



**TESTIMONY SB2018**

MARCH 3, 2021, 3:15 P.M. CST  
HOUSE APPROPRIATIONS COMMITTEE  
REPRESENTATIVE DAVID MONSON, CHAIRMAN



# **HOUSE APPROPRIATIONS COMMITTEE SB 2018**

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DEPARTMENT OF COMMERCE TESTIMONY SB2018

MARCH 3, 2021, 3:15 P.M. CST

HOUSE APPROPRIATION

EDUCATION AND ENVIRONMENT COMMITTEE

PRAIRIE ROOM

REPRESENTATIVE DAVID MONSON, CHAIR

**JAMES LEIMAN, PH.D., COMMERCE COMMISSIONER**

Chairman Monson and members of the House Appropriations Committee, I am James Leiman and I have the privilege of serving as Commissioner of the North Dakota Department of Commerce. The amazing Commerce leadership team joins me today to assist in providing you a report on Commerce. We also have a short video to augment our presentation that includes supporting testimony from some of our amazing partners. We have weaved the video and supporting testimony into our allotted time.

Commerce has had an extraordinary two years and we are ready to accelerate that success and take North Dakota to the next level. We will share with you today some of those successes and discuss Commerce's priorities by breaking them down into five themes:

Theme 1: Commerce crushed it in the face of a flock of black swans

Theme 2: Community Development

Theme 3: The New Workforce

Theme 4: Elevating ND Image

Theme 5: Continued Economic Resiliency and Diversification

## **THEME 1: COMMERCE CRUSHED IT IN THE FACE OF A FLOCK OF BLACK SWANS**

I would like to start with the issue that has affected us all lives and has dramatically changed the way we do business, the way we recreate and the way we live our lives. With very limited resources and staff that has been spread thin, Commerce has deployed over \$80 million of the Coronavirus Aid, Relief, and Economic Security Act also known as CARES Act funding by creating, administering and deploying four brand new grants targeted at segments of the economy hit hardest by COVID-19;

We started with the Economic Resiliency Grant (ERG) which was an all industry grant meant to provide safety and build confidence in the marketplace. We received 2,656 applications and awarded \$38,720,521 to 2,064 businesses.

The Hospitality Economic Resiliency Grant (HERG) was next and designed to provide much needed capital by reimbursing applicants for payroll, rent/lease, utilities expenses, or similar expenses targeting restaurants and bars in an effort to help them survive the 50%-70% declines in revenue that were not uncommon in this sector. Commerce received 1,132 applications and we awarded \$23,681,952 to 966 businesses.

The Hospitality Economic Resiliency Grant PLUS was designed in a similar fashion as the HERG but focused on hotels/motels/resorts. I talked to one resort owner in the Devils Lake area and she had three bookings in November and the calendar through March looked similarly bleak. We received 220 applications and awarded \$8,351,332 to 197 businesses.

The Medical Expense Assistance Program (MEAP) that we administered jointly with Workforce Safety and Insurance (WSI) to assist emergency responders and front-line healthcare workers who contracted COVID-19 from a secondary source. We received 2,968 applications and we awarded \$2.5 million to 2,469 North Dakota citizens.

In total for all four grants, we received almost 7,000 (6,976) applications, requesting over \$163 million (\$163,473,652). We made almost 6,000 (5,696) awards totaling over \$73 million (\$73,253,805).

But we aren't done. The recent federal extension has allowed us more time to conduct a second round of grant awards where we intend to distribute all remaining funds to North Dakota businesses in need. Once distributed, Commerce will have shared almost \$100 million to help support businesses in North Dakota survive and continue to employ thousands of residents.



Round two of the Hospitality Economic Resiliency Grant PLUS will begin in March. We are working with our state partners to address some of the early hurdles caused by the initial federal deadlines. We would like to go back to existing ERG applicants and allow them a second chance to implement their original plans. Many applicants were not able to meet the tight deadlines we were forced to implement in order to comply with the initial federal deadline or applicants were not able to find contractors to implement the desired changes by the initial federal deadline – those applicants that had approved expenses but couldn't meet the deadlines will get another opportunity to obtain grant funds.

