND Homeless Grant (NDHG) provides financial assistance to facilities and programs to identify sheltered and unsheltered homeless persons, as well as those at risk of homelessness, and provide services to help them quickly regain stability in permanent housing after experiencing homelessness. The North Dakota Department of Commerce currently awards grant funds directly to emergency/homeless shelters and agencies throughout the state for activities like operational expenses (utilities, insurance, furnishings, appliances, etc.) and essential services (case management, medical, laundry, transportation, etc.), homeless prevention, rapid rehousing and the Homeless Management Information System.

It has been proposed that the ESG and NDHG programs move to the North Dakota Housing and Finance Agency in 2023.

DID YOU KNOW?



Since 2001, 10,000 homes equipped with energy saving measures.



Community Services Block Grant impacted 35,246 low-income individuals, including 13,000 children, 5,605 persons with disabilities, and 5,379 people who lacked health insurance.



Community Development Block Grant assisted six businesses as part of economic development.



More than 1,200 homes have weatherized since January 1, 2020, including 623 families with children.



In the last 2 years 542 manufactured homes installed.

WEATHERIZATION/LIHEAP — Increasing Energy Efficiency for Low-Income Persons

The Weatherization Assistance Program and the LIHEAP Weatherization Program impact low-income individuals across the state to:

- Increase energy efficiency in homes
- Strengthen the health and safety of the home
- Reduce total residential energy expenditures
- Provide conservation measures

Since 2001, more than 10,000 homes have been equipped with energy-conserving measures. They are programs of the U.S. Department of Energy and the U.S. Department of Health and Human Services. The Weatherization program shows an ROI of \$2.78 in non-energy benefits for every \$1 invested in the program.

MANUFACTURED HOME INSTALLATION PROGRAM — Inspecting Manufactured Homes

Since 2003, the Division of Community Services has overseen the manufactured home installation program, where all new manufactured homes installed for residential purposes are completed by an inspector licensed by DCS. A minimum of 2 inspections are required on a double-wide home and one inspection on a single-wide home is required. ND currently has 61 installers and 16 licensed inspectors. From July 1, 2020, through June 30, 2022, we had 542 manufactured homes installed.

COMMUNITY SERVICES BLOCK GRANT — Fighting Poverty in North Dakota

The Community Services Block Grant (CSBG) Program assists communities in implementing anti-poverty programs. The program administers funding from the U.S. Department of Health and Human Services through the state's seven Community Action Agencies (CAAs), providing various services to low-income persons, including:

- Emergency assistance
- Money management
- Housing counseling
- Self-sufficiency services
- Case management and outreach
- Referral services

CARES FUNDING — Relieving the Effects of the Pandemic

DCS received additional federal funds for the ESG and CSBG programs to assist with the challenges of the pandemic. CSBG received an additional \$4,209,178.50 and from these funds, the Community Action Agencies have assisted 4,984 low-income clients in 2020 and 2021. An additional \$5,142,580 was received to provide support to the ESG grant.

STATE ENERGY PROGRAM APPLICATIONS

- State Energy Security Planning
- Lighting retro fits
- "Spotlight on Energy"
- Energy audits
- Electric vehicle (EV) charging stations
- Electric vehicle (EV) training programs



The mission of the State Energy Program is to provide leadership to maximize the benefits of energy efficiency and renewable energy through technology deployment, communications and outreach activities, and access to new partnerships and resources.

While any organization may apply to the program, priority is given to schools, political subdivisions, state agencies and non-profits. The amount of funding available varies from year-to-year. Typically, awards range from \$5,000 to \$50,000.

The program year runs from July 1–June 30.

APPLICATION PROCESS

Applications are accepted at any time. However, in order to guarantee consideration for the upcoming program year, applications or a letter of intent detailing a description of the proposed project and budget must be received by March 1. The application form can be found at ndgov.link/SEP.

GUIDELINES

- Construction costs are ineligible.
- Sub-recipients must maintain a SAM registration and valid UEI to be eligible.
- Funds may not be used for product development.
- A 20% match is required. The match may be cash or in-kind.

REIMBURSEMENT

Funds are provided on a reimbursement basis. The reimbursement form is available at ndgov.link/SEP. Appropriate supporting documentation must be included.

- Invoices must be included for all purchases of services or goods. If a purchase is over \$10,000, three bids must be included. Contractors and vendors must not be debarred or suspended on the System for Award Management.
- If requesting reimbursement for employees, a timecard must be provided that shows the full amount of time of each employee. Hours worked on the grant project also must be designated.

UPDATED 09/13/2022



MAIN STREET FACTS

99

MAIN STREET
COMMUNITIES

MORE THAN
\$1.1 MILLION
IN GRANT
FUNDING
AWARDED

81

COLLABORATING
PARTNERS

BRINGS
ADDITIONAL
FEDERAL FUNDS
INCLUDING
\$1M EDA
GRANT

MAIN STREET NORTH DAKOTA

Every community has unique opportunities and challenges. The Main Street Initiative gives local leaders direct access to a variety of resources, building on community strengths to make sound decisions. These efforts will help create vibrant cities that are poised to attract and retain a 21st century workforce, helping North Dakota compete and succeed in a global economy through diversification of industries.

Communities engaged in this initiative receive direct and focused assistance with community planning and development, tailored support from participating state agencies, streamlined access to resources and learning opportunities and enhanced access to select state resources, helping create a planned pathway to a future of their design.

THE FOUR PILLARS OF THE MAIN STREET INITIATIVE

HEALTHY,
VIBRANT
COMMUNITIES

21ST
CENTURY
WORKFORCE

SMART,
EFFICIENT
INFRASTRUCTURE

ECONOMIC
DIVERSIFICATION

MAIN STREET INITIATIVE SUCCESSES

BUILDING PRIDE AND PROMOTING VIBRANCY

The Hettinger Chamber of Commerce started "Tuesday Night Lights" every Tuesday in September, 2021, as a way to get people out of their homes during the pandemic and down to Hettinger's Main Street to enjoy socializing, eating and purchasing products from local home businesses, food trucks, produce marketers and Main Street businesses.

ATTRACTING AND RETAINING WORKFORCE

Jamestown Stutsman County Intern Reimbursement Program - JSDC reimburses local employers up to \$3,500 in payroll costs for college students hired through this program.

INFILL DEVELOPMENT

Gilby Grind and Community Center - The community received a generous donation of an old grocery store and embraced the challenge of finding a way to turn it into a coffee shop and community center.

