Prepared by the Legislative Council staff for
Conference Committee
April 27, 2021

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2018

That the House recede from its amendments as printed on pages 1581-1587 of the Senate Journal and pages 1827-1833 of the House Journal and that Engrossed Senate Bill No. 2018 be amended as follows:

Page 1, line 5, replace "section" with "sections 54-34.3-13 and"

Page 1, line 6, after the first "to" insert "the rural growth incentive program and"

Page 1, line 8, remove "and"

Page 1, line 9, after "exemption" insert "; to provide a statement of legislative intent; to provide for a legislative management study; and to declare an emergency"

Page 1, remove lines 18 through 24

Page 2, replace lines 1 through 4 with:

"Salaries and wages	$13,217,286	($381,855)	$12,835,431
Operating expenses	14,873,203	9,009,989	23,883,192
Grants	52,638,527	40,193,803	92,832,330
Discretionary funds	2,150,000	0	2,150,000
North Dakota trade office	1,600,000	(1,600,000)	0
Partner programs	1,562,531	0	1,562,531
Entrepreneurship grants and vouchers	948,467	0	948,467
Total all funds	$86,990,014	$47,221,937	$134,211,951
Less estimated income	54,123,293	46,421,086	100,544,379
Total general fund	$32,866,721	$800,851	$33,667,572
Full-time equivalent positions	61.80	(3.00)	58.80"

Page 2, replace lines 15 through 25 with:

"Workforce safety grant	1,000,000	1,500,000
Entrepreneurship grants and vouchers	2,000,000	0
Sculpture maintenance grants	75,000	0
Nonresident nurse employment recruitment	500,000	0
Intermodal container transportation shipping fees	1,300,000	0
Economic development, growth, and diversification grant	0	5,000,000
Job development and economic growth grant	25,000	1,500,000
Tourism marketing	0	7,000,000
Technical skills training grants	0	1,000,000
Motion picture production and recruitment grant	0	100,000
Travel agent and tour operator emergency resiliency grants	0	2,000,000
Event center emergency resiliency grants	0	2,000,000
Tourism transportation improvement grant	0	565,432
Total all funds	$11,625,000	$49,165,432
Less estimated income	4,300,000	47,000,000
Total general fund	$7,325,000	$2,165,432"

Page 3, line 2, replace "11" with "15"

Page 3, line 3, replace "$28,000,000" with "$5,000,000"

Page 3, line 4, remove "tower"

Page 3, line 7, remove "tower"

Page 3, after line 20, insert:

"**SECTION 6. RURAL HEALTH CARE GRANT PROGRAM - MATCHING FUNDS REQUIREMENT.** The grants line item in section 1 of this Act includes $250,000 from the general fund for providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state. The department of commerce may spend the funds appropriated in this section only to the extent the organization has secured matching funds from nonstate sources on a dollar-for-dollar basis.

SECTION 7. LOAN AUTHORIZATION - ECONOMIC DEVELOPMENT, GROWTH, AND DIVERSIFICATION GRANT PROGRAM - MATCHING REQUIREMENT - ONE-TIME FUNDING. The department of commerce may borrow from the Bank of North Dakota, the sum of $5,000,000, or so much of the sum as may be necessary, which is appropriated to the department of commerce in the grants line item in section 1 of this Act for the purpose of providing a grant to an organization dedicated to expanding economic development, growth, and diversification. This funding is considered a one-time funding item. The department of commerce shall request an appropriation from the sixty-eighth legislative assembly to repay any outstanding loan authorized in this section. To qualify for a grant under this program, an organization must have:

1. Secured a loan or qualified investment from the state investment board through the provisions established in House Bill No. 1425 as approved by the sixty-seventh legislative assembly for construction of an event and entertainment venue focused on highlighting North Dakota history and attractions;

2. Obtained $5,000,000 of matching funds from nonstate sources; and

3. Entered a lease with the state of North Dakota for use of land for the event and entertainment venue.

Grant funds awarded may be used only for the operating costs of an event and entertainment venue used to promote the expansion of tourism and economic development and growth in the state."

