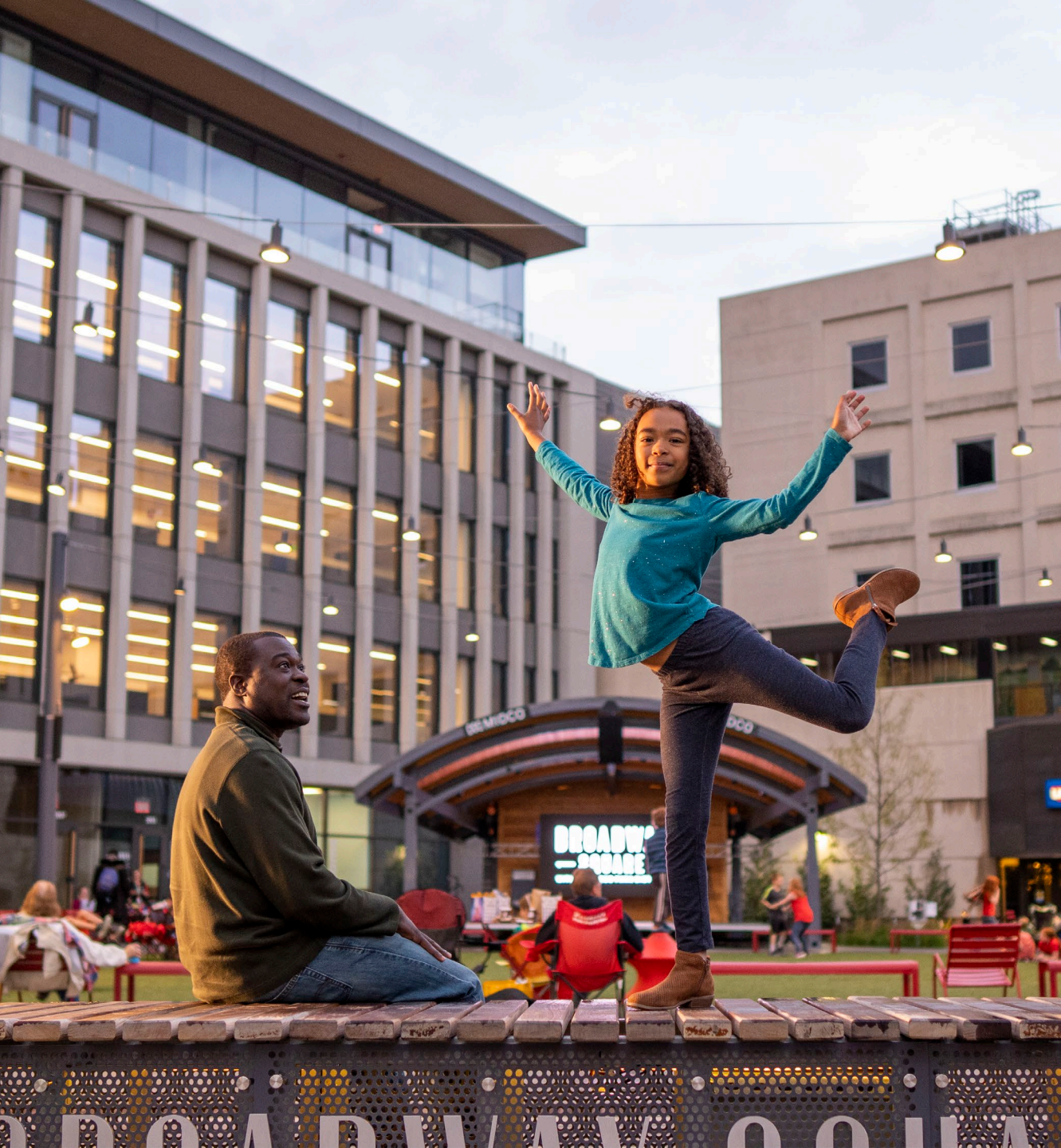




SENATE APPROPRIATIONS

March 2, 2023

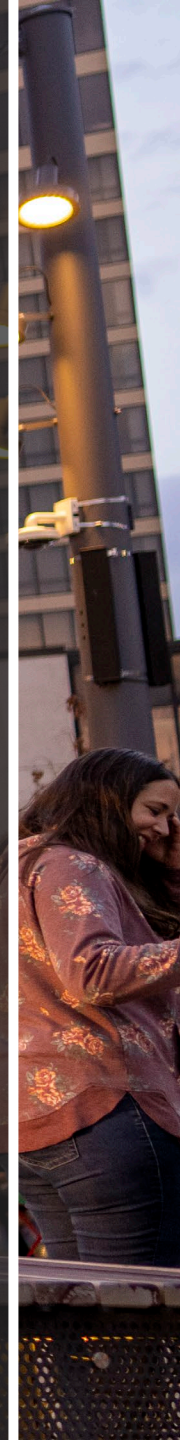


NORTH Dakota

Commerce

Be Legendary.

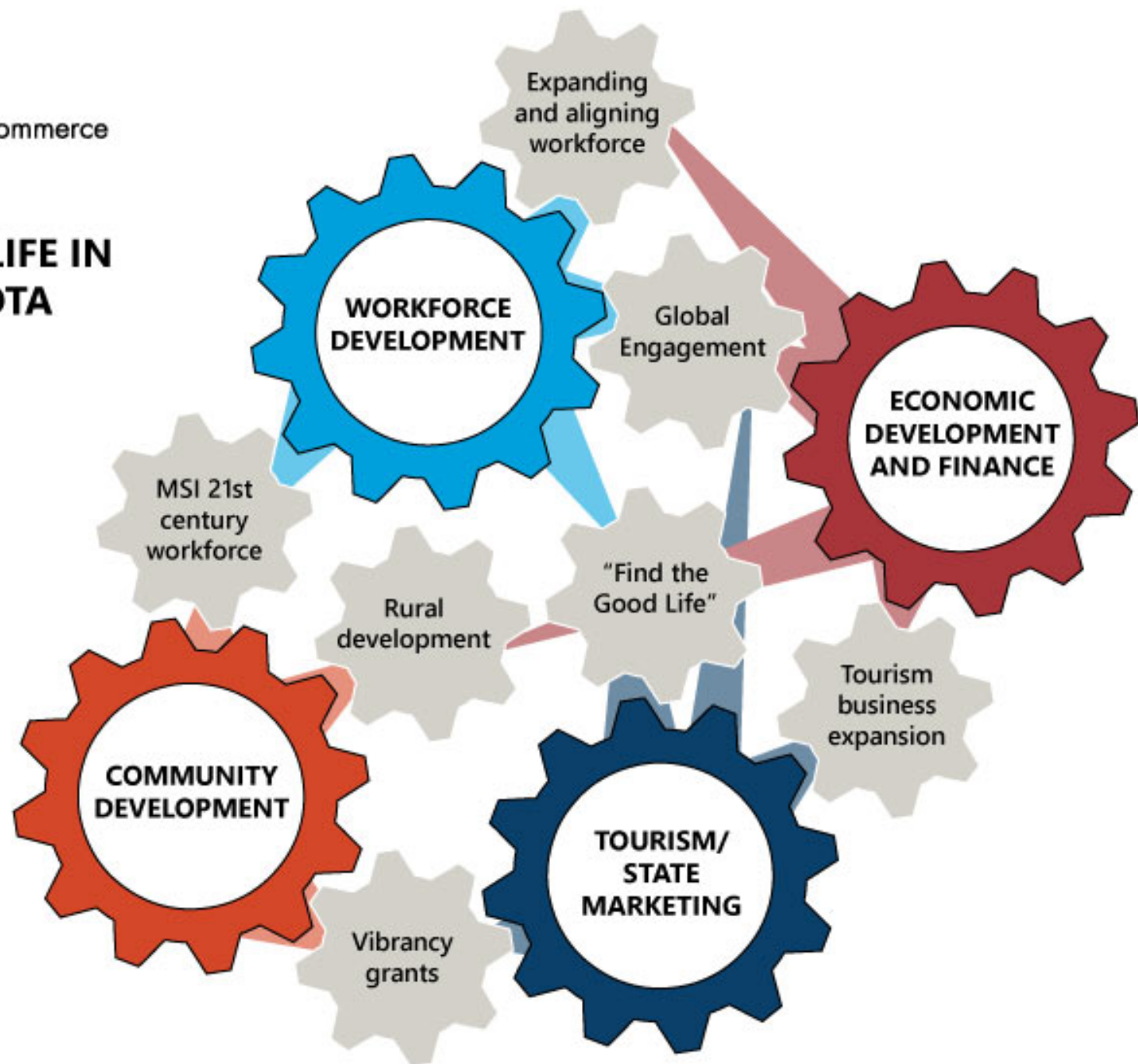
The ND Department of Commerce works to improve the quality of life for ND citizens by leading efforts to attract, retain and expand wealth. Commerce serves businesses and communities statewide through committed people and partners who offer valuable programs and dynamic services.