ECONOMIC DIVERSIFICATION

Destination Red River - These recipients came together to create a robust economic diversification and tourism plan that will take the Rendezvous Region of northeast North Dakota into the future.

MAIN STREET INITIATIVE HIGHLIGHTS



The state team has led meetings in **32 communities** over the last 12 months.



The 2022 Main Street ND Summit had 4,580 livestreams, 942 registrations, 558 check-ins, 423 first time attendees.



ROI for the Partners in Planning (PIP) grant is **25:1** and Main Street Vibrancy grant is **10:1**.



The Main Street Initiative connects with more than **4,476 community leaders**, volunteers and advocates from around the region, engages in regular webinars and regional workshops to promote learning and connections.



The Main Street Initiative continues to expand its **Partnership Network** with partners like EDND, ND Council on the Arts, AARP, StrengthenND, ND League of Cities, USDA Rural Development, NDSU Extension and more!

WHY BECOME A MAIN STREET COMMUNITY?

Joining the Main Street Initiative provides communities the resources, technical assistance, educational opportunities and network connections that **empower communities** to proactively plan their futures and **build local capacity** to improve quality of life for their current and future citizens. Plus, engaged communities receive extra benefits on some state grant applications.

LEVELS OF ENGAGEMENT

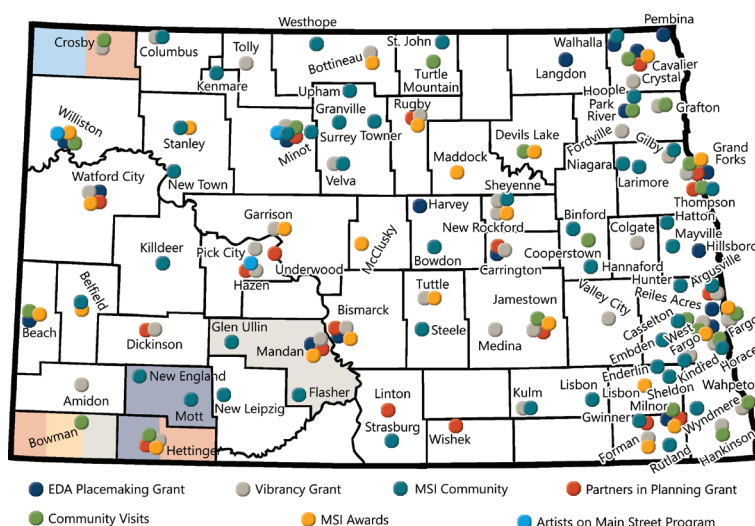
Main Street **COMMUNITY**

- Sign up through the online portal
- Community Visit by MSI Team
- Share success stories

Main Street **CHAMPION**

- All above requirements plus:
- Sign a Main Street Initiative proclamation
- Complete Main Street Initiative Action Plan
- Identify top 3-5 priorities, assign champions and establish timelines

MSI IMPACT





INDUSTRY FACTS

ND RANKS
3RD
IN NATIONAL
OIL
PRODUCTION

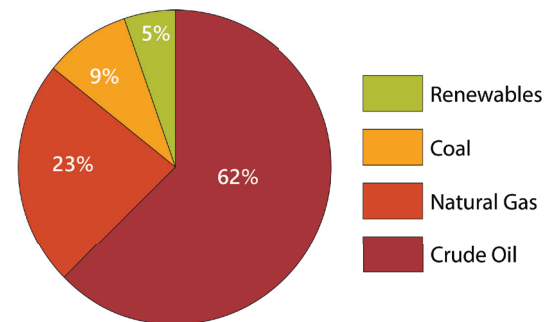
42.2
MILLION
MEGAWATT
HOURS OF
ELECTRICITY
GENERATED

5th
IN SHARE
OF WIND
GENERATED
ELECTRICITY

2nd
LARGEST
KNOWN LIGNITE
DEPOSIT IN THE
WORLD

North Dakota is the second-largest energy-producing state in the nation offering opportunities in oil and gas, coal and alternative energy production. North Dakota is a proactive producer and serves as a model in fostering innovative, long-term strategies to meet our nation's growing energy demand. The state strives with an "all of the above" approach in the development of its wide-ranging energy sector while meeting the need for energy security in an environmentally responsible manner. North Dakota offers a comprehensive package of incentives to stimulate growth in all energy sectors and creates a broad-based energy strategy that maximizes the state's resources.

NORTH DAKOTA TOTAL ENERGY PRODUCTION



ENERGY DEVELOPMENT INCENTIVES

Financial Incentives

- North Dakota Development Fund – Gap financing loan and equity program.
- Bank of North Dakota PACE Program – Interest buy down program.
- Bank of North Dakota Match Program – Loans at U.S. Treasury yield rate +0.25% to businesses other than retail that create new wealth, provide jobs and demonstrate considerable financial strength.
- Clean and Sustainable Energy program – Grant and funding options for research, development and commercialization of large scale innovative energy projects administered through the ND Industrial Commission.
- Renewable Energy Program – Grant and funding options to foster the development of renewable energy and related industrial technologies within a broad range of commercial applications. Overseen by the ND Industrial Commission.

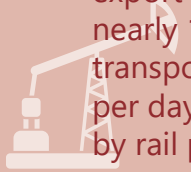
Property Tax Exemptions

- Up to five-year property tax exemption. Additional five years available for agricultural processors or projects located on property leased from a governmental entity.
- Payment in lieu of a property tax exemption, in full or part. A company may negotiate a fixed or graduated rate for a period not to exceed 20 years. A privilege tax may be applied to coal conversion facilities.
- Exemptions on all personal property from property taxation except that of certain oil and gas refineries and utilities.

Corporate Tax Exemptions

- Five-year corporate income tax exemption for new or expanding primary sector business.

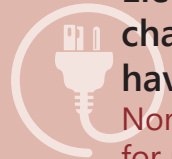
ENERGY HIGHLIGHTS



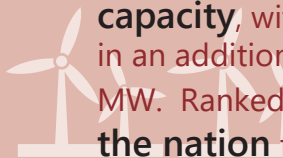
Williston Basin crude oil export capacity included nearly 1.5 million barrels transported by pipeline per day and 800K barrels by rail per day, totaling **nearly 2.3 million barrels per day.**



32 North Dakota facilities process natural gas and have a capacity of over four billion cubic feet per day.



Electric vehicle charging stations have doubled across North Dakota with plans for more.



In 2021, North Dakota had over **4,000 MW of installed wind capacity**, with interest in an additional 6,200 MW. Ranked **7th in the nation** for installed capacity share with 31% of total electric generation coming from wind.