Page 3, line 23, replace "$26,000,000" with "$29,000,000"

Page 3, line 24, replace "and" with a comma

Page 3, line 25, after "grants" insert ", $1,500,000 is for a job development grant to an organization dedicated to promoting job development and economic growth, and $1,500,000 is for a workforce safety grant to an organization that provides workforce safety"

Page 3, after line 25, insert:

"**SECTION 9. ESTIMATED INCOME - FEDERAL CORONAVIRUS RELIEF FUND - ONE-TIME FUNDING.** The estimated income line item in section 1 of this Act includes the sum of $12,000,000 from the federal coronavirus relief fund, which is

provided for the purposes identified in this section. The department of commerce shall establish guidelines for awarding funding under this section. This funding is considered a one-time funding item and is available for the following:

1. $7,000,000 for tourism marketing and branding initiatives, of which $6,565,432 is for tourism marketing and branding operating expenses and $434,568 is for the tourism transportation improvement grant program for a grant to be provided to an organization dedicated to preserving and promoting a historic, tourism destination North Dakota city.

2. $1,000,000 for technical skills training grants.

3. $2,000,000 for travel agent and tour operator emergency resiliency grants. Grants may be awarded only to travel agents that book commission-based travel for private individuals or companies, tour companies that schedule tour details and itineraries in North Dakota, or transportation companies providing transportation services to tour planners for tours originating in North Dakota or operators bringing tours into North Dakota. The department of commerce shall establish additional eligibility requirements for the program. The following organizations are ineligible for a grant under this subsection:

   a. National companies that provide travel services to individuals in North Dakota but do not employ at least one individual in the state;

   b. Corporations with staff dedicated to purchasing and arranging travel for employees;

   c. Military-based travel agents or other individuals employed by government entities; and

   d. Organizations that only offer guided services and tours of their attraction.

4. $2,000,000 for event center emergency resiliency grants."

Page 5, after line 6, insert:

"**SECTION 12. AMENDMENT.** Section 54-34.3-13 of the North Dakota Century Code is amended and reenacted as follows:

54-34.3-13. Rural growth incentive program.

1. The department shall manage and administer the rural growth incentive program. A city with a population of less than two thousand five hundred may apply to the department to be designated as a rural growth incentive city. A rural growth incentive city may be eligible for a loan, grant, or both under this section.

2. The department shall designate an applicant city as a rural growth incentive city eligible for a loan if the city raises funds in the amount of a dollar-for-dollar match for the amount requested in the loan and meets any additional program requirements provided by rule. The source of city funds used for loan matching funds may be any combination of public and private funds. If the department designates a city as a rural growth incentive city eligible for a loan under this section, subject to the availability of funds, the

state shall make a loan to the city in an amount not less than twenty-five thousand dollars and not more than seventy-five thousand dollars. The department shall establish the amount of the interest rate for loans provided to a city under this subsection. The funding source of the state loan is the North Dakota development fund. The city shall distribute the city and state funds to qualifying new or expanded ~~primary sector~~ businesses in the city. A qualifying business in the city includes a business that provides essential services to the city. For purposes of this subsection, a business that provides essential services does not include a public utility. The governing body of the city determines whether a new or expanded ~~primary sector~~ business qualifies for funding, and the director of the department determines whether a business that provides essential services to the city qualifies for funding. The state shall distribute a loan to a rural growth incentive city once the city establishes the city has chosen a specified qualified business to receive funding.

3. The department shall designate an applicant city as a rural growth incentive city eligible for a grant if the city raises funds in the amount of a dollar-for-dollar match for the amount requested in the grant application and meets any additional program requirements provided by rule. The source of city funds used for grant matching funds may be any combination of public and private funds. If the department designates a city as a rural growth incentive city eligible for a grant under this section, subject to availability of funds, the state shall make a grant to the city in an amount not to exceed ten thousand dollars. The recipient rural growth incentive city shall use the grant money received to conduct a feasibility study for the location of a new business, including an expansion of a business with the primary place of business outside the rural growth incentive city. ~~The business under this subsection is not limited to primary sector businesses.~~ The funding source of the state grant is the North Dakota development fund. Total grants awarded by the department under this subsection may not exceed one hundred thousand dollars per biennium.

4. The city may not use city or state funds raised or provided under this section for costs associated with administering the rural growth incentive city. The department shall provide the rural growth incentive city with training to assist the city in expanding ~~primary sector~~ businesses, locating new businesses, and working with state economic development programs."

