

PROPOSED AMENDMENTS TO SENATE BILL NO. 2018

Page 1, line 2, after "enact" insert "a new chapter to title 6, a new section to chapter 10-30.5,"

Page 1, line 2, after "54-45.5-10" insert a comma

Page 1, line 2, replace "two" with "three"

Page 1, line 3, after "to" insert "a loan guarantee program, the research North Dakota venture program,"

Page 1, line 3, after "fund" insert a comma

Page 1, line 4, after the fourth comma insert "54-17-07.3, 54-17-40,"

Page 1, line 6, remove "and"

Page 1, line 7, after "fund" insert ", housing finance programs, and the housing incentive fund"

Page 1, line 8, after the semicolon insert "to provide for an upper great plains transportation institute study; to provide for legislative management studies;"

Page 1, replace line 18 with:

"Salaries and wages	\$10,858,251	\$1,800,217	\$12,658,468"
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Page 1, replace line 21 with:

"Grants	59,977,994	1,669,956	61,647,950"
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Page 2, replace lines 8 through 10 with:

"Total all funds	\$93,273,052	\$34,054,511	\$127,327,563
Less estimated income	<u>69,666,470</u>	<u>1,134,709</u>	<u>70,801,179</u>
Total general fund	\$23,606,582	\$32,919,802	\$56,526,384"

Page 2, remove lines 30 and 31

Page 3, replace lines 1 and 2 with:

"Federal fiscal stimulus	24,496,750	796,770
Enhanced use lease grant	<u>0</u>	<u>2,500,000</u>
Total all funds	\$272,121,750	\$43,254,636
Less estimated income	<u>259,496,750</u>	<u>19,079,636</u>
Total general fund	\$12,625,000	\$24,175,000"

Page 4, after line 17, insert:

**"SECTION 6.** A new chapter to title 6 of the North Dakota Century Code is created and enacted as follows:

**Definitions.**

As used in this chapter, unless the context otherwise requires:

1. "Child care provider" means a child care home, group, or center licensed by the department of human services.
2. "Lender" means any lending institution that is regulated or funded under the laws of this state or the United States and which has provided financing to a child care provider for a child care facility.
3. "Loan guarantee" means an agreement that in the event of default by a child care facility under a note and mortgage or other loan or financing agreement, the Bank of North Dakota shall pay the lender the amount agreed upon up to a percentage to be determined by the Bank of the amount of principal due the lender on a loan at the time the claim is approved from the loan guarantee fund.

#### **Loan guarantee fund - Administration.**

A child care facility loan guarantee fund is created to be used by the Bank of North Dakota to administer a child care facility loan guarantee program in conjunction with other loan programs. The fund includes moneys appropriated by the legislative assembly for administration of the program and all earnings, less any administrative charges, from the investment of those moneys. The Bank may retain any administrative charges necessary for the administration of the program established by this chapter. The fund is not subject to section 54-44.1-11.

#### **Application for guarantee - Term - Annual fee.**

A lender may apply to the Bank of North Dakota for a loan guarantee for a loan amount to be determined by the Bank. The Bank may approve a guarantee of a loan of up to fifteen thousand dollars to a child care provider for use by the child care provider for purchasing, constructing, or remodeling a facility to provide child care services. The term of a loan guarantee may not exceed five years. The Bank may charge a lender an annual fee during the term of a loan guarantee.

#### **Termination.**

The Bank of North Dakota may terminate a loan guarantee upon the sale, exchange, assignment, or transfer of the child care provider's interest in the qualified child care facility. The Bank shall terminate a loan guarantee if the Bank determines that the loan guarantee was obtained by fraud or material misrepresentation of which the lender or seller has actual knowledge.

#### **Rules.**

Notwithstanding any provision of this chapter, the Bank of North Dakota shall adopt rules to implement this chapter. The rules may include a formula for determining the ratio of reserves in the loan guarantee fund to the amount of guaranteed loans and the maximum allowable annual interest rate on a loan eligible for a guarantee.

**SECTION 7.** A new section to chapter 10-30.5 of the North Dakota Century Code is created and enacted as follows:

#### **Research North Dakota venture investment program.**

1. The corporation shall administer a research North Dakota venture investment program that provides investments to startup or spinoff

businesses that utilize technology developed at a research university, as defined in section 54-65-01, or jointly developed by a research university and the private sector.