[Commerce Video](#)

IMPROVING LIFE IN NORTH DAKOTA





COMMERCE FTES

Current

58.8 FTEs – Fully Funded with Benefits

2023-2025

63.8 FTEs – Fully Funded with Benefits

2023-2025 - FTE Request

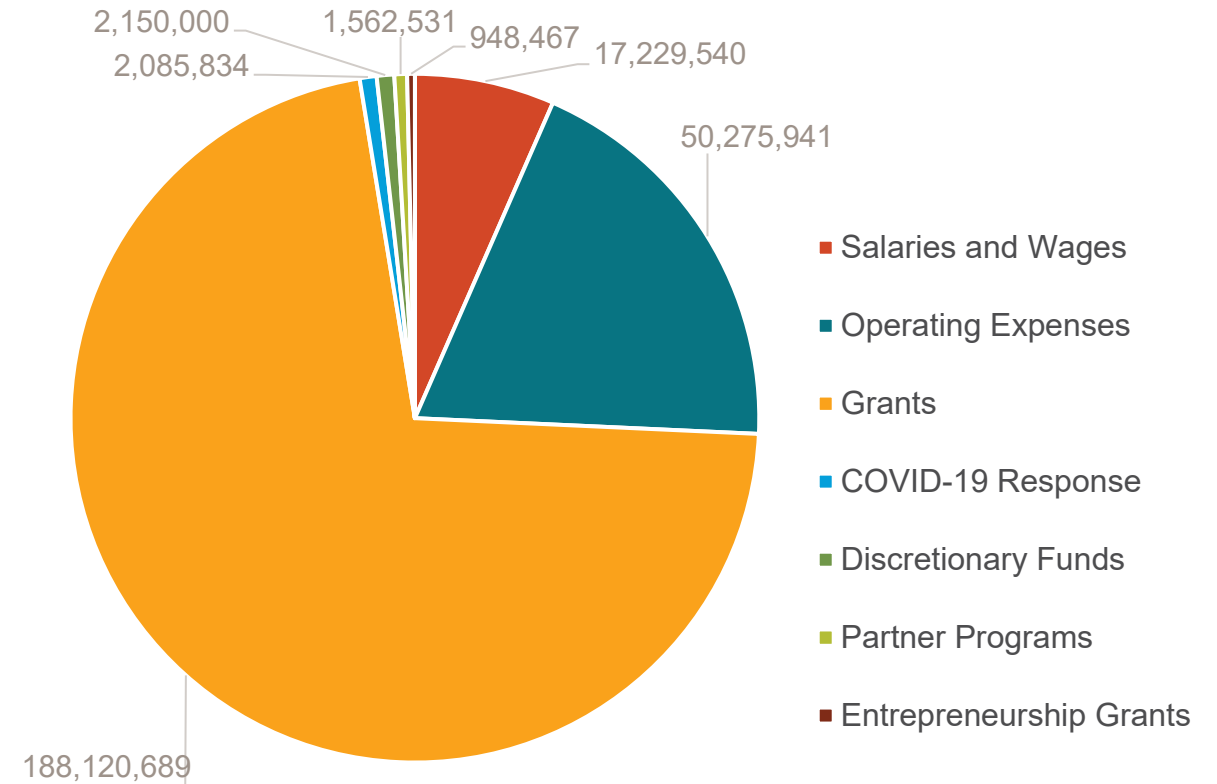
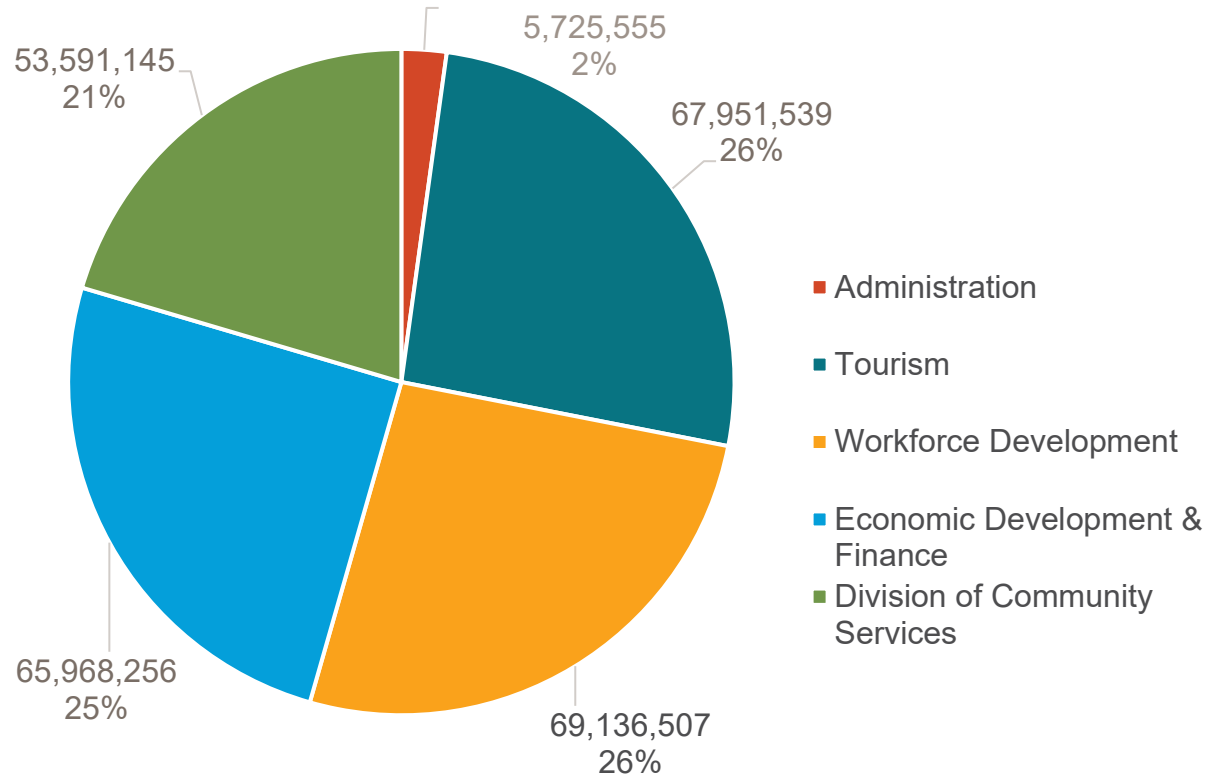
- Workforce Division (2 FTEs)
- Office of Automation (1 FTE)
- Community Services (4 FTE)
- Global Engagement (1 FTE)