Commerce was able to tailor these grants to the most affected industries because we conducted no less than four surveys before designing the CARES grants. Two of these surveys were aimed at North Dakota businesses so we could better understand their needs and how COVID-19 was impacting their businesses and how deeply. Not only did our informed, data-driven response include the CARES Act grants mentioned above, but it also resulted in several webinars Commerce developed and produced to provide local leaders and communities with tools to assist them or to help them connect to vital resources. We partnered with the North Dakota Department of Health to create and issue a survey that targeted all North Dakotan residents and had over 11,000 people reply!

In addition, while most states were reactive to the federal government COVID-19 response, Commerce was not. We were weeks ahead. We became the experts on the federal response, partnered with our local subject matter experts and then shared this information with North Dakota businesses through a series of business briefings thereby preparing our companies to take advantage of the Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) program. These proactive efforts resulted in over 11,000 Small Business Administration (SBA) loans being provided to North Dakota businesses. According to USA Facts website, "North Dakota received the most (in terms of federal loan proceeds) at \$2,037 per capita. California and New York received \$845 and \$1,041 per capita, respectively."

The Commerce COVID response improved lives and was nothing short of robust.

Last time we presented in front of you, we promised the development and deployment of a new Commerce strategy. We are pleased to share that we not only delivered what we promised but took it even further.

Thank you for your trust – I'm going to highlight some of your investment successes, and you'll hear additional details from the Commerce leadership team:

- Placed a heavy emphasis on diversification and innovation attracting hundreds of millions in private capital.
- Completely transformed how economic development is conducted in the state by doubling primary sector projects compared to last biennium.
- Introduced in excess of \$50 million in start-up innovation activity using the newly created Innovation Technology Loan Fund (LIFT) legislation.
- Doubled activity within the UAS environment while growing Grand Sky commercial activity by 30% and almost completing the Vantis beyond visual line of sight (BVLOS) network in the Bakken.
- Successfully recruited an intermodal operation to North Dakota after 20 years of previous unsuccessful attempts.
- Working with our partners Regional Planning Councils and Community Action Agencies, we deployed Community Development Block Grant (CBDG) and Community Services Block Grant (CSBG) funds resulting in 85,699 people served/impacted.
- Actively managed 59 Renaissance Zones resulting in 1,850 approved investments (since inception in 1999) across communities in North Dakota.
- Developed and deployed the ND Development Calculator (ND2C) enabling communities to better understand the true long-term costs of infrastructure to ensure optimization of community planning and the reduction of local tax burdens.
- Empowered communities to proactively plan their futures by providing matching grant funds through our Partners in Planning grant program.
- Reenergized the Rural Development Council. Surveyed local leaders and used the data to set priorities for long term rural economic and community growth.
- Simultaneous to rural community and economic engagement, we achieved solid outreach across the nation by actively participating in national webinars and conference as panelists to share progress in North Dakota.
- Retooled Tourism Division marketing materials due to the pandemic and mobilized an in-state campaign and free cooperative platform featuring tourism businesses and destinations.
- Supported pandemic communications by providing leadership with Joint Information Center (JIC), CARE 19 apps, ND Smart Restart, a variety of Commerce grants and Business Briefings.
- Led occupational licensure reform research effort resulting in precision recommendations to improve talent recruitment and geographic mobility.

- Recruited "The Last Mile" training program to the North Dakota Department Corrections thereby improving prisoner rehab and job placement reducing recidivism and saving state resources and improving company growth prospects.
- Invested \$924,516 of matching funds in accelerated skilled workforce training programs designed to get displaced workers prepared for new jobs and back to work; and
- Operation Intern went big on tech, trade, logistics, critical skills gaps and in-demand jobs.

## **THEME 2: COMMUNITY DEVELOPMENT**

I am going to provide a little deeper dive on Theme 2: Community Development and I will ask Bonnie Malo to share some additional details.

In order for North Dakota to be successful our communities must be successful. Commerce has been on the leading edge of redefining what "community development" means through its leadership ensuring that North Dakota communities not only understand the need for smart, efficient infrastructure; healthy, vibrant spaces; and 21<sup>st</sup> century workforce but, also have the resources to deploy strategies in pursuit of community aspirations.

