21.0300.03016

Sixty-seventh
Legislative Assembly
of North Dakota

Introduced by

Appropriations Committee

FIRST ENGROSSMENT

ENGROSSED SENATE BILL NO. 2018

A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce; to provide an appropriation to the department of transportation; to create and enact a new section to chapter 4.1-01 of the North Dakota Century Code, relating to the transfer of the international business and trade office from the department of commerce to the agriculture commissioner; to amend and reenact ~~section~~sections 54-34.3-13 and 54-60-29 of the North Dakota Century Code, relating to the rural growth incentive program and the unmanned aircraft systems program fund; to repeal section 54-60-16 of the North Dakota Century Code, relating to the international business and trade office; to provide a continuing appropriation; to provide for a transfer; to provide for a report; ~~and~~ to provide an exemption; to provide a statement of legislative intent; to provide for a legislative management study; and to declare an emergency.

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, 2021, and ending June 30, 2023.

	Base Level	Adjustments or Enhancements	Appropriation
~~Salaries and wages~~	~~$13,217,286~~	~~($353,133)~~	~~$12,864,153~~
~~Operating expenses~~	~~14,873,203~~	~~9,444,557~~	~~24,317,760~~
~~Grants~~	~~52,638,527~~	~~28,543,803~~	~~81,182,330~~
~~Discretionary funds~~	~~2,150,000~~	~~(600,000)~~	~~1,550,000~~
~~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~~	~~$35,435,227~~	~~$122,425,241~~
~~Less estimated income~~	~~54,123,293~~	~~26,424,774~~	~~80,548,067~~
~~Total general fund~~	~~$32,866,721~~	~~$9,010,453~~	~~$41,877,174~~
~~Full-time equivalent positions~~	~~61.80~~	~~(3.00)~~	~~58.80~~
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

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-EIGHTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-sixth legislative assembly for the 2019-21 biennium and the one-time funding items included in the appropriation in section 1 of this Act:

One-Time Funding Description	2019-21	2021-23
Unmanned aircraft system	$2,225,000	$1,000,000
Beyond visual line of sight unmanned aircraft system	0	20,000,000
Enhanced use lease grant	3,000,000	7,000,000
Workforce grants to tribally controlled community colleges	500,000	500,000
Census 2020 program	1,000,000	0
~~Workforce safety grant~~	~~1,000,000~~	~~0~~
~~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~~

~~Job development and economic growth grant~~	~~25,000~~	~~0~~
~~Tourism marketing~~	~~0~~	~~7,000,000~~
~~Technical skills training grants~~	~~0~~	~~1,000,000~~
~~Total all funds~~	~~$11,625,000~~	~~$36,500,000~~
~~Less estimated income~~	~~4,300,000~~	~~27,000,000~~
~~Total general fund~~	~~$7,325,000~~	~~$9,500,000~~
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

The 2021-23 biennium one-time funding amounts are not a part of the entity's base budget for the 2023-25 biennium. The department of commerce shall report to the appropriations committees of the sixty-eighth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2021, and ending June 30, 2023.

SECTION 3. APPROPRIATION - DEPARTMENT OF TRANSPORTATION - BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEM PROGRAM - ONE-TIME FUNDING. There is appropriated from special funds, derived from grant funds received from the department of commerce pursuant to section ~~11~~15 of this Act, not otherwise appropriated, the sum of ~~$28,000,000~~$5,000,000, or so much of the sum as may be necessary, to the department

of transportation for the purpose of defraying ~~tower~~ infrastructure construction expenses of the beyond visual line of sight unmanned aircraft system program, for the biennium beginning July 1, 2021, and ending June 30, 2023. The department of transportation may bid, award, and administer any contracts necessary to complete the construction of the ~~tower~~ infrastructure. This funding is considered a one-time funding item.

SECTION 4. TRANSFER - INTERNSHIP FUND. The office of management and budget shall transfer $755,000 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 and ending June 30, 2023.

SECTION 5. ENTREPRENEURSHIP GRANTS AND VOUCHER PROGRAM. The entrepreneurship grants and voucher line item in section 1 of this Act includes $948,467, of which $740,956 is from the general fund and $207,511 is from the economic development fund, for the purpose of defraying the expenses of the entrepreneurship grants and voucher program. The department shall establish guidelines to provide grants to entrepreneurial centers certified by the department. The department also shall establish guidelines to award vouchers to entrepreneurs to procure business development assistance from certified entrepreneurial centers or to provide grants to entrepreneurs working with an entrepreneurial center.

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.

SECTION 8. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - ONE-TIME FUNDING. The estimated income line item in section 1 of this Act includes the sum of ~~$26,000,000~~$29,000,000 from the strategic investment and improvements fund, of which $19,000,000 is for beyond visual line of sight unmanned aircraft system grants ~~and~~, $7,000,000 is for enhanced use lease grants, $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. This funding is considered a one-time funding item.

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.

SECTION 10. BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEM PROGRAM - MATCHING FUND REQUIREMENT - ONE-TIME FUNDING. The grants line item in section 1 of this Act includes $1,000,000 from the general fund for grants to an organization dedicated to expanding workforce opportunities, training, and education related to the beyond visual line of sight unmanned aircraft system industry, which the department of commerce may provide only to the extent the organization provides one dollar of matching funds from private or other public sources for each one dollar provided by the department. This funding is considered a one-time funding item.