2. A qualified applicant for a research North Dakota venture investment:
  - a. Must be a business operating in North Dakota that is in the startup or spinoff state;
  - b. Must be utilizing technology that is licensed from a research university or a nonprofit foundation affiliated with a research university; and
  - c. Must meet underwriting guidelines established by the corporation.
3. An investment under this section may not exceed two hundred fifty thousand dollars. A recipient business may not receive more than one award under this section.
4. An investment under this section is not a business incentive under chapter 54-60.1."

Page 4, after line 25, insert:

**"SECTION 9. AMENDMENT.** Section 54-17-07.3 of the North Dakota Century Code is amended and reenacted as follows:

**54-17-07.3. Housing finance programs.**

Acting in its capacity as a state housing finance agency, the industrial commission is authorized to establish the following housing finance programs:

1. Home mortgage finance program. A program or programs to provide financing or refinancing of loans made by lenders, including second mortgage loans and leasehold mortgage loans on tribal trust or other reservation lands, and leasehold mortgage loans that are insured or guaranteed through an affordable housing program, to persons or families of low and moderate income for the purchase or substantial rehabilitation of owner occupied, single-family residential dwelling units, which includes mobile homes and manufactured housing.
2. Mobile home and manufactured housing finance program. A program or programs to provide for the purchase or guaranty of a loan made by a lender to finance the purchase of a mobile home or a manufactured housing unit other than on a real property mortgage basis. A program authorized under this subsection may provide assistance in the development of low-income to moderate-income housing or to otherwise assist a developing community in the state address an unmet housing need or alleviate a housing shortage.
3. Multifamily housing finance program. A program or programs to provide financing directly or indirectly of construction, permanent, and combined construction and permanent mortgage loans, including participations in mortgage loans, for the acquisition, construction, refurbishing, reconstruction, rehabilitation, or improvement of multifamily housing facilities.

4. Mortgage loan financing program. A program or programs to provide for the purchase or guaranty of a temporary or permanent mortgage loan originated by a lender on residential real property or on land to be developed into residential real property, in addition to a mortgage loan acquired or to be acquired under subsections 1 through 3. A program authorized under this subsection may provide assistance in the development of low to moderate income housing or to otherwise assist a developing community in the state address an unmet housing need or alleviate a housing shortage.
5. Home improvement finance program. A program or programs to provide full or partial, indirect financing of improvements to existing residential dwelling units.
6. Housing grant program. A program or programs to provide a grant other than those authorized by section 54-17-07.6 to encourage and promote housing availability for persons of low or moderate income or to otherwise assist a developing community in this state address an unmet housing need or alleviate a housing shortage.
7. Child care facility finance program. A program or programs to provide financing directly or indirectly of construction, permanent, and combined construction and permanent mortgage loans, including participations in mortgage loans, for the acquisition, construction, refurbishing, reconstruction, rehabilitation, or improvement of child care facilities.

**SECTION 10. AMENDMENT.** Section 54-17-40 of the North Dakota Century Code is amended and reenacted as follows:

**54-17-40. (Effective through June 30, 2013~~2015~~) Housing incentive fund - Continuing appropriation.**

1. The housing incentive fund in an amount not to exceed fifty million dollars is created as a special revolving fund at the Bank of North Dakota. The housing finance agency may direct disbursements from the fund and a continuing appropriation from the fund is provided for that purpose.
2. After a public hearing, the housing finance agency shall create an annual allocation plan for the distribution of the fund. At least twenty-five percent of the fund must be used to assist developing communities with a population of not more than ten thousand individuals to address an unmet housing need or alleviate a housing shortage. At least fifty percent of the fund must be used to benefit households with incomes at not more than fifty percent of the area median income. The agency may collect a reasonable administrative fee from the fund.
3. The housing finance agency shall adopt guidelines for the fund so as to address unmet housing or child care needs in this state. Assistance from the fund may be used solely for:
  - a. New construction, rehabilitation, or acquisition of a multifamily housing project;
  - b. Gap assistance, matching funds, and accessibility improvements;

- c. Assistance that does not exceed the amount necessary to qualify for a loan using underwriting standards acceptable for secondary market financing or to make the project feasible; and
  - d. Rental assistance, emergency assistance, or targeted supportive services designated to prevent homelessness.
4. Eligible recipients include units of local, state, and tribal government; local and tribal housing authorities; community action agencies; regional planning councils; and nonprofit organizations and for-profit developers of multifamily housing. Individuals may not receive direct assistance from the fund.
  5. Except for subdivision d of subsection 3, assistance is subject to repayment or recapture under the guidelines adopted by the housing finance agency. Any assistance that is repaid or recaptured must be deposited in the fund and is appropriated on a continuing basis for the purposes of this section."