After we designed and administered the Rural Economic Development study, results indicated economic development in rural North Dakota looks a little different than it does in our urban centers. In rural North Dakota the attraction and/or creation of retail and restaurants is the number one economic development goal. Commerce wants to make sure these rural communities have access to resources to pursue their economic development goals. Currently, the Rural Growth Fund contained within the Commerce Development Fund legislatively requires all investments to have a primary sector designation, because of this hurdle these funds have been rarely accessed. I ask you, is it time to eliminate this hurdle and allow rural communities access to these funds? Our data says it is. And some communities have made a similar change already. In a conversation with Keith Lund, President and CEO of Grand Forks Regional Economic Development, he informed me that they eliminated the primary sector language from the economic support activities conducted outside the city limits of Grand Forks.

Another Commerce achievement was the creation of the ND2C. This tool enables communities to understand the true long-term costs of infrastructure, especially expansions with the goal of providing information to ensure decision makers are well informed when making decisions regarding optimization of existing infrastructure, planning and reducing tax burdens. We're actively working with the North Dakota Department of Transportation (NDDOT) to deploy the ND2C on all NDDOT projects that

involve streets in and around cities and communities showing the value in growth decisions.

The Partners in Planning (PiP) grant empowered communities to proactively plan their futures by supporting comprehensive plans, economic development/diversification strategic plans, or economic recovery plans due to impacts of COVID-19. In 2020, \$125,000 was awarded to six communities. These matching grants to Bowman County, City of Cavalier, Hettinger/Adams County and Linton Industrial Development Corporation helped them develop strategic plans and the City of Milnor develop a comprehensive plan.

We were able to reenergize the Rural Development Council and set priorities for long term rural economic and community growth which include stabilizing rural development funding, investment in infrastructure, quality of life, high paying jobs and building leadership capacity.

Based on data gleaned from the Rural Economic Development survey and the trend of collaboration and regionalization we developed the Economic/Community Development Ecosystem Map which provides a spatial representation of state and local resources and organizations, with contact information, so leaders across our state can more easily connect with neighbors resulting in improved local economic and community development opportunities and collaboration.

Vibrancy grants were created to incent small successes in communities that serve to build confidence in local leaders and empower communities to engage the populace in community conversations that create vibrancy. These grants can also support the implementation of a community need project identified and supported by a comprehensive or economic development plan whose creation was incentivized by the Partners in Planning grant effectively operationalizing the plan and ensuring it doesn't get placed on a shelf.

Chairman and members of the Committee. We ask for your continued support of the resources required to ensure community vibrancy and smart infrastructure development across North Dakota, especially in small towns. The Partners in Planning and Vibrancy grants were funded using the Commerce Momentum Fund.

I will return now to the remaining themes...

### **THEME 3: CONTINUED ECONOMIC RESILIENCY AND DIVERSIFICATION**

In the past year, North Dakota has been affected by a “double black swan” event, that is, the collapse of oil demand and prices, followed by a global pandemic that grounded the world economy to a halt in the spring of 2020. While discussed as important for years, never has a solid economic diversification strategy been more crucial to our state. Combined with the need to stabilize existing industries and businesses in North Dakota, both for the purpose of creating a more “resilient” economy – one not as vulnerable to the shifts in the oil and agriculture industries and one capable of adjusting to new consumer behaviors and expectations more quickly than our national and global competitors.

### **THEME 4: THE NEW WORKFORCE**

North Dakota began the year 2020 with an unemployment rate of 2.3% - the lowest in the nation – and a labor market participation rate of 69.2% - one of the highest in the nation. There is a need to prepare workforce for today’s jobs and those to come. We are working closely with state educational systems and the private sector in preparing the workforce of tomorrow including reducing barriers that prevent residents from obtaining the skills or employment they seek.

### **THEME 5: ELEVATION OF NORTH DAKOTA’S IMAGE**

Magnifying what North Dakota has to offer to visitors, new residents, and new companies, this opportunity has taken on a new and higher profile during the time of COVID-19. There is appetite for wide-open spaces, safe destinations, and the many amenities that North Dakota is naturally gifted to offer has never been so significant.

Each division director will talk more specifically about each of our themes.

I promised earlier that you would hear from Bonnie Malo, director of Community Services. I would like to invite Bonnie to the podium and talk more about our efforts to braid federal community development resources with state support to target and maximize impact. Bonnie can you please talk more about Community Development.

### **BONNIE MALO, DIRECTOR OF COMMUNITY SERVICES**

Thank you, James.

Good afternoon Chairman Monson and members of the committee. I am Bonnie Malo, Director of the Division of Community Services (DCS) at the Commerce Department.