SECTION 11. A new section to chapter 4.1-01 of the North Dakota Century Code is created and enacted as follows:

International business and trade office - Advisory board - Continuing appropriation.

1. The commissioner shall administer the international business and trade office. The purpose of the office is to assist North Dakota businesses to expand exports to international markets by:
   a. Advocating for exporters;
   b. Offering export educational opportunities to North Dakota businesses;
   c. Researching and raising awareness of export opportunities, issues, and challenges impacting North Dakota businesses;
   d. Assisting North Dakota businesses in identifying, developing, and cultivating international markets for products; and
   e. Organizing and carrying out trade missions that seek to facilitate contact and communication between North Dakota businesses and international markets.
2. The commissioner may designate a nonprofit corporation incorporated in this state which has the primary purpose of assisting North Dakota exporters or contract with a third party for the provision of services for the international business and trade office. If the commissioner designates a nonprofit corporation or contracts with a third party under this subsection, all data and databases collected and created by the third party in performing services for the office are the property of the department and the third party.
3. The commissioner may seek and accept any gift, grant, or donation of funds, property, services, or other assistance from public or private sources for the purpose of furthering the objectives of the international business and trade office. Any funds accepted under this subsection are appropriated to the commissioner on a continuing basis.
4. The commissioner may establish an international business and trade office advisory board with whom the commissioner may consult in administering the international business and trade office. Each member of the advisory board is entitled to receive per diem compensation at a rate established by the director not exceeding sixty-two dollars and fifty cents and reimbursement of expenses as provided by law for state officers, while attending meetings or performing duties directly related to board membership, except that per diem compensation under this section may not be paid to

any member who receives compensation or salary as a regular state employee or official.

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.

SECTION 13. AMENDMENT. Section 54-60-29 of the North Dakota Century Code is amended and reenacted as follows:

54-60-29. Unmanned aircraft systems program fund - Continuing appropriation.

1. There is created in the state treasury a special fund known as the unmanned aircraft systems fund, which ~~must~~may be used to defray the expenses of the ~~operations~~:
   a. Operations of an unmanned aircraft systems test site officially designated by the federal aviation administration;
   b. Beyond visual line of sight unmanned aircraft system program; and
   c. Enhanced use lease grant program.
2. The fund consists of fees collected for the administration of the test site and other funds appropriated by the legislative assembly. All moneys in the fund are appropriated to the department of commerce on a continuing basis for the purpose of defraying the expenses of the ~~unmanned aircraft systems program~~programs identified in subsection 1. Interest earned on moneys in the fund must be credited to the fund.

SECTION 14. REPEAL. Section 54-60-16 of the North Dakota Century Code is repealed.

SECTION 15. EXEMPTION - BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEM PROGRAM. ~~The amount of~~Of the $28,000,000 appropriated from the general fund in the grants line item for the beyond visual line of sight unmanned aircraft system program in section 27 of chapter 40 of the 2019 Session Laws is not subject to section 54-44.1-11 ~~and~~, up to $5,000,000 of unexpended funds may be continued and is available for the program during the biennium beginning July 1, 2021, and ending June 30, 2023. The department of commerce may provide grants of up to ~~$28,000,000~~$5,000,000, to the department of transportation, for the purpose of defraying ~~tower~~ infrastructure construction expenses of the beyond visual line of sight unmanned aircraft system program during the 2021-23 biennium.

SECTION 16. EXEMPTION - UNMANNED AIRCRAFT SYSTEM PROGRAM. The amount of $2,250,000 appropriated from the general fund in the operating expenses line item for the unmanned aircraft system program in section 27 of chapter 40 of the 2019 Session Laws is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2021, and ending June 30, 2023.

SECTION 17. EXEMPTION - ENHANCED USE LEASE GRANT PROGRAM. The amount of $3,000,000 appropriated from the general fund in the grants line item for the enhanced use lease grant program in section 27 of chapter 40 of the 2019 Session Laws is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2021, and ending June 30, 2023.

~~**SECTION 16. EXEMPTION - EARLY CHILDHOOD EDUCATION PROGRAM.** The amount of $1,500,000 appropriated from the general fund in the operating expenses line item and grants line item for the early childhood education program in section 27 of chapter 40 of the 2019 Session Laws is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2021, and ending June 30, 2023.~~

SECTION 18. EXEMPTION - NONRESIDENT NURSE EMPLOYMENT RECRUITMENT PROGRAM - ELIGIBILITY. Of the $500,000 appropriated from the general fund in the grants line item for the nonresident nurse employment recruitment program in section 27 of chapter 40 of the 2019 Session Laws, $320,000 is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2021, and ending June 30, 2023. In addition to the program eligibility guidelines established for the 2019-21 biennium, the department of commerce shall provide funding authorized in this section to eligible nursing students in the

state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.

SECTION 19. EXEMPTION - DISCRETIONARY FUNDS. The amount of $2,150,000 appropriated from the general fund in the discretionary funds line item in section 27 of chapter 40 of the 2019 Session Laws is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2021, and ending June 30, 2023. Of this amount, up to $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.