Page 5, after line 20, insert:

**"SECTION 14.** A new section to chapter 54-65 of the North Dakota Century Code is created and enacted as follows:

**Research North Dakota venture grants.**

The department shall establish and administer a research North Dakota venture grant program to provide grants to a research university for pursuing further commercialization of technology developed by the research university or developed jointly by the research university and a startup or spinoff business operating in North Dakota. The department shall collaborate with the centers of excellence commission in establishing guidelines to qualify for a grant under this section."

Page 8, line 11, replace "biennium" with "period"

Page 8, line 11, replace "July 1, 2013," with "with the effective date of this Act"

Page 8, line 16, after the period insert "The department of commerce may use up to \$2,000,000 of the funds transferred to the research North Dakota fund for venture grants."

**SECTION 28. TRANSFER - BANK OF NORTH DAKOTA - CHILD CARE FACILITY LOAN GUARANTEE FUND.** The Bank of North Dakota shall transfer the sum of \$200,000 from the Bank's current earnings and undivided profits to the child care facility loan guarantee fund for the biennium beginning July 1, 2013, and ending June 30, 2015."

Page 8, line 30, remove "Grants are available to communities with air force bases only"

Page 9, replace lines 1 and 2 with "The department may award grants of up to \$500,000 to each community with an air force base or air national guard facilities."

Page 9, line 10, after the first boldfaced period insert "**STRATEGIC INVESTMENT AND IMPROVEMENTS FUND -**"

Page 9, after line 15, insert:

**"SECTION 33. STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - ENHANCED USE LEASE GRANT PROGRAM.** The grants line item in section 2 of this Act includes the sum of \$2,500,000 from the strategic investment and improvements fund for an enhanced use lease grant program to be developed by the department of commerce, for the biennium beginning July 1, 2013, and ending June 30, 2015. Grants are available for constructing infrastructure required for an enhanced use lease private sector business development project located on or adjacent to the Grand Forks air force base, contingent upon certification from the department of commerce verifying both a signed enhanced use lease agreement and a commitment by a private sector business to locate in the development.

**SECTION 34. NORTH DAKOTA ECONOMIC DEVELOPMENT FOUNDATION - 2020 AND BEYOND INITIATIVE - REPORT TO THE LEGISLATIVE MANAGEMENT.** Before September 1, 2014, the North Dakota economic development foundation shall provide a report to the legislative management regarding progress made toward the recommendations provided as part of the 2020 and beyond initiative and any recommendations for future legislation.

**SECTION 35. EXPERIMENTAL PROGRAM TO STIMULATE COMPETITIVE RESEARCH - RESEARCH NORTH DAKOTA - REPORT TO BUDGET SECTION.** Before June 1, 2014, the department of commerce shall provide a progress report on the experimental program to stimulate competitive research and research North Dakota, including the research North Dakota venture investment program to the budget section of the legislative management.

**SECTION 36. UPPER GREAT PLAINS TRANSPORTATION INSTITUTE STUDY - REPORTS TO BUDGET SECTION.** The operating expenses line item in section 1 of this Act includes the sum of \$350,000 from the general fund for the department of commerce to contract with the upper great plains transportation institute for the purpose of updating and maintaining reports for transportation infrastructure needs for all county roads and bridges in the state, for the biennium beginning July 1, 2013, and ending June 30, 2015. While updating and maintaining the reports, the upper great plains transportation institute shall review options to most efficiently use resources through the integration of road and bridge projects identified in the reports along with other associated infrastructure needs. During the 2013-14 interim, the upper great plains transportation institute shall report at least annually to the budget section of the legislative management regarding the status of the reports.