SUPPORT FOR TOTAL REWARDS

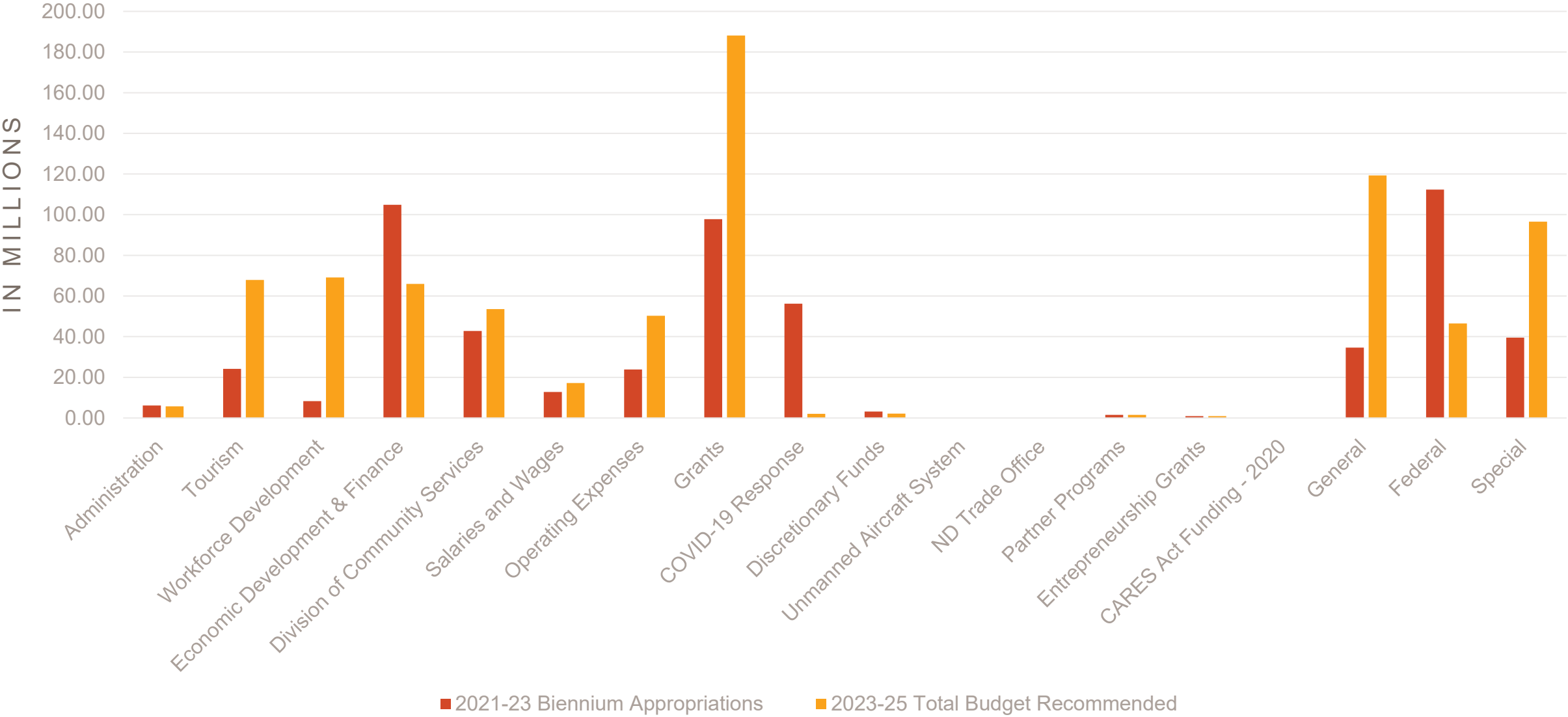
\$90M equity

- 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
- Uncrewed 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
-----------------	-----------------

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	Amount	January 2023
North Dakota Development Fund	Section 35	\$5,000,000.00	Transferred to the NDDF
Autonomous Agriculture Matching Grants	Section 37	\$10,000,000.00	\$279,697.25
Workforce Development Incentive Grant Program	Section 38	\$15,000,000.00	\$2,196,692.71
Technical Skills Training Grant Program	Section 39	\$5,000,000.00	\$233,800.82
	HB 1506		
Workforce Community Services Program	Section 19	\$1,074,888.00	
Community Development Planning Grant Program	Section 20	\$1,000,000.00	\$163,773.95
Workforce Innovation Network Grant Program	Section 21	\$100,000.00	\$41,257.49

ANTICIPATED FORMULA ALLOCATION FEDERAL FUNDS '23-'25

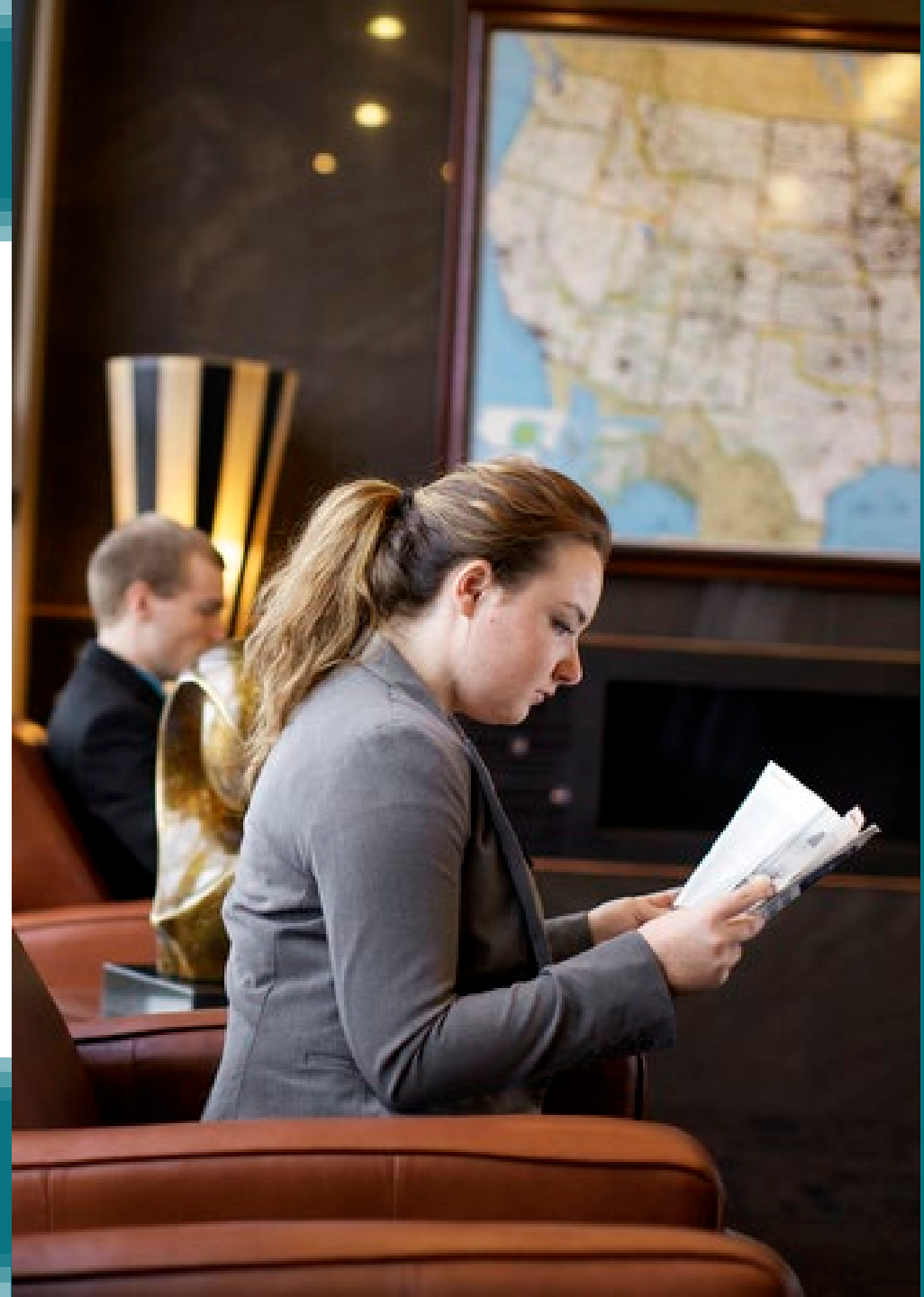
The following was provided to legislative council in September 2022 regarding anticipated federal formula funds Commerce is anticipating to receive.

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



HOUSE APPROPRIATIONS ADJUSTMENTS - DECREASE

- Salaries/equity
- MSI FTE
- Housing funding
- Talent attraction funding
- Tourism Destination Development Fund



HOUSE APPROPRIATIONS ADJUSTMENTS - INCREASE

- Grand Sky Funding
- ND Development Fund



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



CDBG AND CSBG

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.

Community Services Block Grant (CSBG):
Locally designed to promote self-sufficiency, family stability and community revitalization.