I will address the programs within the Division of Community Services. The total appropriation for this biennium is \$50,823,035, which includes funding for the Energy

Conservation Grants, Weatherization Assistance, Low Income Heating Assistance, State Energy Program, CDBG, Emergency Solutions Grant (ESG), HOME, North Dakota Homeless Grant (NDHG), CSBG and Renaissance Zone programs.

To augment growth potential, we were able to serve almost 86,000 individuals with the Community Development Block Grant (CDBG) and Community Services Block Grant (CSBG) programs. These programs touch individuals either through services provided by the Regional Planning Councils or the Community Actions Agencies.

The CSBG program helps to directly address poverty in our communities. A client in the Dickinson region turned to the Community Action Agency when she and her three children were threatened with homelessness due to divorce. Her husband lost his job, and she had lost most of her wages due to a recent COVID-19 quarantine. With no sick leave and no financial resources, she worked with staff at the agency to secure permanent housing for her children. This client stated that Community Action's guidance and financial assistance helped her make decisions during a stressful time.

The Energy Conservation Grant funded 65 projects to political subdivision for this biennium, which will save an estimated \$422,535 on energy savings per year.

The State Energy Program funded by the Department of Energy, provided funding to the Bismarck Public Schools System, where they recently installed 46 solar panels at the Bismarck Career Academy. In addition to reduced energy costs, students will now have an educational experience on solar energy production, providing exposure to alternative energy workforce opportunities. The energy cost savings is estimated to be around \$3,500 per year.

The Weatherization Program helps to improve housing conditions and save money for our state's most vulnerable citizens. One manufactured homeowner received weatherization assistance from the Jamestown Community Action Agency that can be directly attributed to remaining in their home because of the assistance they received. Prior to receiving the weatherization assistance, their utility bill was between \$400 to \$500 per month. After the work was completed, their bill dropped to about \$100 per month. This individual was very thankful for the assistance, with tears in her eyes she stated that they would not have been able to stay in their home without the weatherization work.

The CDBG and HOME funds are used to increase the affordable housing options in communities around North Dakota. Affordable housing was cited as the top need in all eight regions of the state during a statewide Needs Assessment Survey conducted in 2020.

The CDBG and HOME funds were an integral part of the capital stack for Monterey & Brighton Place Apartments in West Fargo. These funds were layered with Home Incentive Fund (HIF) funds and Low-Income Housing Tax Credits, allowing to demolish 60 units of Public Housing and then redevelop the site to construct 85 affordable units, significantly increasing the capacity for serving income-qualified families. Without the CDBG and HOME funds, Cass County Housing Authority would not have been able to increase the number of eligible households served in this community.

Homelessness and housing insecurity impact thousands of families across the state every day. Jennifer had recently lost her husband to COVID-19 and while grieving, she also became homeless. After staying in her car, Jennifer went to Ministry on the Margins in Bismarck. They were able to provide financial assistance and secure temporary housing, until she was able to find employment and secure permanent housing. These emergency measures prevent individuals from becoming permanently homeless and the stability that temporary housing allows them to develop a plan to move forward to achieve greater self-sufficiency. Without financial support from ESG and NDHG, organizations like Ministry on the Margins would not be able to assist the overwhelming number of people who are in situations like Jennifer's.

The Renaissance Zone Program is an economic development tool that can help cities revitalize their communities by offering both state and local tax incentives. These tax incentives encourage residents and business owners to reinvest in their communities. Earlier, Lauren Orchard, the Economic Development Directors for the City of West Fargo discussed how their community has benefited from the program.

Recent Renaissance Zone projects in the community of West Fargo include an industrial park, an investment firm, and multiple transportation/freight companies. The community notes that these projects help to fill and rehab vacant buildings and lots in the core of their city.

The Division of Community Services has received additional funding through the CARES Act Funds in the amounts of \$4.8M in Community Services Block Grant Funds that was distributed to the 7 Community Action Agencies. The Emergency Shelter Grants Programs received \$5.1M for homeless assistance.

The Community Development Block Grant Program received \$6.3M that will be used in conjunction with the Department of Human Services Rent Bridge Program to prevent individuals and families from becoming homeless.

The Division of Community Services ask is to transfer the HOME program and two FTE's to the Housing Finance Agency. This transfer will create efficiencies with a one-stop shop for multi-family housing development programs.

This concludes my testimony of the Division of Community Services programs.