Sales Tax Exemptions

- Sales and use tax exemptions on manufacturing and processing equipment.
- Sales and use tax exemptions may be granted for purchasing tangible personal property used to construct or expand electrical generating facilities, gas or liquefied natural gas processing facilities or oil refineries.
- Sales and use tax exemptions may be granted for purchasing tangible personal property used for carbon-dioxide enhanced oil or gas recovery, to extract or process by-products from coal gasification and to produce coal from a new mine.

Job Training Programs

- One-stop job training assistance – Both state and federal programs available for businesses.
- New Jobs Training Program – Grant program utilizing employee withholding tax.

SUPPORTING INFRASTRUCTURE

29,655 Miles of Pipeline

- 17 major crude oil pipelines, including Enbridge, Keystone, Marathon Petroleum and Dakota Access.
- Nine natural gas pipelines, including Alliance, Northern Border and WBI Energy.
- Four product pipelines, including Cenex, Kinder Morgan Cochin, Magellan, and NuStar Energy.

North Dakota Port Services Inc. Serviced by BNSF

- Adjacent to mainline switch yard.
- Daily service and highway access.
- Fully operational intermodal facility with LNG capacity.

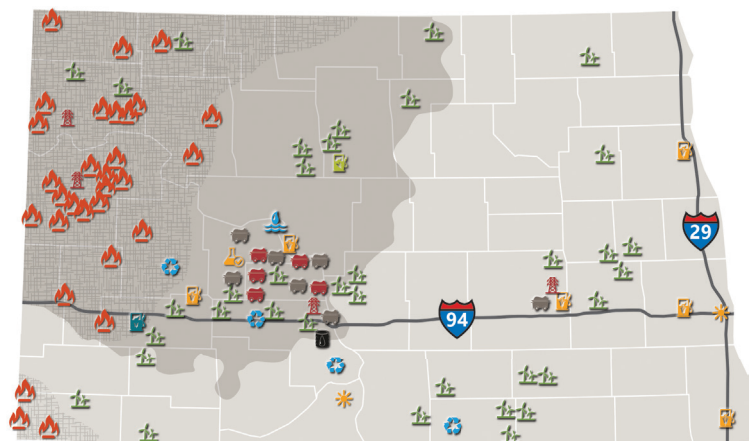
Rail Services

- Class 1 Carriers – BNSF and Canadian Pacific.
- Four regional lines.
- 38 container service/transloading facilities.
- 42 loop/ladder tracks.

Electrical Capacity

- More than 42 million megawatt hours of electricity generated annually.
- More than half of state's generated electricity is exported.

NORTH DAKOTA ENERGY SITES



NATURAL GAS PROCESSING	COAL-BASED GENERATION	LIGNITE MINE	HYDRO POWER
WIND FARM	SYNFUELS PLANT	ETHANOL PLANT	PETROLEUM REFINERY
SOLAR FARM	BIODIESEL PLANT	RECOVERED ENERGY GENERATION	PEAKING STATION
BAKKEN FORMATION	RENEWABLE DIESEL REFINERY	OIL FIELDS	

Carbon dioxide (CO₂) capture and storage technologies have become increasingly important as global markets focus on reducing the amount of CO₂ that is emitted into the atmosphere. As the state with the nation's largest dependence on out-of-state trade, a new focus on \$52 trillion in private equity using environmental, social and governance (ESG) standards, new federal regulations and shifting consumer demand, North Dakota is committed to innovation in order to provide our companies optimal access to capital and natural resources. That commitment was solidified in May 2021, when Gov. Doug Burgum announced that the state will strive to become carbon-neutral by 2030. This goal will only be reached through innovation, not regulation.

The recent Inflation Reduction Act increased federal incentives to \$60-\$85 per ton of CO₂ for utilization or storage. Capturing CO₂ from existing in-state and out-of-state facilities can bring a substantial financial benefit while sustaining North Dakota agriculture and energy production.

Carbon neutrality is not only good for the environment, it is also good for business. And our state has a great story to tell.

NORTH DAKOTA'S GEOLOGY IS IDEAL

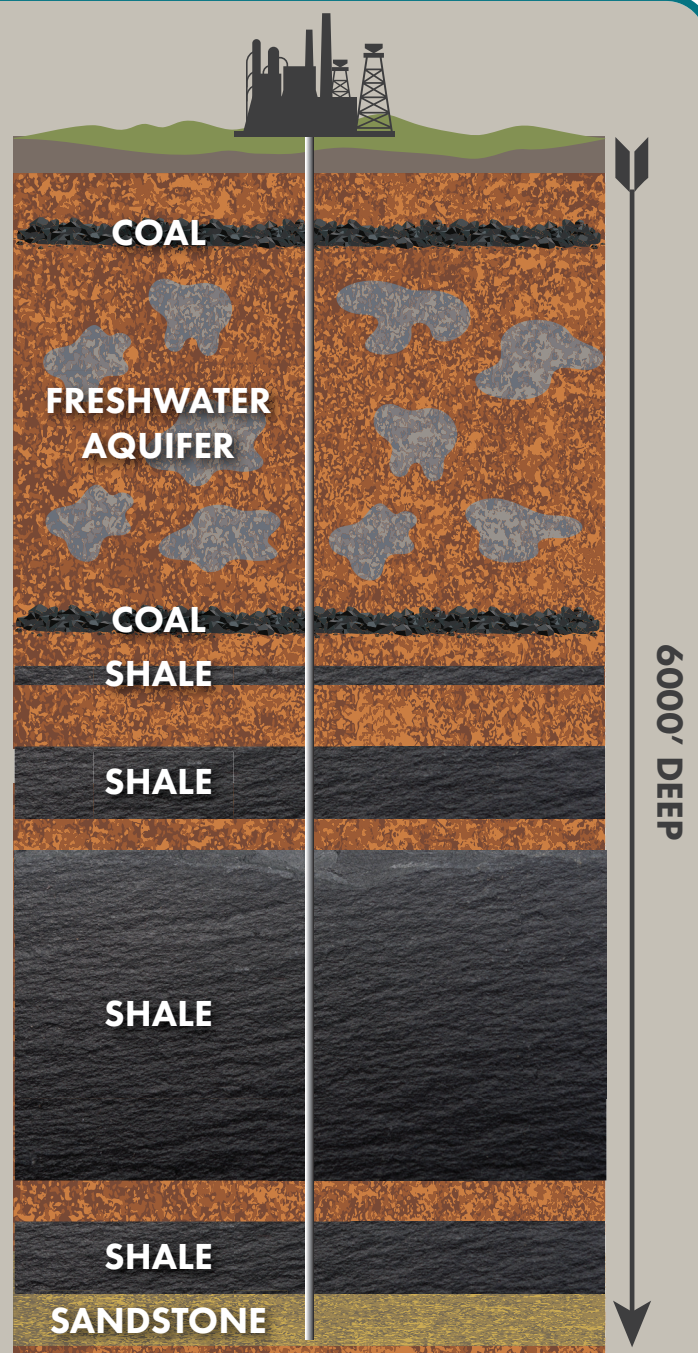
Proactive actions are already underway to fulfill this commitment. For example, Project Tundra in Oliver County, North Dakota, aims to build the largest carbon capture, utilization and storage (CCUS) facility in the world. Also, Red Trail Energy in Richardson is studying the economic feasibility of integrating CCUS with ethanol production. Research is underway at the University of North Dakota's Energy and Environmental Research Center (EERC) to bring this initiative to reality.