Page 5, line 23, replace "The amount of" with "Of the"

Page 5, line 25, replace "and" with ", up to $5,000,000 of unexpended funds may be continued and"

Page 5, line 27, replace "$28,000,000" with "$5,000,000"

Page 5, line 28, remove "tower"

Page 6, remove lines 11 through 15

Page 6, line 28, after the period insert "Of this amount, up $200,000 must be used to retrain up to ten displaced energy industry workers to enhance programmer development and engineering skills.

SECTION 20. LEGISLATIVE INTENT - NORTHERN PLAINS UNMANNED AIRCRAFT SYSTEM TEST SITE. It is the intent of the sixty-seventh legislative assembly that the northern plains unmanned aircraft system test site maximize earned revenue to the extent possible while operating and conducting business of the test site.

SECTION 21. LEGISLATIVE MANAGEMENT STUDY - DATA STORAGE. During the 2021-22 interim, the legislative management shall consider studying data storage by state entities. The study must include input from the information technology department, North Dakota university system, and kindergarten through grade twelve education coordination council. The study must consider data security, geographical locations of storage, geographical locations of corporate contractors, state and federal laws that may affect North Dakota data, ownership and control of data storage, and current and estimated data storage costs related to cloud-based, out-of-state data storage of North Dakota state and local government data. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-eighth legislative assembly.

SECTION 22. EMERGENCY. The $12,000,000 appropriated from the federal coronavirus relief fund, of which $6,565,432 is in the operating expenses line item and $5,434,568 is in the grants line item in section 1 and identified in sections 2 and 9, and the $100,000 appropriated from the general fund for a motion picture production and recruitment grant in the grants line item in section 1 and identified in section 2 of this Act are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2018 - Summary of Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Department of Commerce						
Total all funds	$86,990,014	$122,425,241	$11,786,710	$134,211,951	$129,547,101	$4,664,850
Less estimated income	54,123,293	80,548,067	19,996,312	100,544,379	83,544,379	17,000,000
General fund	$32,866,721	$41,877,174	($8,209,602)	$33,667,572	$46,002,722	($12,335,150)
FTE	61.80	58.80	0.00	58.80	59.80	(1.00)
Department of Transportation						
Total all funds	$0	$28,000,000	($23,000,000)	$5,000,000	$5,000,000	$0
Less estimated income	0	28,000,000	(23,000,000)	5,000,000	5,000,000	0
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Bill total						
Total all funds	$86,990,014	$150,425,241	($11,213,290)	$139,211,951	$134,547,101	$4,664,850
Less estimated income	54,123,293	108,548,067	(3,003,688)	105,544,379	88,544,379	17,000,000
General fund	$32,866,721	$41,877,174	($8,209,602)	$33,667,572	$46,002,722	($12,335,150)
FTE	61.80	58.80	0.00	58.80	59.80	(1.00)

Senate Bill No. 2018 - Department of Commerce - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	$13,217,286	$12,864,153	($28,722)	$12,835,431	$12,989,330	($153,899)
Operating expenses	14,873,203	24,317,760	(434,568)	23,883,192	24,064,443	(181,251)
Grants	52,638,527	81,182,330	11,650,000	92,832,330	87,832,330	5,000,000
Discretionary funds	2,150,000	1,550,000	600,000	2,150,000	2,150,000	
North Dakota Trade Office	1,600,000					
Entrepreneurship grants and vouchers	948,467	948,467		948,467	948,467	
Partner programs	1,562,531	1,562,531		1,562,531	1,562,531	
Total all funds	$86,990,014	$122,425,241	$11,786,710	$134,211,951	$129,547,101	$4,664,850
Less estimated income	54,123,293	80,548,067	19,996,312	100,544,379	83,544,379	17,000,000
General fund	$32,866,721	$41,877,174	($8,209,602)	$33,667,572	$46,002,722	($12,335,150)
FTE	61.80	58.80	0.00	58.80	59.80	(1.00)