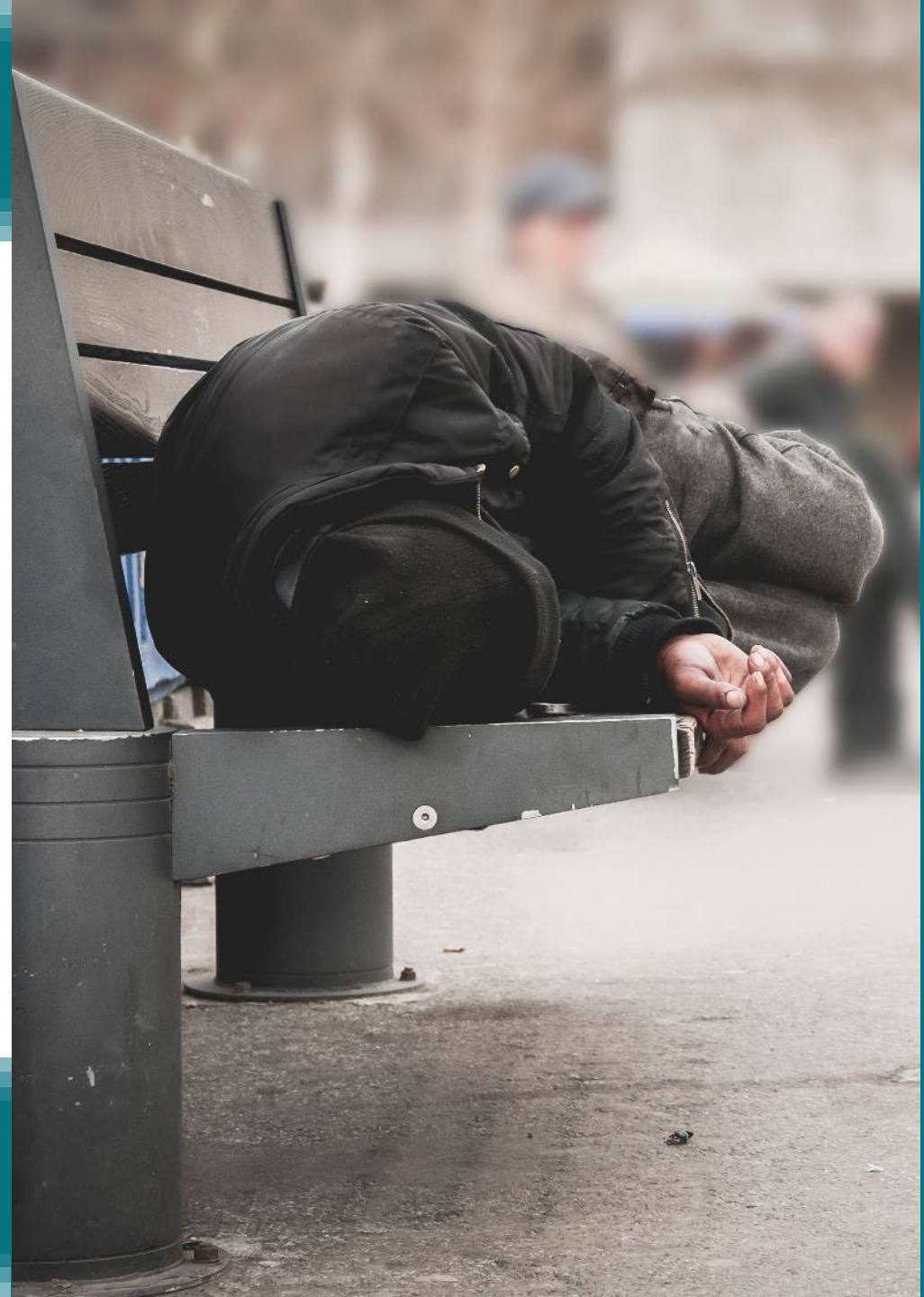


EMERGENCY SHELTER GRANTS (ESG) AND ND HOMELESS GRANT (NDHG)

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

Request transfer to ND Housing Finance Agency (NDHFA)

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



WEATHERIZATION ASSISTANCE PROGRAM

- Weatherization/LIHEAP goals are to increase energy efficiency in homes for low-income persons across the state
- Request authority to receive and allocate:
 - \$15,131,495 in federal funds from Infrastructure Investment and Jobs Act (IIJA)
 - Two FTEs to support and administer additional funding



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.
- Request ability to receive and expend federal funds:
 - \$20M IIJA SEP
 - \$90M IRA SEP
 - 1 FTE

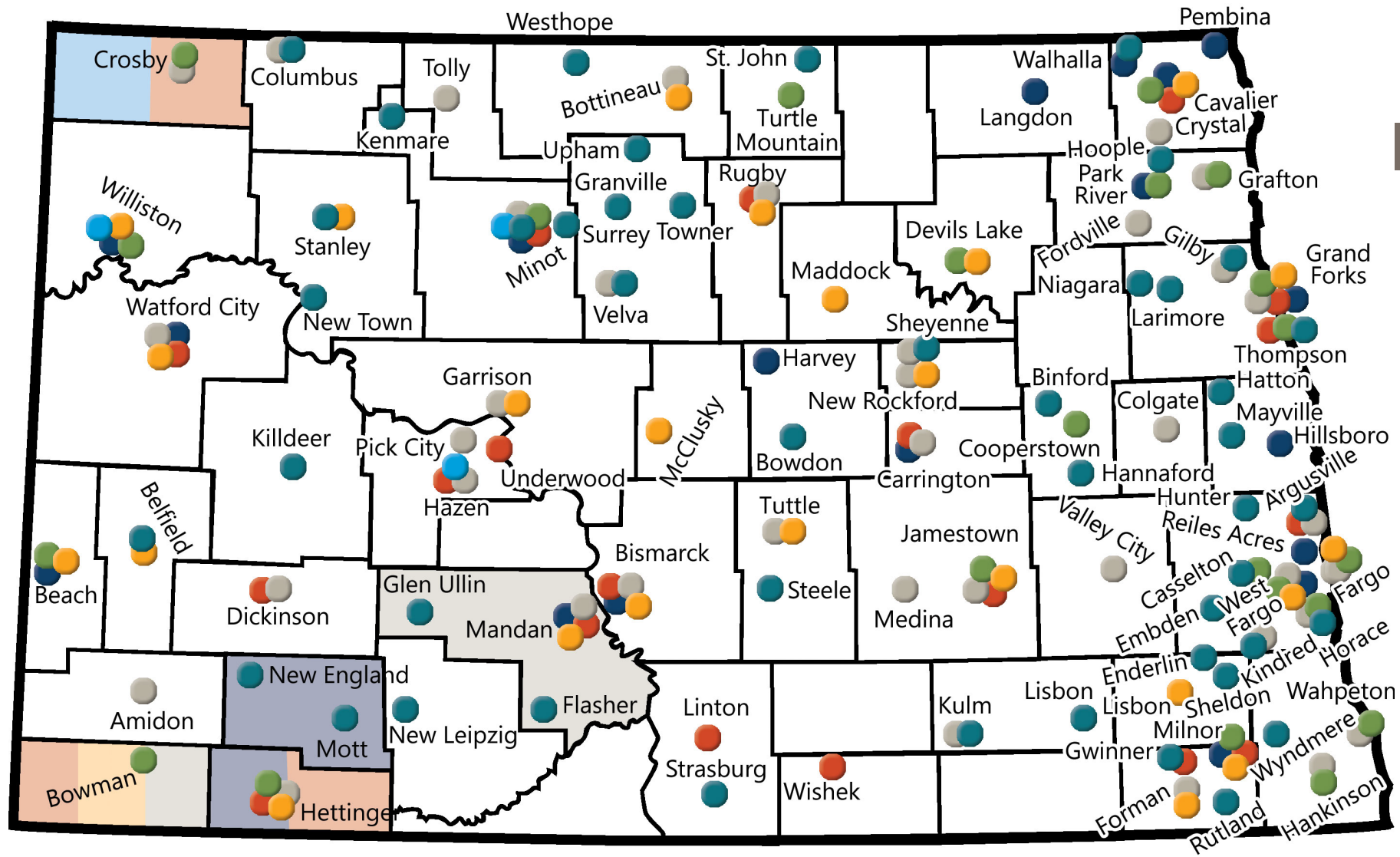


COMMUNITY SERVICES

Main Street Initiative, current biennium accomplishments, challenges

- 103 communities engaged through the Main Street program
- Partners in Planning Grants
 - 20 communities in the amounts of \$169,587; ROI 25:1
- 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

MSI Impact



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

COMMUNITY SERVICES

ONE-TIME FUNDING

- Community planning and community workforce enhancement
 - Reinstate funding for \$800,000 community development/comprehensive planning and community vibrancy grants
 - Add 1 FTE



COMMUNITY SERVICES

ONE-TIME FUNDING

Rural Workforce Housing and Slum and Blight 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 and community development.
- 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.
- Work jointly with DEQ and other state/local agencies
- Reinstate full \$15M for Rural Pilot Program

ECONOMIC DEVELOPMENT & FINANCE

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

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

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
- Growing portfolio
- Local resistance to development
- Misinformation on projects
- Incentive values
- Compensation

INNOVATE ND / LIFT / NDDF

- InnovateND
 - \$861K → 72 projects → 23 phase 4
- LIFT (funds exhausted Jan 23)
 - \$17M → 24 projects
- NDDF → \$21.34 return on every \$1 → 878 projects → 9,182 jobs
 - Cerilon → \$3M / \$3-5B project
 - Wellspring Hydro → \$1M → \$500M project
 - Checkable Medical → \$1M
 - Corvent Medical → \$3M



