

**FIRST ENGROSSMENT
with House Amendments
ENGROSSED SENATE BILL NO. 2018**

Introduced by

Appropriations Committee

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

11 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

12 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
13 as may be necessary, are appropriated out of any moneys in the general fund in the state
14 treasury, not otherwise appropriated, and from special funds derived from federal funds and
15 other income, to the department of commerce for the purpose of defraying the expenses of the
16 department of commerce, for the period beginning with the effective date of this Act and ending
17 June 30, 2023.

		Adjustments or		
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>	
18				
19				
20	Salaries and wages	\$13,217,286	(\$227,956)	\$12,989,330
21	Operating expenses	14,873,203	9,191,240	24,064,443
22	Grants	52,638,527	35,193,803	87,832,330
23	Discretionary funds	2,150,000	0	2,150,000
24	North Dakota trade office	1,600,000	(1,600,000)	0

Sixty-seventh
Legislative Assembly

1	Partner programs	1,562,531	0	1,562,531
2	Entrepreneurship grants and vouchers	<u>948,467</u>	<u>0</u>	<u>948,467</u>
3	Total all funds	\$86,990,014	\$42,557,087	\$129,547,101
4	Less estimated income	<u>54,123,293</u>	<u>29,421,086</u>	<u>83,544,379</u>
5	Total general fund	\$32,866,721	\$13,136,001	\$46,002,722
6	Full-time equivalent positions	61.80	(2.00)	59.80

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:

11	<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
12	Unmanned aircraft system	\$2,225,000	\$1,000,000
13	Beyond visual line of sight unmanned aircraft system	0	20,000,000
14	Enhanced use lease grant	3,000,000	7,000,000
15	Workforce grants to tribally controlled community colleges	500,000	500,000
16	Census 2020 program	1,000,000	0
17	Workforce safety grant	1,000,000	1,500,000
18	Entrepreneurship grants and vouchers	2,000,000	0
19	Sculpture maintenance grants	75,000	0
20	Nonresident nurse employment recruitment	500,000	0
21	Intermodal container transportation shipping fees	1,300,000	0
22	Economic development, growth, and diversification grant	0	5,000,000
23	Job development and economic growth grant	25,000	1,500,000
24	Tourism marketing	0	6,900,000
25	Technical skills training grants	0	1,000,000
26	Motion picture production and recruitment grant	<u>0</u>	<u>100,000</u>
27	Total all funds	\$11,625,000	\$44,500,000
28	Less estimated income	<u>4,300,000</u>	<u>30,000,000</u>
29	Total general fund	\$7,325,000	\$14,500,000

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

1 committees of the sixty-eighth legislative assembly on the use of this one-time funding for the
2 period beginning with the effective date of this Act and ending June 30, 2023.

3 **SECTION 3. APPROPRIATION - DEPARTMENT OF TRANSPORTATION - BEYOND**
4 **VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEM PROGRAM - ONE-TIME**

5 **FUNDING.** There is appropriated from special funds, derived from grant funds received from the
6 department of commerce pursuant to section 14 of this Act, not otherwise appropriated, the sum
7 of \$5,000,000, or so much of the sum as may be necessary, to the department of transportation
8 for the purpose of defraying infrastructure construction expenses of the beyond visual line of
9 sight unmanned aircraft system program, for the period beginning with the effective date of this
10 Act and ending June 30, 2023. The department of transportation may bid, award, and
11 administer any contracts necessary to complete the construction of the infrastructure. This
12 funding is considered a one-time funding item.

13 **SECTION 4. TRANSFER - INTERNSHIP FUND.** The office of management and budget
14 shall transfer \$755,000 of the amount appropriated in the operating expenses line item in
15 section 1 of this Act to the internship fund for the purpose of administering the operation intern
16 program, for the period beginning with the effective date of this Act and ending June 30, 2023.

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

25 **SECTION 6. RURAL HEALTH CARE GRANT PROGRAM - MATCHING FUNDS**

26 **REQUIREMENT.** The grants line item in section 1 of this Act includes \$250,000 from the
27 general fund for providing matching funds to an organization assisting in the recruitment,
28 distribution, and supply, and enhancing the quality and efficiency of personnel providing health
29 services in rural areas of the state. The department of commerce may spend the funds
30 appropriated in this section only to the extent the organization has secured matching funds from
31 nonstate sources on a dollar-for-dollar basis.

1 **SECTION 7. ECONOMIC DEVELOPMENT, GROWTH, AND DIVERSIFICATION GRANT**

2 **PROGRAM - MATCHING REQUIREMENT - ONE-TIME FUNDING.** The grants line item in
3 section 1 of this Act includes \$5,000,000 from the general fund for the purpose of providing a
4 grant to an organization dedicated to expanding economic development, growth, and
5 diversification. This funding is considered a one-time funding item. To qualify for a grant under
6 this program, an organization must have:

- 7 1. Secured a loan under the legacy infrastructure loan fund program established in
8 House Bill No. 1425 as approved by the sixty-seventh legislative assembly for
9 construction of an event and entertainment venue focused on highlighting North
10 Dakota history and attractions;
- 11 2. Obtained \$5,000,000 of matching funds from nonstate sources; and
- 12 3. Entered a lease with the state of North Dakota for use of land for the event and
13 entertainment venue.