Department 601 - Department of Commerce - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Transfers Early Childhood Education Program to DHS[2]	Adds Funding for Rural Health Care Grants[3]	Restores Funding for Discretionary Funds[4]	Adds One-Time Funding for Film and Theater Production Grant[5]	Adds One-Time Funding for Economic Development and Growth Grant[6]
Salaries and wages	($28,722)					
Operating expenses						
Grants		($1,500,000)	$50,000		$100,000	$5,000,000
Discretionary funds				$600,000		
North Dakota Trade Office						
Entrepreneurship grants and vouchers						
Partner programs						
Total all funds	($28,722)	($1,500,000)	$50,000	$600,000	$100,000	$5,000,000
Less estimated income	(3,688)	0	0	0	0	5,000,000
General fund	($25,034)	($1,500,000)	$50,000	$600,000	$100,000	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds One-Time Funding for Job Development Grant[7]	Adds One-Time Funding for Workforce Safety Grant[8]	Adjusts One-Time Funding to the Coronavirus Relief Fund[9]	Adds One-Time Funding from the Coronavirus Relief Fund[10]	Adds One-Time Funding for Tourism Transportation Improvement Grant[11]	Total Conference Committee Changes
Salaries and wages						($28,722)
Operating expenses			($434,568)			(434,568)
Grants	$1,500,000	$1,500,000	434,568	$4,000,000	$565,432	11,650,000
Discretionary funds						600,000
North Dakota Trade Office						
Entrepreneurship grants and vouchers						
Partner programs						
Total all funds	$1,500,000	$1,500,000	$0	$4,000,000	$565,432	$11,786,710
Less estimated income	1,500,000	1,500,000	8,000,000	4,000,000	0	19,996,312
General fund	$0	$0	($8,000,000)	$0	$565,432	($8,209,602)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of $100 and 2 percent on July 1, 2022, the same as the House. The Senate provided salary adjustments of 2 percent with a minimum monthly increase of $80 and a maximum monthly increase of $300 on July 1, 2021, and 2 percent on July 1, 2022.

[2] Funding of $1.5 million from the general fund for the early childhood education program is removed in the

Department of Commerce budget. The House and Senate have added $1.5 million for this program in the Department of Human Services budget relating to the changes in House Bill No. 1466.

[3] Funding of $50,000 is added from the general fund for rural health care grants to provide a total of $250,000 from the general fund, the same as the House. The Senate provided $200,000 from the general fund. A separate section is added to the bill requiring a dollar-for-dollar match.

[4] Funding of $600,000 from the general fund, removed by the Senate, is restored to provide a total of $2.15 million from the general fund in the discretionary funds line item, the same as the base level and as provided by the House. The Senate provided a total of $1.55 million.

[5] One-time funding of $100,000 is added from the general fund to provide a film and theater production grant directly to Canticle Productions, which is an organization dedicated to the preservation and honor of North Dakota land, history, and citizens, the same as provided by the House.

[6] One-time funding of $5 million is added from Bank of North Dakota loan proceeds for providing a grant to an organization dedicated to expanding economic development, growth, and diversification for the 2021-23 biennium. A separate section of the bill is added to provide the organization receiving the grant funding must have:

- Secured a loan or qualified investment from the State Investment Board through the provisions established in House Bill No. 1425 as approved by the 67th Legislative Assembly for construction of an event and entertainment venue focused on highlighting North Dakota history and attractions;
- Obtained $5 million of matching funds from nonstate sources; and
- Entered a lease with the State of North Dakota for use of land for the event and entertainment venue.

Grant funds awarded may be used only for the operating costs of an event and entertainment venue used to promote the expansion of tourism and economic development and growth in the state. The department is required to request a deficiency appropriation from the 68th Legislative Assembly to repay any outstanding loan related to this program.

The House provided a general fund appropriation for this item. The Senate did not provide funding for this item.

[7] One-time funding of $1.5 million is added from the strategic investment and improvements fund to provide a job development and economic growth grant directly to the Cavalier County Job Development Authority, which is an organization dedicated to promoting job development and economic growth in the state, the same as provided by the House.

[8] One-time funding of $1.5 million is added from the strategic investment and improvements fund to provide a workforce safety grant directly to the North Dakota Safety Council, which is an organization that provides workforce safety, the same as provided by the House.

[9] One-time funding of $8 million, of which $7 million is for tourism marketing and branding initiatives and $1 million is for technical skills training grants, is removed from the general fund and added from the federal Coronavirus Relief Fund. Of the $7 million for tourism marketing and branding initiatives, $434,568 is for the tourism transportation improvement grant program and $6,565,432 is for tourism marketing and branding initiative operating expenses. The $434,568 for the tourism transportation improvement grant program is to be provided directly to the Theodore Roosevelt Medora Foundation, which is an organization dedicated to preserving and promoting a historic, tourism destination North Dakota city.