North Dakota is uniquely positioned for this innovation given our geology is ideal for safe and permanent geologic storage of CO₂. A deep porous rock layer will hold the CO₂ more than a mile underground and overlying cap rock layers will seal the CO₂ in the storage zone. EERC estimates that North Dakota has capacity to sequester up to 25 billion tons of CO₂, over 4,400 years' worth of North Dakota's annual production!

DEVELOPING MARKETS FOR CO₂

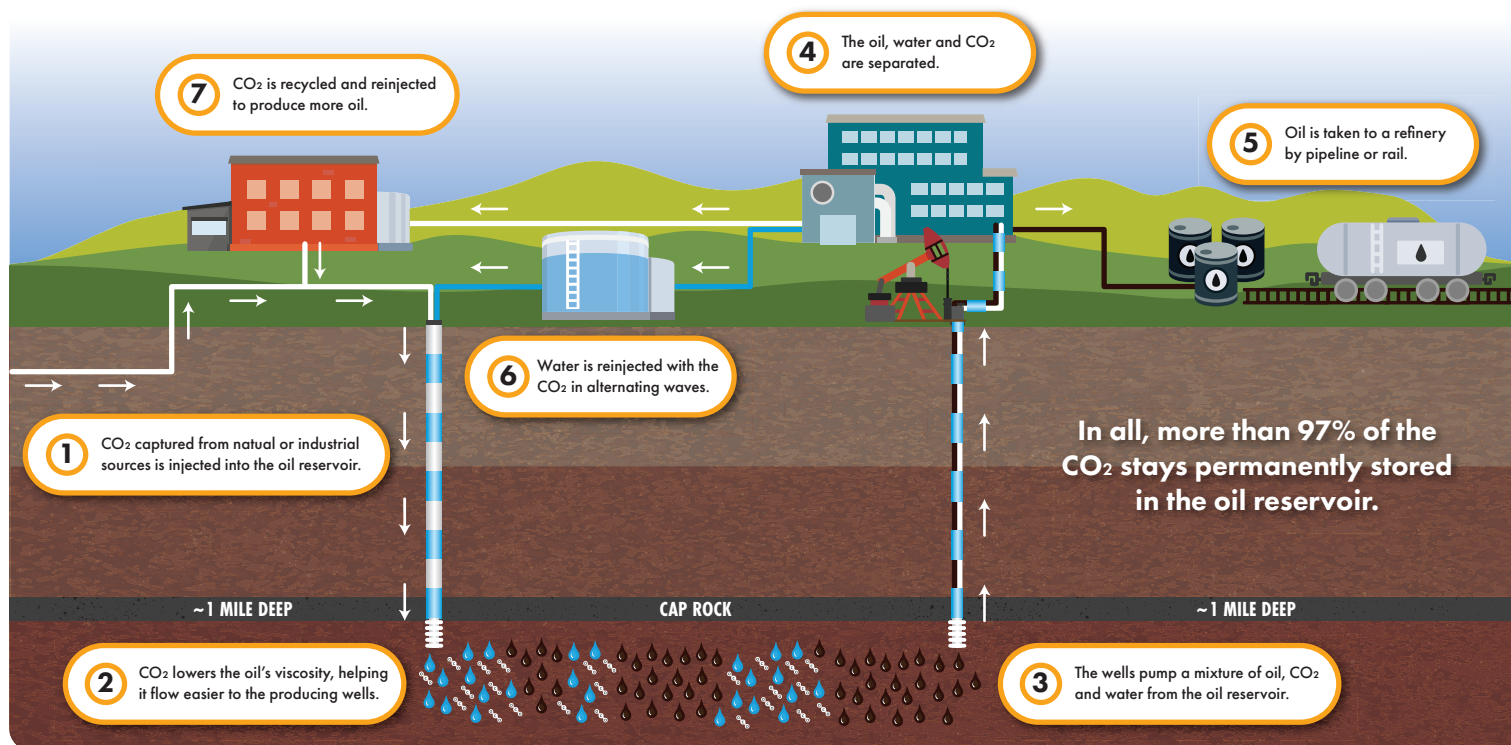
North Dakota's older (conventional) oil fields:
When the market is ready, CO₂ enhanced oil recovery (EOR) will revitalize older fields that are in declining stages of production, producing up to 1 billion additional barrels!

North Dakota's Bakken (unconventional) oil fields:
When the technology is ready, CO₂ EOR can be applied to declining Bakken oil wells to improve production, unlocking up to 7 billion additional barrels from the Bakken and Three Forks shale!



TERTIARY RECOVERY (CO₂ ENHANCED OIL RECOVERY)

In addition to carbon capture and storage, North Dakota is working on other ESG initiatives regarding reduction of CO₂ emissions such as using CO₂ for EOR, water recycling in oilfields, plastics manufacturing using excess and flared natural gas, geothermal energy production, and a recently announced partnership with Bakken Energy and Mitsubishi Power to create a blue hydrogen hub, composed of facilities that produce, store, transport and consume clean hydrogen.



BENEFITS



Produces greener oil with a smaller carbon footprint because CO₂ is permanently stored in the process.



Provides economic incentive to capture the industrial CO₂ as it is sold to offset the cost of capture.



Enhances energy security with homegrown oil production.



Generates and maintains well-paying jobs, tax base and viable communities.



Reduces industrial CO₂ emissions into the atmosphere.

SAFETY



Oil reservoirs can hold CO₂ the same way they've been holding other fossil fuels for millions of years.