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

17 **SECTION 8. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS**

18 **FUND - ONE-TIME FUNDING.** The estimated income line item in section 1 of this Act includes
19 the sum of \$29,000,000 from the strategic investment and improvements fund, of which
20 \$19,000,000 is for beyond visual line of sight unmanned aircraft system grants, \$7,000,000 is
21 for enhanced use lease grants, \$1,500,000 is for a job development grant to an organization
22 dedicated to promoting job development and economic growth, and \$1,500,000 is for a
23 workforce safety grant to an organization that provides workforce safety. This funding is
24 considered a one-time funding item.

25 **SECTION 9. BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEM**

26 **PROGRAM - MATCHING FUND REQUIREMENT - ONE-TIME FUNDING.** The grants line item
27 in section 1 of this Act includes \$1,000,000 from the general fund for grants to an organization
28 dedicated to expanding workforce opportunities, training, and education related to the beyond
29 visual line of sight unmanned aircraft system industry, which the department of commerce may
30 provide only to the extent the organization provides one dollar of matching funds from private or

1 other public sources for each one dollar provided by the department. This funding is considered
2 a one-time funding item.

3 **SECTION 10.** A new section to chapter 4.1-01 of the North Dakota Century Code is created
4 and enacted as follows:

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

- 6 1. The commissioner shall administer the international business and trade office. The
7 purpose of the office is to assist North Dakota businesses to expand exports to
8 international markets by:
- 9 a. Advocating for exporters;
 - 10 b. Offering export educational opportunities to North Dakota businesses;
 - 11 c. Researching and raising awareness of export opportunities, issues, and
12 challenges impacting North Dakota businesses;
 - 13 d. Assisting North Dakota businesses in identifying, developing, and cultivating
14 international markets for products; and
 - 15 e. Organizing and carrying out trade missions that seek to facilitate contact and
16 communication between North Dakota businesses and international markets.
- 17 2. The commissioner may designate a nonprofit corporation incorporated in this state
18 which has the primary purpose of assisting North Dakota exporters or contract with a
19 third party for the provision of services for the international business and trade office. If
20 the commissioner designates a nonprofit corporation or contracts with a third party
21 under this subsection, all data and databases collected and created by the third party
22 in performing services for the office are the property of the department and the third
23 party.
- 24 3. The commissioner may seek and accept any gift, grant, or donation of funds, property,
25 services, or other assistance from public or private sources for the purpose of
26 furthering the objectives of the international business and trade office. Any funds
27 accepted under this subsection are appropriated to the commissioner on a continuing
28 basis.
- 29 4. The commissioner may establish an international business and trade office advisory
30 board with whom the commissioner may consult in administering the international
31 business and trade office. Each member of the advisory board is entitled to receive

1 per diem compensation at a rate established by the director not exceeding sixty-two
2 dollars and fifty cents and reimbursement of expenses as provided by law for state
3 officers, while attending meetings or performing duties directly related to board
4 membership, except that per diem compensation under this section may not be paid to
5 any member who receives compensation or salary as a regular state employee or
6 official.

7 **SECTION 11. AMENDMENT.** Section 54-34.3-13 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **54-34.3-13. Rural growth incentive program.**

- 10 1. The department shall manage and administer the rural growth incentive program. A
11 city with a population of less than two thousand five hundred may apply to the
12 department to be designated as a rural growth incentive city. A rural growth incentive
13 city may be eligible for a loan, grant, or both under this section.
- 14 2. The department shall designate an applicant city as a rural growth incentive city
15 eligible for a loan if the city raises funds in the amount of a dollar-for-dollar match for
16 the amount requested in the loan and meets any additional program requirements
17 provided by rule. The source of city funds used for loan matching funds may be any
18 combination of public and private funds. If the department designates a city as a rural
19 growth incentive city eligible for a loan under this section, subject to the availability of
20 funds, the state shall make a loan to the city in an amount not less than twenty-five
21 thousand dollars and not more than seventy-five thousand dollars. The department
22 shall establish the amount of the interest rate for loans provided to a city under this
23 subsection. The funding source of the state loan is the North Dakota development
24 fund. The city shall distribute the city and state funds to qualifying new or expanded
25 ~~primary sector~~ businesses in the city. A qualifying business in the city includes a
26 business that provides essential services to the city. For purposes of this subsection, a
27 business that provides essential services does not include a public utility. The
28 governing body of the city determines whether a new or expanded ~~primary sector~~
29 business qualifies for funding, and the director of the department determines whether
30 a business that provides essential services to the city qualifies for funding. The state

1 shall distribute a loan to a rural growth incentive city once the city establishes the city
2 has chosen a specified qualified business to receive funding.