**SECTION 37. LEGISLATIVE MANAGEMENT STUDY - CHILD CARE SERVICES.** During the 2013-14 interim, the legislative management shall consider studying child care services. The study must include consideration of the current and potential needs for child care services and the current and potential workforce needs related to child care. The study must include consideration of the current quality of child care services. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

**SECTION 38. LEGISLATIVE INTENT - RESEARCH NORTH DAKOTA VENTURE INVESTMENT PROGRAM.** It is the intent of the sixty-third legislative assembly that the North Dakota development fund, incorporated, use funding transferred to the North Dakota development fund, incorporated, in section 18 of chapter 50 of the 2011 Session Laws for investments under the research North Dakota venture investment program."

Page 9, line 17, after the second comma insert "and funding of \$5,000,000 in the grants line item of section 1 of this Act, relating to the unmanned aircraft systems program,"

Page 9, line 17, replace "21" with "26"

Page 9, line 17, replace "26" with "32"

Re-number accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2018 - Department of Commerce - Senate Action**

	<b>Executive Budget</b>	<b>Senate Changes</b>	<b>Senate Version</b>
Salaries and wages	\$12,396,970	\$261,498	\$12,658,468
Operating expenses	16,434,601		16,434,601
Capital assets	10,000		10,000
Grants	59,147,950	2,500,000	61,647,950
Discretionary funds	928,082		928,082
Workforce enhancement fund	2,000,000		2,000,000
Economic development initiatives	186,846		186,846
Flood impact grants and loans	11,782,866		11,782,866
Ag Products Utilization Commission	3,246,536		3,246,536
Research North Dakota	12,000,000		12,000,000
North Dakota Trade Office	2,613,400		2,613,400
Partner programs	2,022,044		2,022,044
Federal fiscal stimulus funds	796,770		796,770
North Dakota planning initiative	1,000,000		1,000,000
<b>Total all funds</b>	<b>\$124,566,065</b>	<b>\$2,761,498</b>	<b>\$127,327,563</b>
Less estimated income	68,241,034	2,560,145	70,801,179
<b>General fund</b>	<b>\$56,325,031</b>	<b>\$201,353</b>	<b>\$56,526,384</b>
FTE	69.25	0.00	69.25

**Department No. 601 - Department of Commerce - Detail of Senate Changes**

	<b>Corrects Executive Compensation Package<sup>1</sup></b>	<b>Adds Funding for Enhanced Use Lease Grant Program<sup>2</sup></b>	<b>Total Senate Changes</b>
Salaries and wages	\$261,498		\$261,498
Operating expenses			
Capital assets			
Grants		2,500,000	2,500,000
Discretionary funds			
Workforce enhancement fund			
Economic development initiatives			
Flood impact grants and loans			
Ag Products Utilization Commission			
Research North Dakota			
North Dakota Trade Office			
Partner programs			
Federal fiscal stimulus funds			
North Dakota planning initiative			
<b>Total all funds</b>	<b>\$261,498</b>	<b>\$2,500,000</b>	<b>\$2,761,498</b>
Less estimated income	60,145	2,500,000	2,560,145
<b>General fund</b>	<b>\$201,353</b>	<b>\$0</b>	<b>\$201,353</b>
	0.00	0.00	0.00

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<sup>1</sup>Funding is added due to a calculation error in the executive compensation package.

<sup>2</sup>This amendment adds one-time funding of \$2.5 million from the strategic investment and improvements fund to the grants line item for an enhanced use lease grant program at the Grand Forks Air Force Base.

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This amendment adds new sections to:

- Create a loan guarantee program to be administered by the Bank of North Dakota for child care facility loans of up to \$15,000 per loan.
- Create the Research North Dakota venture investment program as part of the Development Fund.
- Amend the Housing Finance Program to include child care facilities.
- Amend the housing incentive fund to limit the fund to a maximum balance of \$50 million.
- Create Research North Dakota venture grants.
- Transfer \$200,000 of Bank of North Dakota profits into the child care facility loan guarantee fund.
- Create the enhanced use lease grant program.
- Provide for a report to the Legislative Management relating to the 2020 and Beyond Initiative.
- Provide for an Upper Great Plains Transportation Institute study.
- Provide for a report to the Budget Section on the Experimental Program to Stimulate Competitive Research, including Research North Dakota.
- Provide for a Legislative Management study of child care services.
- Provide that \$2 million of the \$12 million transferred to the Research North Dakota fund may be used for venture grants.