North Dakota's stable geology is ideal for CO₂ EOR.



The oil industry has 40+ years of CO₂ EOR experience.



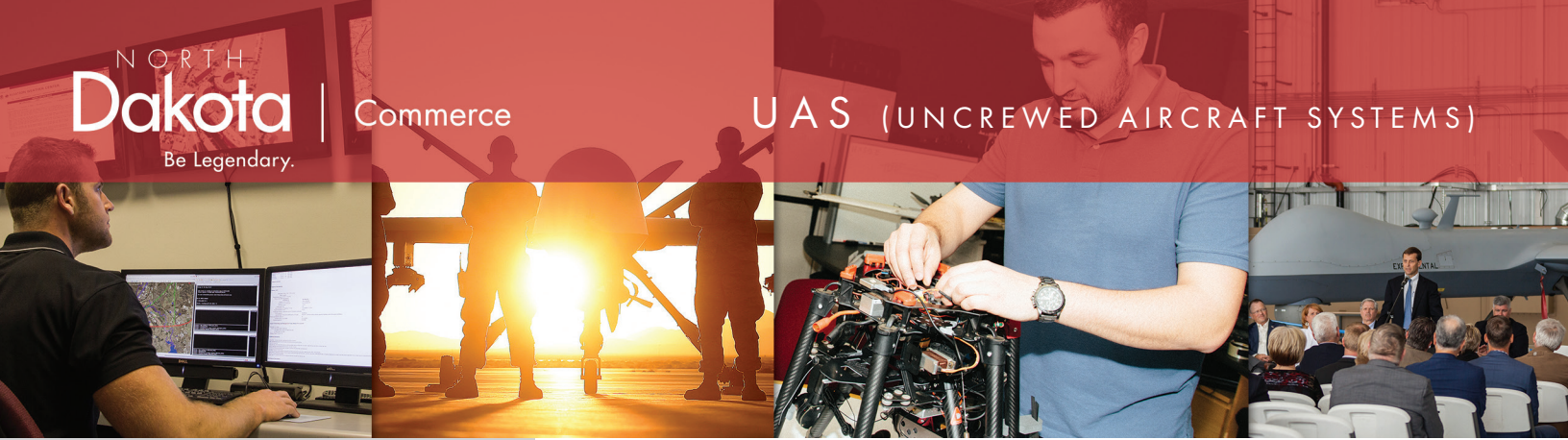
Millions of additional barrels of oil have been safely produced (Texas, Montana, Mississippi and Saskatchewan).



4,000 miles of CO₂ pipelines in North America move CO₂ every day without incident.

For more information, please contact Rich Garman or Tom Oakland at 701-328-5300.

Sources for most of this information and additional research materials can be found on the EERC website at: <https://undeerc.org/pcor/Resources.aspx>



INDUSTRY FACTS

STATE
COMMITMENT
FOR NEW
INFRASTRUCTURE
**\$33
MILLION**

**\$78
MILLION**
TOTAL
INVESTMENT BY
THE STATE OF
NORTH
DAKOTA

THE
NATION'S FIRST
**BVLOS
SYSTEM**
VANTIS

1ST
UAV
TRANSATLANTIC
FLIGHT

NORTH DAKOTA UNCREWED AIRCRAFT SYSTEMS (UAS): THE NEXT GENERATION

North Dakota's uncrewed aircraft systems sector continues to lead the nation in supporting the agricultural and energy industries, commercializing intellectual property and operationalizing federal requirements. To continue this growth and momentum, North Dakota must continue to invest in growing its Beyond Visual Line of Sight (BVLOS) network, support robust operations at the Northern Plains UAS Test Site (NPUASTS) and expand infrastructure at the Grand Sky UAS Park to support highly diverse and well-paying jobs as well as the national security mission.

GRAND SKY: THE NATION'S FIRST PRIVATE UAS PARK

Grand Sky, the nation's first UAS business and aviation park, is home for flight testing, UAS operations and research and development. Grand Sky offers build-to-suit locations and temporary facilities for commercial UAS development and testing, as well as defense-related operations support and has attracted more than \$100 million in private investment. Grand Sky offers access to secure defense networks, dark fiber, a 12,351-foot runway, uncongested airspace with less than 10 operations daily and more than 330 days of flying weather annually. Testing operations are supported with electronics component distributors, metal fabrication, 3D printing and equipment support for the most demanding test requirements. Grand Sky partners like the Northern Plains UAS Test Site (NPUASTS) can support airspace needs. Grand Sky is home to one of the nation's first commercial BVLOS system.


VANTIS

North Dakota is a thriving ecosystem of uncrewed aircraft systems (UAS) for public and private use. Through the development of Vantis, a statewide network enabling UAS flights Beyond Visual Line of Sight (BVLOS), North Dakota is poised to become the nation's epicenter of commercial UAS activity. Vantis is the first such program of its scale in the U.S. To date more than 200 UAS and 68 manned aircraft test flights have been completed on Vantis, as the Northern Plains UAS Test Site works towards expanding the network across all of North Dakota. Commerce is recruiting new industries to assist with energy production and supporting small communities across the state. Autonomous development and the attraction of private equity throughout the agricultural sector continues at a rapid clip as well, including new start-up activity from Plug and Play.


KEY NORTH DAKOTA GROWTH




\$400 million
in private sector
investment.



Almost 50 UAS
companies call North
Dakota home.



Over 1,000 people
employed by the
industry.



Federal partners
include DoD, CBP and
FAA.

INDUSTRY CLUSTERS

The North Dakota UAS entrepreneur cluster is larger than any other accelerator, incubator or entrepreneur center in the nation.

Almost all UAS companies operate in North Dakota, including:

- Northrop Grumman
- General Atomics
- Collins Aerospace
- Thales USA
- SkySkopes
- ISight RPV Services
- Botlink
- Thread
- Aerial Robotics

SUCCESSES

- Participation in the FAA's BEYOND program which continues the partnership that was started through the UAS Integration Pilot Program
- Northrop Grumman endurance testing
- Department of Homeland Security Northern Border Airspace Domain Awareness Test Bed
- Four contracts awarded to support the United States Air Force Agility Prime program

PREMIER TEST SITE ADVANTAGES

- Strong industry support
- Open terrain
- Robust energy and agriculture industry clusters
- Broad infrastructure, including Grand Sky Business Park and Northern Plains Test Site
- Research through UND Research Institute for Autonomous Systems
- History and culture of aviation safety
- Uncongested airspace
- Climate diversity
- Unique testing locations and scenarios





INDUSTRY FACTS

**\$4.3
BILLION**
AGRICULTURE
EXPORTS
ABROAD

26,000
FARMS AND
RANCHES ACROSS
39.3 MILLION
ACRES

40
FARMERS
MARKETS

GROWING VALUE IN NORTH DAKOTA AGRICULTURE

Agriculture is a leading industry in North Dakota, consistently ranking high in crop and livestock production. North Dakota offers tremendous opportunity in value-added agriculture, such as food processing and manufacturing, as only a small percentage of production is processed in-state.