CHALLENGES AND OPPORTUNITIES

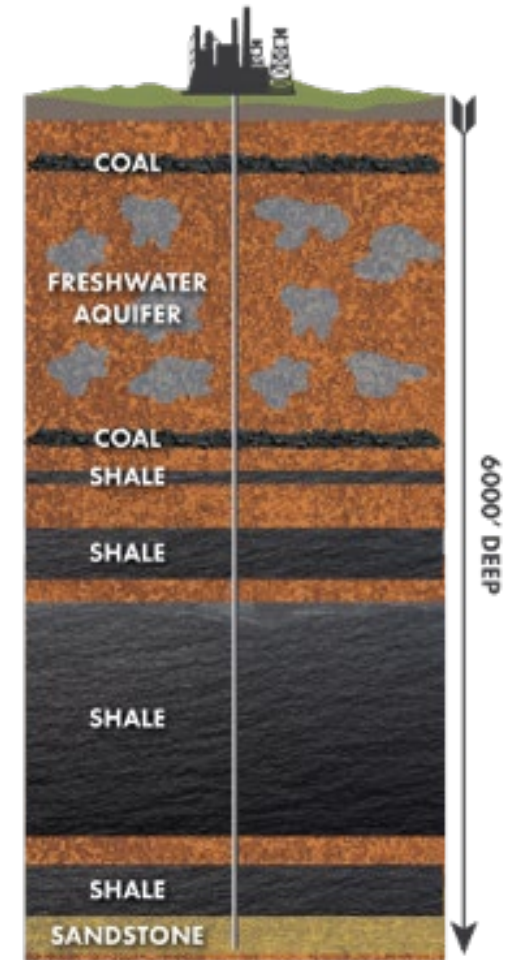
- Growing portfolio
- NIMBY
- Incentives



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 Grant
- \$7M for Enhanced Used Lease
- \$30M for Beyond Visual Line of Sight Uncrewed Aircraft Systems
- 1 FTE – Office of Autonomy



ECONOMIC DEVELOPMENT & FINANCE

ONE-TIME FUNDING

- ND Development Fund - \$30M
- LIFT - \$20M



ECONOMIC DEVELOPMENT & FINANCE

FEDERAL FUNDING

- Hydrogen Hub
- CHIPS For America
- Inflation Reduction Act





Global Engagement Office



SHAWN KESSEL – COO/DEPUTY DIRECTOR

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 ND 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 ND.

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



GLOBAL ENGAGEMENT OFFICE

MISSION GOALS

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



WORKFORCE DEVELOPMENT

The ND Department of Commerce Workforce Development Division partners with other state agencies and private sector industries to deliver specialized programs and services to assist in enhancing the workforce of ND.

It monitors and delivers workforce strategies for ND 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: \$15M (ARPA); \$14,218,377.14 awarded to date
- 2023 Request: \$20M

WORKFORCE DEVELOPMENT

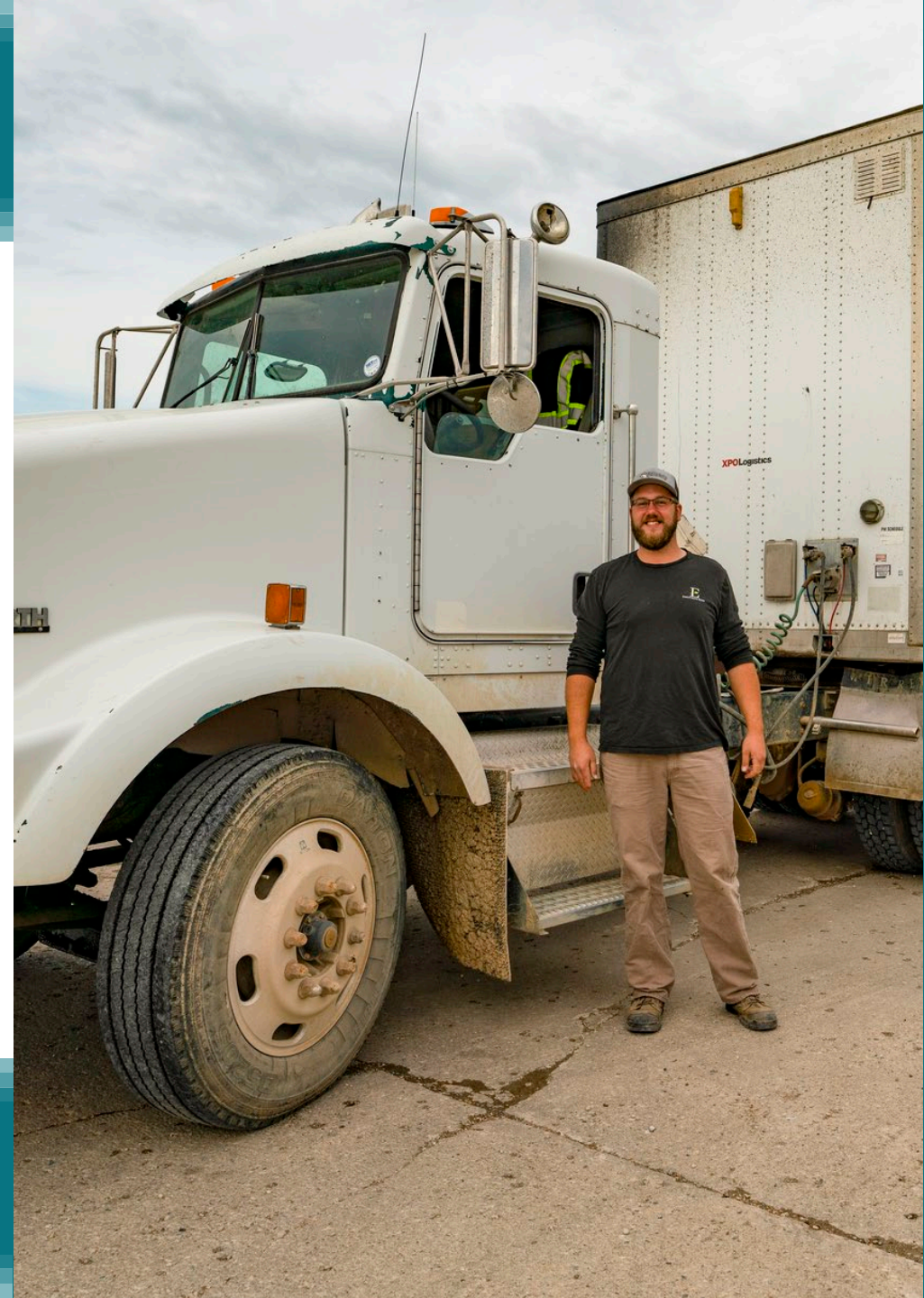
TECHNICAL SKILLS TRAINING GRANT CURRENT BIENNIUM

■ 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
- 2023 Request: \$2M



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
- 2023 Request: \$1M

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 1,415 leads in the pipeline in six months
 - 28% to move immediately
 - 66% within 0-6 months
 - 77% new to ND
 - 11 relocated participants
 - 391 resumes
- Built a network of 75 community champions to assist job seekers
- 433 leads connected to champions



Challenges

- Establishing direct connections between job seekers and employers

Funding

- \$410,000 discretionary funds
- 2023 Request: \$24M + 1 FTE

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 be more proactive in pursuing new programs



WORKFORCE DEVELOPMENT

Budget

- Operating Budget: \$1.5M
- Regional Workforce Impact Program: \$20M + 1 FTE
 - Carryover Authority
- Technical Skills Training Grant: \$2M
 - Carryover Authority
- Workforce Innovation Grant: Carryover Authority ONLY
- Automation Enhancement Workforce Training Grant: \$5M
- Find the Good Life: \$12M + 1 FTE (additional \$12M in Tourism & Marketing Budget)

TOURISM AND MARKETING



SARA OTTE COLEMAN, DIRECTOR

TOURISM AND MARKETING

Marketing efforts support

- Economic Development
- Workforce Attraction
- Community Development
- Global Engagement
- Tourism

Elevate awareness and
image of ND

Selling North Dakota Video



<https://www.youtube.com/watch?v=gbVMHlegal0>

TOURISM & MARKETING

Current biennium accomplishments and challenges



Workforce Recruitment

- Updated logo, website and targeting
- Campaign drives interested relocators into pipeline
 - \$438,000 resulted in 16M impressions, 76,000 visitors and 2.7M video completions
- Synergies between tourism, talent attraction and economic development

TOURISM & MARKETING

We build a positive public image of ND 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