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

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

22 **SECTION 12. AMENDMENT.** Section 54-60-29 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 **54-60-29. Unmanned aircraft systems program fund - Continuing appropriation.**

- 25 1. There is created in the state treasury a special fund known as the unmanned aircraft
26 systems fund, which ~~must~~may be used to defray the expenses of the operations;
27 a. Operations of an unmanned aircraft systems test site officially designated by the
28 federal aviation administration;
29 b. Beyond visual line of sight unmanned aircraft system program; and
30 c. Enhanced use lease grant program.

1 2. The fund consists of fees collected for the administration of the test site and other
2 funds appropriated by the legislative assembly. All moneys in the fund are
3 appropriated to the department of commerce on a continuing basis for the purpose of
4 defraying the expenses of the unmanned aircraft systems programprograms identified
5 in subsection 1. Interest earned on moneys in the fund must be credited to the fund.

6 **SECTION 13. REPEAL.** Section 54-60-16 of the North Dakota Century Code is repealed.

7 **SECTION 14. EXEMPTION - BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT**
8 **SYSTEM PROGRAM.** Of the \$28,000,000 appropriated from the general fund in the grants line
9 item for the beyond visual line of sight unmanned aircraft system program in section 27 of
10 chapter 40 of the 2019 Session Laws is not subject to section 54-44.1-11, up to \$5,000,000 of
11 unexpended funds may be continued and is available for the program during the biennium
12 beginning July 1, 2021, and ending June 30, 2023. The department of commerce may provide
13 grants of up to \$5,000,000, to the department of transportation, for the purpose of defraying
14 infrastructure construction expenses of the beyond visual line of sight unmanned aircraft system
15 program during the period beginning with the effective date of this Act and ending June 30,
16 2023.

17 **SECTION 15. EXEMPTION - UNMANNED AIRCRAFT SYSTEM PROGRAM.** The amount
18 of \$2,250,000 appropriated from the general fund in the operating expenses line item for the
19 unmanned aircraft system program in section 27 of chapter 40 of the 2019 Session Laws is not
20 subject to section 54-44.1-11 and is available for the program during the biennium beginning
21 July 1, 2021, and ending June 30, 2023.

22 **SECTION 16. EXEMPTION - ENHANCED USE LEASE GRANT PROGRAM.** The amount
23 of \$3,000,000 appropriated from the general fund in the grants line item for the enhanced use
24 lease grant program in section 27 of chapter 40 of the 2019 Session Laws is not subject to
25 section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2021,
26 and ending June 30, 2023.

27 **SECTION 17. EXEMPTION - NONRESIDENT NURSE EMPLOYMENT RECRUITMENT**
28 **PROGRAM - ELIGIBILITY.** Of the \$500,000 appropriated from the general fund in the grants
29 line item for the nonresident nurse employment recruitment program in section 27 of chapter 40
30 of the 2019 Session Laws, \$320,000 is not subject to section 54-44.1-11 and is available for the
31 program during the biennium beginning July 1, 2021, and ending June 30, 2023. In addition to

1 the program eligibility guidelines established for the 2019-21 biennium, the department of
2 commerce shall provide funding authorized in this section to eligible nursing students in the
3 state who have not been employed by a health care provider on a full-time basis in the year
4 preceding the grant award.

5 **SECTION 18. EXEMPTION - DISCRETIONARY FUNDS.** The amount of \$2,150,000
6 appropriated from the general fund in the discretionary funds line item in section 27 of chapter
7 40 of the 2019 Session Laws is not subject to section 54-44.1-11 and is available for the
8 program during the biennium beginning July 1, 2021, and ending June 30, 2023.

9 **SECTION 19. LEGISLATIVE INTENT - NORTHERN PLAINS UNMANNED AIRCRAFT**
10 **SYSTEM TEST SITE.** It is the intent of the sixty-seventh legislative assembly that the northern
11 plains unmanned aircraft system test site maximize earned revenue to the extent possible while
12 operating and conducting business of the test site.

13 **SECTION 20. LEGISLATIVE MANAGEMENT STUDY - DATA STORAGE.** During the
14 2021-22 interim, the legislative management shall consider studying data storage by state
15 entities. The study must include input from the information technology department, North
16 Dakota university system, and kindergarten through grade twelve education coordination
17 council. The study must consider data security, geographical locations of storage, geographical
18 locations of corporate contractors, state and federal laws that may affect North Dakota data,
19 ownership and control of data storage, and current and estimated data storage costs related to
20 cloud-based, out-of-state data storage of North Dakota state and local government data. The
21 legislative management shall report its findings and recommendations, together with any
22 legislation necessary to implement the recommendations, to the sixty-eighth legislative
23 assembly.

24 **SECTION 21. EMERGENCY.** This Act is declared to be an emergency measure.