A STATE POISED FOR ECONOMIC GROWTH

North Dakota has all the key elements for successful food processors with the potential for future growth. North Dakota is focused on developing and expanding markets for crops, livestock and bio-fuels. The state offers an array of incentives to encourage continued growth in the industry. Enhanced with attractive business incentives, North Dakota is drawing some of the world's most successful companies to the state. Cavendish Farms, Roman Meal, JR Simplot, Pro Gold and Minot Milling are just a few of the businesses taking advantage of North Dakota's legendary business climate and workforce. North Dakota leads the nation in the production of 8 crops and, with the application of industry leading technology and cutting edge farming practices, our production increases year over year, creating ongoing value-added opportunities.

NORTH DAKOTA LEADS THE NATION


North Dakota leads the nation in the production of the following commodities:

- dry beans, all
- pinto beans
- canola
- flaxseed
- honey
- peas, dry edible
- wheat, durum
- wheat, spring




(USDA 2022 report on 2021 production)

DID YOU KNOW?




Wheat is produced in **all 53 counties** in North Dakota. Around 19,200 farms grow wheat — 74% spring, 25% durum and 1% winter wheat.




Beef cattle are raised in every North Dakota county with about 945K beef cattle and calves across the state.

That's more than **1.2 cattle** for every person in North Dakota.

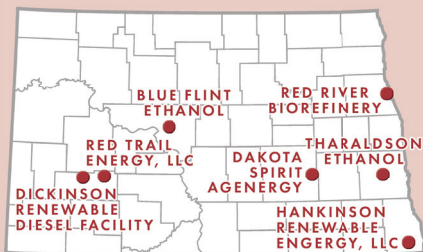


The state has 55 dairy farms that produce nearly **40 million gallons of milk** each year.

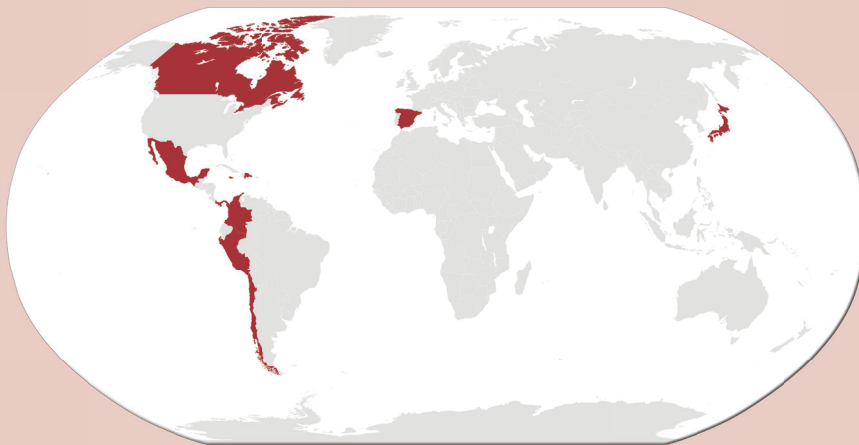


There are approximately **12,127 head of bison** in North Dakota. They are raised for meat and hides.

North Dakota has **Seven renewable fuel facilities.**



TOP 10 EXPORT COUNTRIES FROM NORTH DAKOTA



- | | | |
|-----------------------|-------------|-------------|
| 1. Canada | 4. Japan | 8. Spain |
| 2. Mexico | 5. Peru | 9. Chile |
| 3. Dominican Republic | 6. Colombia | 10. Jamaica |
| | 7. Panama | |

Source: U.S. Department of Commerce, International Trade Administration

PROCESSING AND PRODUCTION INCENTIVES

- North Dakota offers a range of agricultural processing and production incentives along with ease of access to local financing institutions – including the only state-owned bank in the nation
- Sales tax exemptions on construction materials
- Property tax exemption of up to five years for new or expanding businesses and up to 10 years for ag processors
- In lieu of property tax exemption, in full or part, a company may negotiate a fixed or graduated property tax rate for up to 20 years
- Corporate income tax exemption of up to five years for new or expanding manufacturers
- Wage and salary corporate income tax credit for new businesses
- Income tax credit for research expenditures
- Sales and use tax exemption for manufacturing equipment
- No personal property tax, including equipment, inventory, materials in process and accounts receivable
- Numerous grants and low-interest loans
- Assistance for job training and workforce development
- Lowest workers compensation premium rates in the United States





FUND FACTS

42

PARTICIPANTS

MORE
THAN

**\$29
MILLION**

IN LOANS
AWARDED

3

COMPANY
EXITS

The Innovation Technology Loan Fund (LIFT) is an innovation loan fund that supports technology advancement by providing financing for commercialization of intellectual property within the state of North Dakota. The following industries qualify for these funds:

- Advanced computing and data management
- Agriculture technology
- Autonomous and unmanned vehicles and related technologies
- Energy
- Health care
- Value-added agriculture
- Value-added energy
- Any industry or area specifically identified by the committee as an industry that will contribute to the diversification of the state's economy

LIFT LOAN TERMS INCLUDE:

- 0% interest for the first three years of the loan.
- 2% interest for the next two years of the loan.
- An interest rate equal to a standard Bank of North Dakota loan for all subsequent years.

The use of the loan funds are available to enhance capacity and to the extent possible, leverage state, federal and private sources of funding. Loan funds may be used to conduct applied research, experimentation or operational testing within the state. Loan funds may not be used for capital or building investments or for research, academic or instructive programming, workforce training, administrative costs, or to supplant funding for regular operations of institutions of higher education.

Approval for LIFT applications shall be made by the LIFT Committee with the following considerations:

1. Deliver applied research, experimentation or operational testing in one or more of the diversification sectors to create information or data to enhance North Dakota companies or industries or companies making investments in North Dakota.
2. Lead to the commercialization or patent of an innovation technology solution.
3. Result in the development of a new company or expansion of an existing company that will diversify the state's economy through new products, investment or skilled jobs.