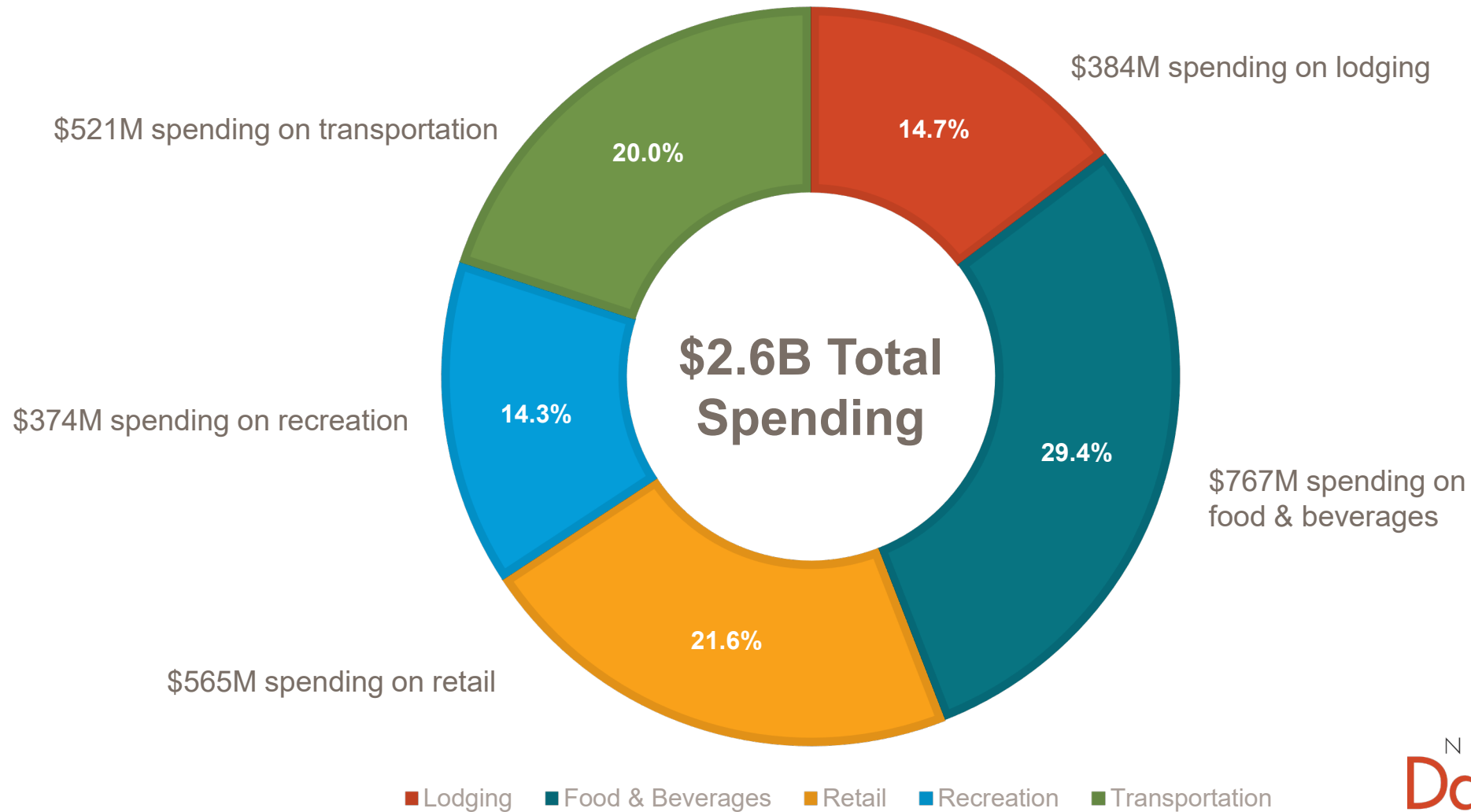
TOURISM & MARKETING

Current accomplishments and challenges

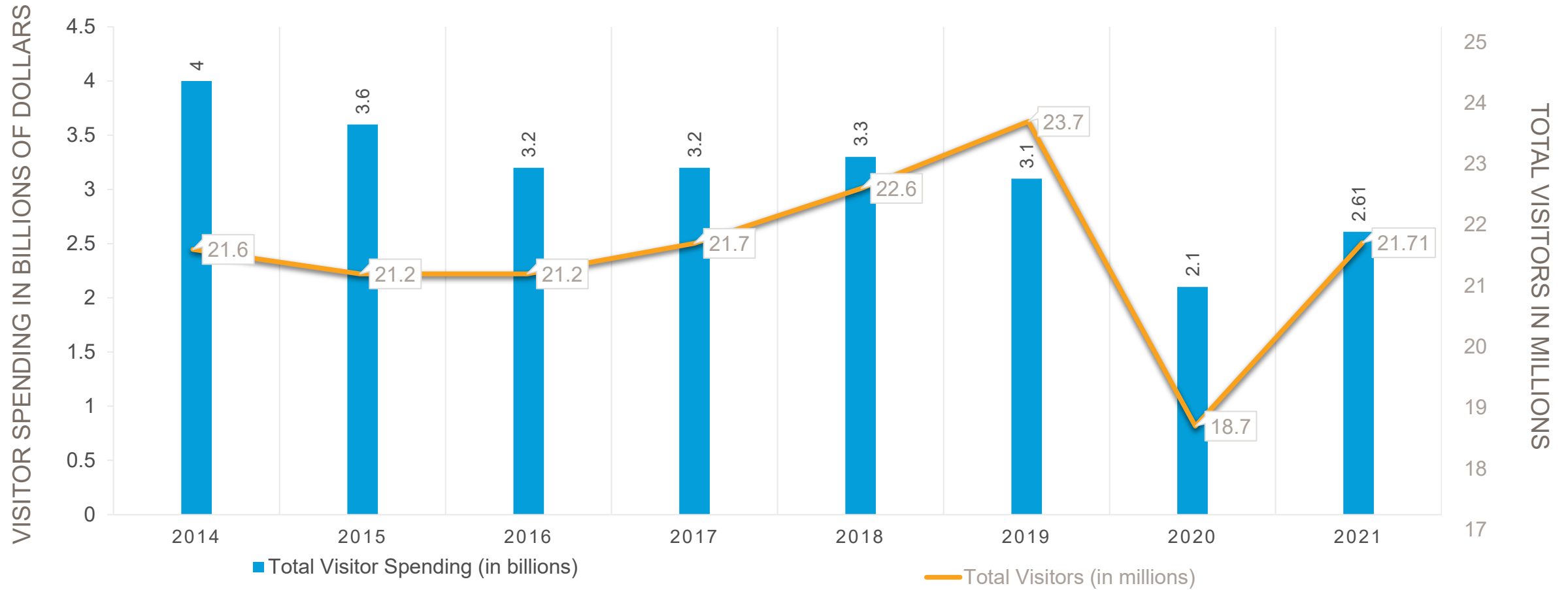
- Media outreach resulted in 4,019 instances - up 821% - reaching 20.2B
- Tourism advertising reached 423M resulting in 250,000 click-throughs and 15.2M video completions
- Domestic road trips tracked 7.9M trips
- Hotel occupancy was up 11.9%, RevPAR up 23.9%. Lodging tax up 37%
- Global tours up 9.6%
- NDtourism.com – updated and improved, welcomed more than 2M visits