The House approved $6.9 million for tourism marketing and branding operating expenses and $1 million for technical skills training grants from the general fund. The Senate approved $7 million for tourism marketing and branding operating expenses and $1 million for technical skills training grants from the general fund.

[10] One-time funding of $4 million is added from the federal Coronavirus Relief Fund, of which $2 million is for travel agent and tour operator emergency resiliency grants and $2 million is for event center emergency resiliency grants. A separate section of the bill is added to identify all funding from the federal Coronavirus Relief Fund. Funding from the federal Coronavirus Relief Fund is declared an emergency measure.

[11] One-time funding of $565,432 is added from the general fund for a tourism transportation improvement grant to be provided directly to the Theodore Roosevelt Medora Foundation, which is an organization dedicated to preserving and promoting a historic, tourism destination North Dakota city, to provide a total of $1,000,000 for the tourism transportation improvement grant program, including $434,568 from the federal Coronavirus Relief Fund.

The Conference Committee version includes the transfer of 1 FTE information technology position and related funding to the Information Technology Department (ITD) for the information technology unification initiative, the same as the Senate. The House amendments did not transfer the FTE position to ITD.

This amendment also:

- Amends a section that provides an exemption for the $28 million 2017-19 biennium supplemental appropriation for the beyond visual line of sight unmanned aircraft system (UAS) program that was continued into the 2019-21 biennium to continue into the 2021-23 biennium. The Department of Commerce may provide grants of up to $5 million from this funding to the Department of Transportation for infrastructure construction of the beyond visual line of sight UAS program during the 2021-23 biennium. This section was included by the House. The Senate authorized the Department of Commerce to provide a grant of up to $28 million to the Department of Transportation.
- Amends a section identifying $29 million provided from the strategic investment and improvements fund in Section 1, the same as provided by the House. The Senate provided a total of $26 million.
- Adds a section to amend North Dakota Century Code Section 54-34.3-13 to remove the requirement that businesses be "primary sector" businesses to qualify for the rural growth incentive program, which is administered by the North Dakota Development Fund in the rural growth incentive fund. The House included this section.
- Removes a section added by the Senate that provided an exemption to the Department of Commerce to continue 2019-21 biennium funding for the early childhood education program into the 2021-23 biennium. The House also removed this section. The Department of Commerce anticipates $565,432 related to the early childhood education grant program will not be used and will be canceled at the end of the 2019-21 biennium. This amount is included in the 2021-23 biennium general fund beginning balance.
- Amends a section to require of the 2019-21 biennium funding in the discretionary funds line item the Department of Commerce is authorized to continue into the 2021-23 biennium, $200,000 must be used retrain up to 10 displaced energy industry workers to enhance programmer development and engineering skills. The Senate and House authorized the exemption for the discretionary funds line time but did not previously provide a designation for the $200,000.
- Adds a section of legislative intent that the Northern Plains UAS Test Site maximize earned revenue when possible. The House included this section.
- Adds a section providing for a Legislative Management study of data storage by state entities. The House included this section.
- Declares $12 million appropriated from the federal Coronavirus Relief Fund for various programs and $100,000 from the general fund for a motion picture production and recruitment grant to be an emergency measure.

Senate Bill No. 2018 - Department of Transportation - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Grants		$28,000,000	($23,000,000)	$5,000,000	$5,000,000	
Total all funds	$0	$28,000,000	($23,000,000)	$5,000,000	$5,000,000	$0
Less estimated income	0	28,000,000	(23,000,000)	5,000,000	5,000,000	0
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department 801 - Department of Transportation - Detail of Conference Committee Changes

	Reduces One-Time Funding for UAS[1]	Total Conference Committee Changes
Grants	($23,000,000)	($23,000,000)
Total all funds	($23,000,000)	($23,000,000)
Less estimated income	(23,000,000)	(23,000,000)
General fund	$0	$0
FTE	0.00	0.00

[1] A separate section of the bill is amended to provide one-time funding of $5 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to an exemption provided in the bill for infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Senate provided one-time funding of $28 million. The Conference Committee reduced this amount by $23 million to reflect the most recent estimate of unspent funding the Department of Commerce will have available at the end of the 2019-21 biennium, the same as provided by the House.