More info can be found by visiting [NDCC Chapter 6-09.18](#) or contacting Carla Valentine at crvalentine@nd.gov.

INDUSTRIES REPRESENTED



ADVANCED
COMPUTING
AND DATA
MANAGEMENT



AGRICULTURE
TECHNOLOGY



ENERGY
AND
VALUE-ADDED
ENERGY



HEALTH CARE



VALUE-ADDED
AGRICULTURE



UAS

LIFT SUCCESS EXAMPLES

Access Point Technologies EP Inc. — A global supplier of innovative medical devices focused on meeting the needs of the large and fast-growing electrophysiology (EP) market, estimated at \$5 billion today with an 11% compound annual growth rate. APT EP designs and develops new catheters and systems for treating cardiac arrhythmias. It is building a new research and development center in Horace which will be ready in Q1 2021 and plans to develop both catheters and systems in this new facility. In addition, the company plans to hire and train local engineering talent and partner with ND physicians to develop significant bioscience intellectual property.



Checkable Medical Corp. — Developing an at-home strep test to be manufactured in North Dakota and launching an at-home rapid COVID-19 antibody test. LIFT support allowed it to move the founding team to the state and partner with a North Dakota clinical research partner to execute its trial. The company plans to create high-paying jobs in the bioscience industry in the next couple years.



First-I LLC (KSI Video) — Currently contracting its software services from a North Dakota company and recently established an office in Grand Forks as base for the development and manufacture of a new UAS product designed to assist first responders and emergency management personnel. The company is applying for matching funding from other sources and plans to have a commercially viable prototype available later in 2021. To date it has created one job in Grand Forks with plans for additional hires once it reaches commercialization.



Three Farm Daughters — A value-added ag start-up creating high-fiber, low gluten food products utilizing GoodWheat varieties grown in the USA and milled at the North Dakota State Mill. Three Farm Daughters has launched three pasta products and a 100% wheat flour for sale online and in stores in North Dakota and Minnesota. In doing so, Three Farm Daughters utilizes three North Dakota logistics companies, a North Dakota food-grade warehouse facility and collaborates with a Grand Forks local chef for recipe development.



TracFrac Inc. — A Bismarck-based company developing a patent pending scheduling platform that coordinates activities between operators and service companies in the oil and gas industry. Currently working with two major energy companies in North Dakota, TracFrac adds reliability and automation to the oil and gas monitoring and notification system.





FUND FACTS

**\$158
MILLION**

PROJECTED
ANNUAL GDP
INCREASE

**\$265
MILLION**

PROJECTED
ANNUAL
ECONOMIC
OUTPUT
INCREASE

**\$51.7
MILLION**

ESTIMATED
INCREASE IN
PERSONAL
INCOME

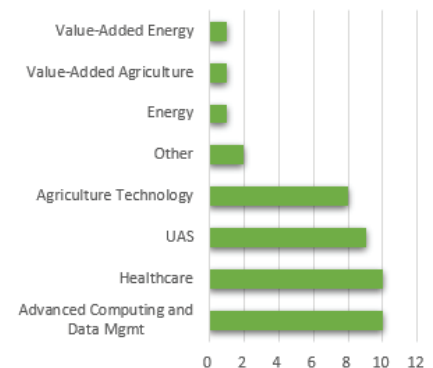
1,163

AVERAGE
EXPECTED JOB
CREATION
ACROSS ALL
INDUSTRIES

The LIFT initiative approved \$29.14 million (97%) of the appropriated funds (\$30 Million) as of August 2022, since the inception of the program in the 2019-21 biennium. The program has provided funding to 35 North Dakota businesses in specific sectors outlined in N.D.C.C 6-09.18-01. The North Dakota Department of Commerce utilized the Regional Economic Model Tax Policy Insight (REMI Tax PI) to forecast the state level's economic impacts of the LIFT funds over 2020-2024. The projected economic impacts include increases in the state economy size (as measured by the state gross domestic product (GDP) and output); wealth creation (as measured by personal income); and new jobs created (as measured by employment). There are three categories of employment: direct employment, indirect employment, and induced employment. Direct jobs are those created by the LIFT awardees. Indirect jobs are those created by related industries, such as suppliers and manufacturers. Induced jobs are local industries that increase due to the additional increase in direct or indirect employment, such as local restaurants, retail and entertainment. From 2020 to 2024, the LIFT program is expected to have impacted North Dakota's economy by the following measures. All dollars are inflation-adjusted to 2021 dollars.

- Increase of North Dakota's Output by \$265 million, and an increase of North Dakota's GDP by \$158 million by 2024. Output measures the value of all goods and services, including business-to-business sales. GDP measures only value-added goods and services, or the value of the final product sold.
- Increase of North Dakotan's yearly Personal Income by a collective \$51.7 million, an average of \$57,480 per resident by 2024.
- Across all industries, there is an expected impact of 1,163 new jobs in the state, with businesses participating in the LIFT program expected to have created 702 new jobs by 2024. Over 430 of these jobs are projected to be in the Advanced Computing and Agriculture Technology industries. These 1,163 jobs include direct and indirect employment.

LIFT RECIPIENTS BY INDUSTRY



METHODOLOGY

The main idea behind economic impact analysis is that one more (or less) dollar spent in a local or regional economy results in a greater than one dollar change in economic activity in the area. The most common and widely respected method of examining such changes involves using economic models called input-output models. A key feature of input-output models is that they are ideally suited to capture the interdependence among different industries. Commerce utilized version 2.5 of the REMI Tax-PI model. Briefly, the REMI Tax-PI model is a sophisticated regional economic model that dynamically simulates the year-by-year economic effects of public policy initiatives and is widely used by state agencies and legislatures, universities and other organizations and experts. The REMI model is tailored to North Dakota using data from the Bureau of Census, the Bureau of Economic Analysis, the Bureau of Labor Statistics, the Energy Information Administration and other reliable data sources.

¹ For more information, contact Carla Valentine at cvalentine@nd.gov

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DEVELOPMENT FUND FACTS

9,182
JOBS
CREATED

878
PROJECTS
FUNDED

**PRIMARY
SECTOR**
ECONOMIC
DEVELOPMENT
TOOL

UPDATED 01/03/2023

ECONOMIC DEVELOPMENT TOOL

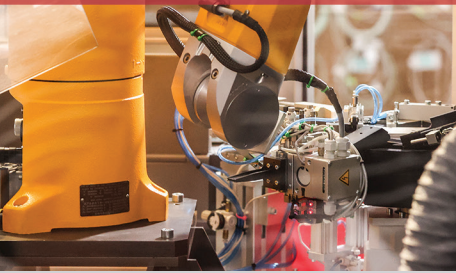
The North Dakota Development Fund was created through legislation in 1991 as an economic development tool. It provides flexible gap financing through debt and equity investments for new or expanding North Dakota primary sector businesses. The Development Fund makes investments of up to \$3 million. The board of directors may adjust the limit when deemed appropriate.