VISITOR SPENDING TOUCHES VARIOUS SECTORS

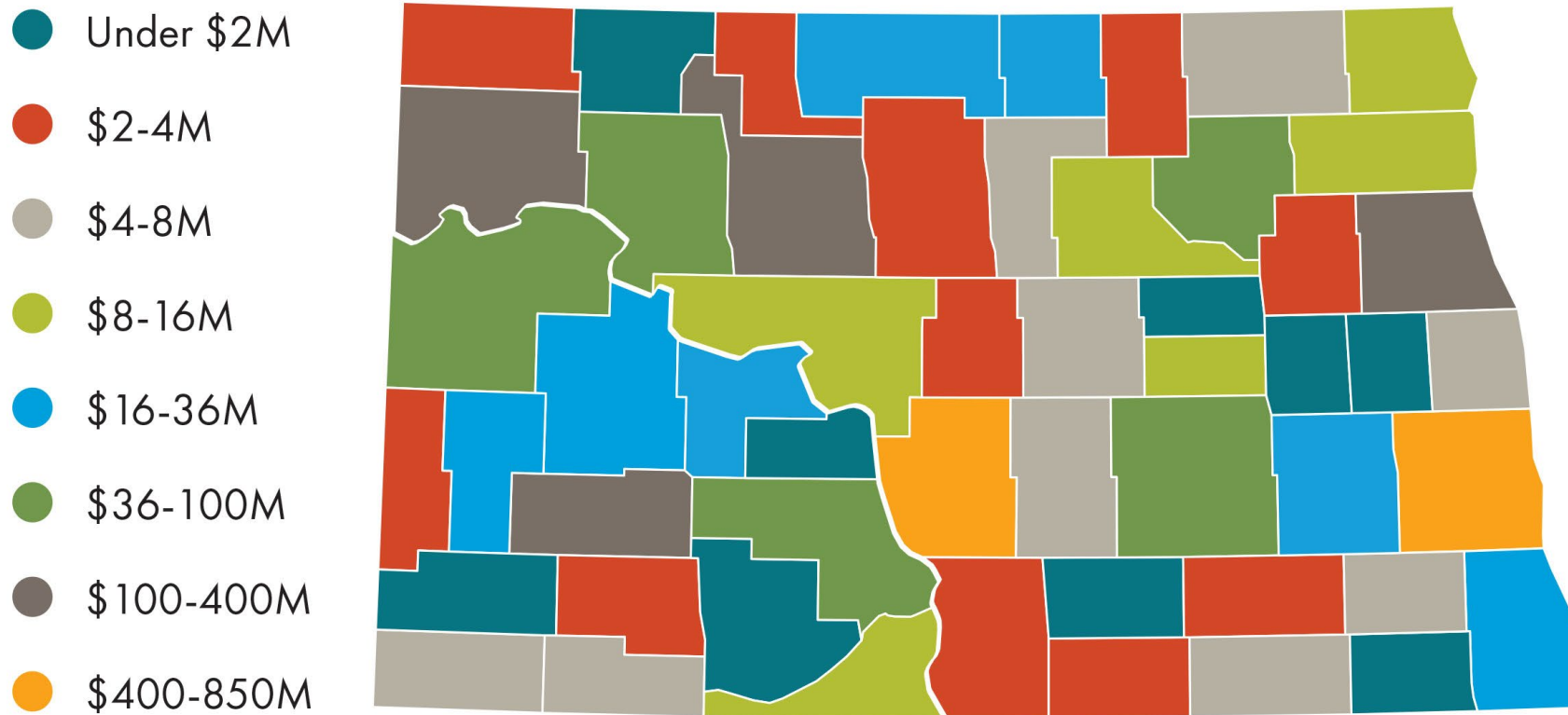
TOURISM INDUSTRY SALES IN NORTH DAKOTA, 2021



VISITOR SPENDING IN NORTH DAKOTA



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.

DESTINATION TOURISM DEVELOPMENT

Dedicated FTE:

- Building supply
- Defining tourism primary sector
- Recruit new businesses and offerings
- Value – added experiences



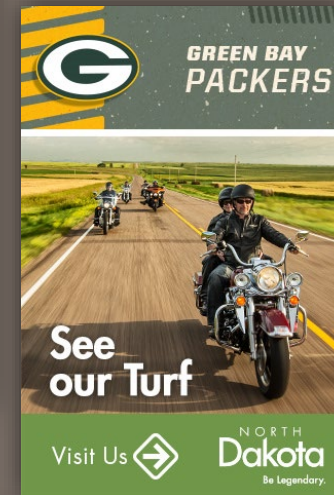
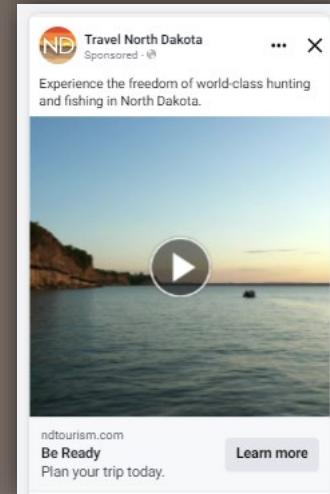
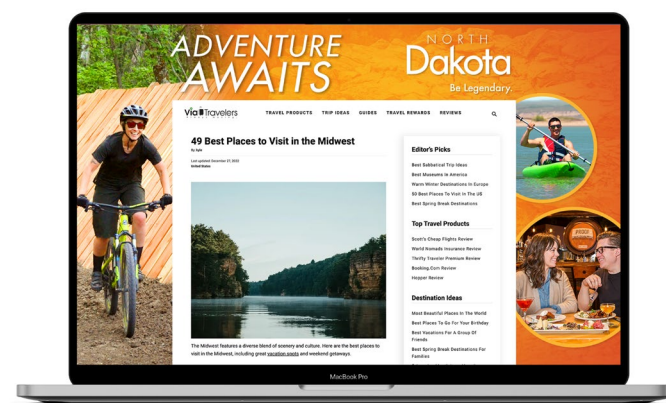
Focus:

- In-demand experiences
- Gaps
- Regional clusters
- Legacy Attractions

TOURISM & MARKETING

BUILDING ON...

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



PAID ADVERTISING

Welcome Neighbours.

NORTH Dakota
Be Legendary.

FUN, FRIENDLY CITIES

Grand Forks, Fargo and other cities and towns throughout the state offer vibrant downtowns, inviting accommodations, shopping, dining and more. Look for treasures in many one-of-a-kind boutique shops filled with fall fashions and home decor or visit popular boardwalks and lighted streets. Enjoy events and attractions like Great River Festival, the Taste of Science Festival, Oktoberfest in Grand Forks or live music playing in Fargo's Broadway Square.

LOCAL FLAVORS

Make your holiday a culinary adventure. From downtown to small towns, our chefs, bakers and confectioners have something delicious for you. Our farm-to-table restaurants, meathouses, coffee shops, wineries, craft breweries and many more eateries are ready to serve.

ENTERTAINMENT AND EVENTS

The calendar is full of favorite summer and fall events and festivals. Join us for big concerts, rodeos and more.

- MEDORA MUSICAL, MEDORA through SEPT 10**
See this musical variety show performed in an outdoor amphitheater and scenic backdrops.
- MANDAN RODEO DAYS, MANDAN JULY 2-4**
Catch WGA rodeo action, cheer dances, live music and local flavors.
- RED RIVER VALLEY FAIR, WEST FARGO JULY 8-14**
Enjoy fair food, crafts and outdoor live entertainment.
- NORTH DAKOTA STATE FAIR, MINOT JULY 22-30**
Don't miss grandstand events and concerts including Kid Rock, Cody Johnson, Blue Swans, Vixen, Old Dominion, Kix, Vixen & Kelly and Sam Hunt.
- NORTH DAKOTA RENAISSANCE FAIRE WEST FARGO, AUG 12-14, 20-21**
Get medieval with games, entertainment, fair food and more.
- GREENWAY TAKEOVER FESTIVAL GRAND FORKS, SEPT 8-11**
Celebrate summer with food trucks, beer gardens and live music.
- NORSK HØSTFEST, MINOT SEPT 28-OCT 1**
Experience Norsk America's largest Scandinavian heritage festival with concerts by Big and Rich, Lady A, Billy Joel and Barclay Corder.

SPACIOUS OUTDOORS

Explore scenic drives, hiking trails and kayaking waters in North Dakota. Don't miss our beautifully uncrowded Theodore Roosevelt National Park with its uniquely multicolored layers of clay, sandstone, and "hoodoo" rock and black coal seams. Favorite places closer to Minot include the International Peace Garden, Theodore George State Recreation Area, White Horse Hill National Game Preserve and many state parks.