I am pleased to now introduce Sara Otte Coleman, director of Tourism, to share some details regarding elevation of North Dakota's image.

### **SARA OTTE COLEMAN, DIRECTOR OF TOURISM**

Thank you, Bonnie.

Chairman Monson and members of the Committee, I'm Sara Otte Coleman and I have had the honor to serve as the state's director of Tourism for the past 18 years.

As James mentioned, elevating North Dakota's image during a period of challenges and opportunity is crucial and we must take advantage of the shifting demographics, the desire to travel and the growing interest to enjoy wide-open spaces.

We were able to push \$80 million plus into the economy with an emphasis on hospitality sectors. Commerce awarded over \$30 million dollars to more than 1000 restaurants, bars, coffee shops and venues with the HERG. An additional 401 applications for more than \$11 million are currently being reviewed for round two. Hospitality Economic Resiliency Grant PLUS funds will help 197 hotels and lodges with more than \$8 million in awards. Round two will open March 9<sup>th</sup>. These Hospitality Economic Resiliency Grant dollars will help this sector which was disproportionately impacted by the pandemic. To date, \$1 billion in visitor revenue has been lost to North Dakota and our businesses, due to COVID-19 related restrictions including the closure of the Canadian border which has cost us 465,000 personal vehicle trips.

New research confirms tourism advertising goes beyond motivating trips and plays a lead role in elevating our state's image across various economic development benchmarks. For example, people who have seen our advertising rated North Dakota 16% higher as "a good place to start a business" compared to those who had not seen our advertising. This lift is even higher once they have visited, where we saw respondents ranking the state 20% higher as "a good place to live" once they have visited.

The team's research driven media outreach showed strong results using a new creative campaign (2019) which included multi-channel placements targeting outdoor programming, sports and recreation and targeted urban areas like Minneapolis St. Paul and Chicago. The campaign exceeded our benchmarks and industry average results.



We retooled tourism marketing materials due to pandemic by mobilizing an in-state campaign and created a free cooperative platform featuring tourism businesses and destinations. We are currently running our first winter campaign in-state and near border to inspire winter travel to support small businesses.

Paid media results 2020:

- 83 million people on TV
- 12 million people in print
- 233 million people on digital advertising
- 85 million people through out of home advertising
- 23 million people on social media through advertising campaigns
- 52% increase in visits to NDtourism.com over 2019
- Increases from 50 states
  - First time visitors made up 92% of visits (up 78% from 2019)

We know this work impacted sales. In 2020, there were 3,523,146 room nights sold in North Dakota, this is down 30.4% from last year's nearly 5 million sold - however could have been much worse without our proactive work.

This year we garnered 40 national editorial media placements which was up 25% from 2019 and reaching 776 million. We also leveraged eight influencers reaching more than 10.6 million. We hosted HoneyTrek- with paid support of \$3,900 and assistance from partners across the state. The couple spent 10 days in North Dakota generating 53 social posts and stories which were seen by over 1 million to date.

The Tourism/Marketing Division has led the state's brand unification efforts which became increasingly important as the state managed COVID-19 mitigation efforts. Thirty-four agencies are now using the Be Legendary brand. The team also supported pandemic communications by providing leadership with JIC, CARE 19 apps, ND Smart Restart, Economic Resiliency Grants and impacted business engagements.

In addition to the video clips you saw earlier the Travel Alliance Partnership, the Destination Marketing Association of North Dakota and other businesses will also request to testify.

As illustrated, tourism revenue supports small businesses - 3,000 of them in the tourism sector. The experiences we showcase are for people that live here, visit here (for business or leisure) or are considering living here. It is important to increase the awareness of North Dakota and elevate our image to recruit and retain people from the region. We also must invest in those who have already visited the state. Once travel restrictions are lifted, the border traffic will help drive retail sales in northern

communities and we will need to compete with all our neighbors, including Manitoba, to attract new wealth to the state.

To achieve those goals, we need additional dollars for marketing. The Governor's budget included a \$2 million of one-time funding from the General Fund for destination marketing. This will be used to extend our campaign beyond June. Research in 2020 showed that on-line searches on North Dakota travel options and online bookings were high and at par with neighboring states during the peak advertising campaign. Once the campaign ended in early June, the intent to travel, as shown by online searches and bookings, declined well below our competitors. The additional dollars are imperative in driving demand to our businesses and assisting their recovery.