The following criteria apply to Development Fund investments:

- The entrepreneur must have a realistic financial commitment at stake. Usually, principals are required to have a minimum of 15% equity in the project.
- Refinancing of debt is not eligible.
- Principal shareholders with 20% or greater ownership are generally required to guarantee the debt. Other shareholders may also be required to guarantee.
- Financing is available to any North Dakota primary sector business project with the exception of production agriculture.
- Primary sector includes individuals and businesses which, through the employment of knowledge or labor, add value to a product, process or service which results in the creation of new wealth.
- Primary sector includes tourism and specific types of investor-owned agriculture, and is typically businesses such as manufacturers, food processors or export service companies. Investor-owned agriculture includes livestock feeding or milking operations or other value-added agriculture located apart from an individual farm operation that is professionally managed and has employees.
- Financing is available to any North Dakota licensed child care operator up to \$100,000.

"The Development Fund offers the financing resources needed to help support business startups and expansion projects that create jobs while also providing taxpayers with a strong return on investment. Businesses in need of equity financing can look to the Development Fund as a possible solution. The North Dakota Development Fund is a valuable tool in developing strategies for business growth."

North Dakota Governor Doug Burgum



INDUSTRY FACTS

**\$4.63
BILLION**
INDUSTRY
OUTPUT
2021

71%
GROWTH
TOTAL OUTPUT
2011-2021

82%
OF ND
EXPORTERS
ARE SMALL
BUSINESS

7.31%
INDUSTRY
OUTPUT
2021

MANUFACTURING OPPORTUNITIES

Strong market growth, both domestically and internationally, have contributed to a healthy manufacturing economy in the state. Advanced manufacturing companies doing business in North Dakota include Doosan (Bobcat), John Deere, CNH Industrial, Air Liquide and Caterpillar.

Due to an abundance of energy, a skilled workforce, and a business friendly climate (due in part to being the only state in the nation with its own state bank), North Dakota has enjoyed robust expansion in primary sector activity. Strong market growth, both domestically and internationally, has contributed to a healthy manufacturing economy.

Manufacturing and technology-based businesses in North Dakota face a serious threat from international competition. North Dakota manufacturers are not immune to the pressures of globalization and competition.

The Department of Commerce has concluded, through a combination of a manufacturing surveys and personal visits with manufacturing leaders across the state, that future expansion of our manufacturing sector will come not from labor growth, but rather from innovation and productivity gains, as well as a strong focus on developing foreign markets. State policy has been put into place to help stimulate and incentivize growth in this area.

PARTNERS

North Dakota Trade Office

The North Dakota Trade Office (NDTO) continues to increase its efforts to expand North Dakota's exports to high-demand foreign markets. In 2018, North Dakota led the nation in export growth, with a 35% increase over the previous year. Continued support and funding for the NDTO are essential to continued market growth for our state's manufacturers, producers and exporters. Find more information at www.NDTO.com.

Impact Dakota

Impact Dakota is the North Dakota delivery organization of the U.S. Department of Commerce's nationwide Manufacturing Extension Partnership (MEP) network. Its staff of experts provide specialized business consulting services to North Dakota-based manufacturing and ag-processing companies. Impact Dakota supports North Dakota manufacturers by conducting detailed needs assessments, outlines potential solutions and provides technical assistance to solve problems that deliver positive financial impacts. In 2021, clients reported \$30.1 million in gained and retained sales, \$2.9 million in cost savings, \$4.4 million in investments made, and 219 jobs created and retained as direct result of projects delivered by Impact Dakota.

TRADE AND TRANSPORT BY THE NUMBERS



Two Foreign Trade Zones



**Two Canada-Mexico
Trade Corridors**



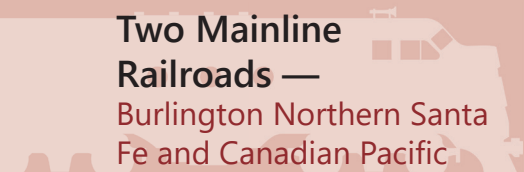
**Top Five Export
Markets —** Canada,
Mexico, Australia, Germany,
Brazil



**Five International
Airports**



Two Major Interstates —
I-94 East/West and
I-29 North/South



**Two Mainline
Railroads —**
Burlington Northern Santa
Fe and Canadian Pacific



Manufacturers in North
Dakota account for **7.3%**
of the total output in
the state, employing 7.7%
of the workforce

Areas of service include, but are not limited to:

- Process Improvement
- Business Operations Optimization — Strategy, Structure, People, Methods, Communications, Metrics and Rewards
- Compliance and/or Certifications — Cybersecurity/CMMC, Food Safety, ISO, etc.
- Quality Management Systems
- Workforce Development
- Automation
- Performance Improvement: Growth Strategies and Innovation

STRATEGIC INCENTIVE ADVANTAGES

Workforce

- New Jobs Training Program — Grant program reimbursing employee withholding taxes
- Operation Intern – Grant program designed to create new internships and apprenticeships in North Dakota's target industries
- Career Builders Scholarship and Loan Repayment Program – Public/private matching fund program to promote skilled workforce jobs requiring a two-year degree or less

Financial Incentives

- North Dakota Development Fund — Gap financing loan and equity program
- PACE Program — Interest buy-down program at Bank of North Dakota
- MATCH Program — Loans at U.S. Treasury yield rate + 0.25%
- Financial Investment for Technology (LIFT) — Innovation loan fund to support technology. Low (0-2%) interest financing for research and development in target diversification sectors

Income Tax Exemptions

- Five-year corporate income tax exemption for new or expanding primary sector business

Sales Tax Exemptions

- Sales and use tax exemption on machinery and equipment
- Utilities are not taxed in state

Property Tax Exemptions

- Up to a five-year 100% property tax exemption
- Additional five years are available for agricultural processors
- Payment in lieu of a property tax exemption. A company may negotiate a fixed or graduated tax rate for a period not to exceed 20 years
- Personal property is not taxed, including equipment, materials in process and accounts receivable

Tax Credits

- Automation Tax Credit – Tax credit designed to promote factory automation in North Dakota
- Investment tax credits for business investors