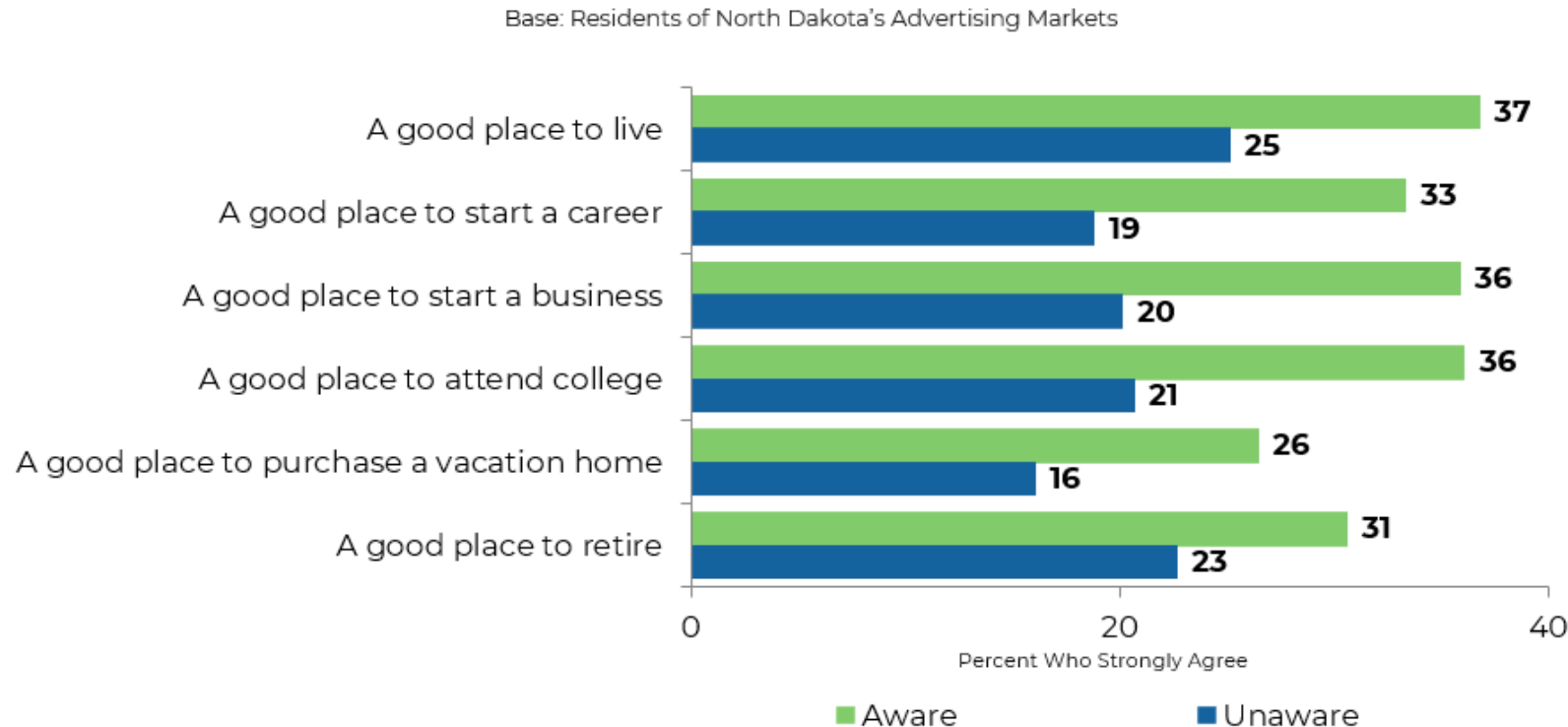
1-800-435-5663 **ND** LegendaryND.com



TOURISM & MARKETING

Next Biennium Goals and Plans - Improve Awareness

North Dakota Halo Effect: Advertising Impact

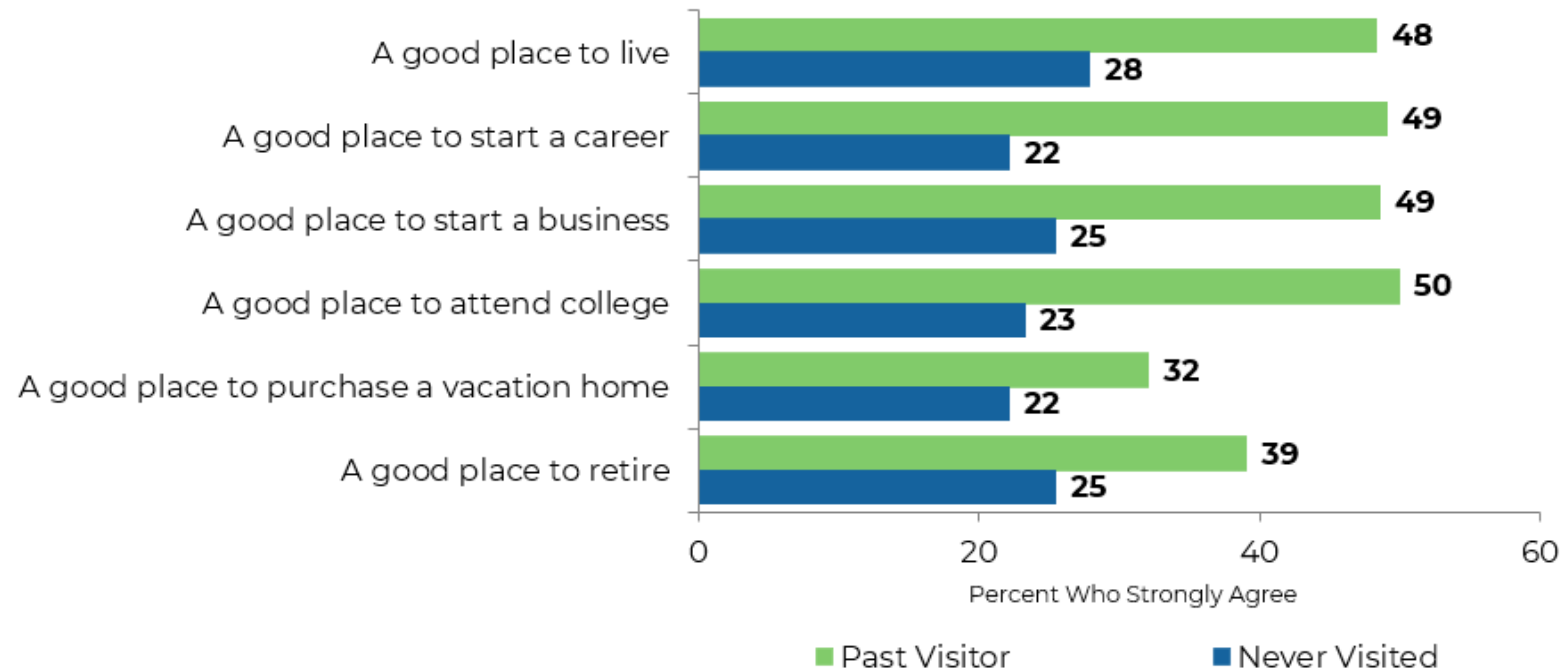


TOURISM & MARKETING

Next Biennium Goals and Plans - Improve Awareness

North Dakota Halo Effect: Visitation Impact

Base: Residents of North Dakota's Advertising Markets

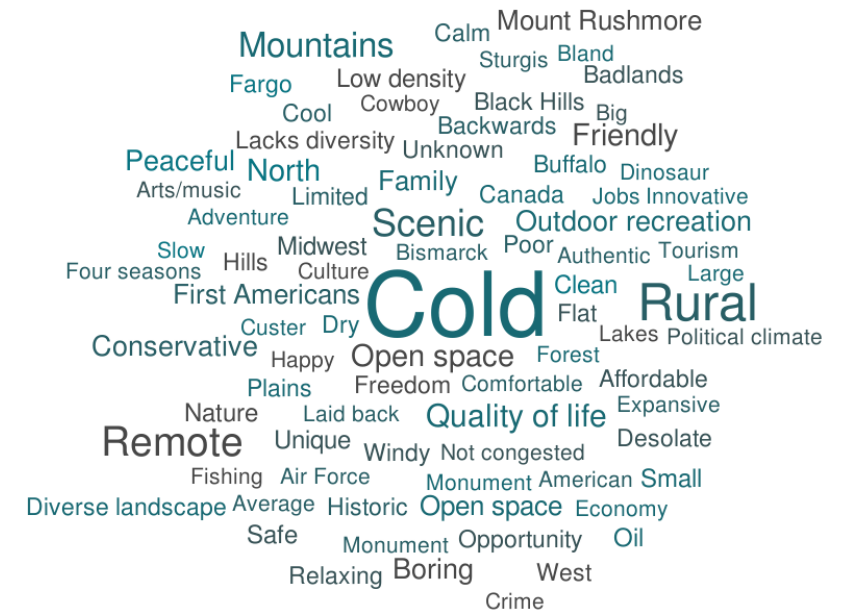


TOURISM & MARKETING

Next Biennium Goals and Plans

Marketing to address – Lack of Awareness for ND

- \$5M (one-time) addition to tourism marketing
- \$12M Find the Good Life marketing (House - \$4M)
- 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

- Value-added recreation and tourism
- Destination development fund - \$50M (House reduced to \$25M)
 - Encourage non-state investments (1:1 match) in new and expanded attractions
 - New visitors, revenue, new residents, quality of life
 - 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 ND



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
- \$50M Destination grants

TOURISM & MARKETING

FEDERAL FUNDING

- EDA Non-competitive Grant ND 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 ND



NORTH
Dakota

Be Legendary.