We also are asking for \$200,000 to improve our visitor services by leveraging existing state infrastructure, like rest areas and visitor sites, to elevate the North Dakota brand. The new hubs will enhance visitor services with fresh contemporary designed space aimed at showcasing experiences statewide to extend visitors stays.

The senate supported these requests. While they did not include the \$461,000 in ongoing funding as proposed in the executive budget, they kept the on-going budget even with last biennium and provided \$7 million in on-time funding for destination marketing including visitor services enhancements.

These budget enhancements would allow continued investments in destination marketing to recruit visitors and new North Dakotans which will improve small business activity and increase visitor spending at a critical time. The added benefit is creating awareness for workforce recruitment purposes, retaining resident revenue, and keeping North Dakotans traveling to sites within the state. All of which would improve success of all economic development and workforce recruitment efforts.

I would like to now turn the podium over to Katie Ralston, director of Workforce to talk more about The New Workforce.

**KATIE RALSTON, DIRECTOR OF WORKFORCE**

Thank you, Sara.

Chairman Monson and members of the committee, I'm Katie Ralston and I have had the honor to serve as the director of Workforce with the North Dakota Department of Commerce since January 2020.

The Workforce Division continues to augment state level workforce solutions to ensure that North Dakota is not only prepared for future workforce needs but is well positioned to outcompete neighboring states for qualified workers. In November 2019, the private

sector led Workforce Development Council was moved to the Department of Commerce. We have leveraged the industry expertise and diverse geographic representation on this board to better understand workforce needs in North Dakota and generate strategies to address them. Recently, the Council identified a number of opportunities to address some of the states most pressing needs in the following areas: earlier and more diverse career exploration and addressing the technical skills gap; removing barriers to employment; occupational licensure reform; and recruitment and retention of workers. We're honored to take the lead in coordinating partners and aligning resources to create statewide workforce solutions.

Last summer, when the state received CARES Act funds, we created the Technical Skills Training grant with \$1 million in matching funds that were used to support public and private sector led training providers in expanding and developing new accelerated skilled workforce training programs aimed at helping displaced workers prepare for high-demand jobs in North Dakota. These training programs range from CDL and CNA training, to IT and cybersecurity, to wind turbine technician and even structural and pipeline welding. We invested a total of \$924,516 in 12 programs across the state from August to December. The success of this program has motivated us to pursue state funding to continue providing support for accelerated training programs in the next biennium, not just for displaced workers, but for those who want to make a career change and for students who want to expedite their path to the workforce after completing their education. This model previously existed in North Dakota through workforce enhancement grants; however, the biggest difference between that program and the technical skills training grant is who can access the funds and provide the training. In the spring of 2020, we saw private businesses across the country step up and create industry-led training programs, and North Dakota was no different. Ten of the programs we supported through our grant were developed by the private sector, and based on the interest we've had from businesses since closing the program in December, we know that more are interested in making this investment in our workforce.

Each of the programs we supported with federal dollars are sustainable and will continue to prepare citizens for entrance and movement within the workforce for years to come, thus creating more pathways to employment in our state. To date, nearly 200 individuals have graduated from training programs created by, or expanded, under this grant, and have entered the workforce with an average entry salary of \$43,500. The technical skills training grant is a state program that we stood up with federal dollars. With \$1 million in matching funds, we can continue to support training opportunities

that prepare individuals for entrance and movement within the workforce. Accelerated job training programs will help us fill high demand jobs in healthcare, renewable energy, IT, logistics and transportation, and more, well into the future.

In the 2019 legislative session, Commerce received \$500,000 for a non-resident nurse recruitment program. Throughout the biennium, we identified opportunities to improve this program, which is why you see an extension of the original allocation in the amount of \$320,000 from the Senate Appropriations committee. By opening this program up to include the recruitment of recent nursing graduates who are already residents of the state to licensed healthcare facilities, we will see increased use of this program and more nursing job vacancies filled. Funds awarded under this program go directly to the nurse in the form of a sign-on bonus, moving or housing stipend, covering the cost of continuing education credits or training, in return for a four-year contract with their employer. Last year, 864 LPN, RN, and APRN students graduated from North Dakota nursing programs. In collaboration with licensed healthcare facilities, this is the audience we will target, in addition to nurses who are interested in moving to the state.

The workforce division is also active in connecting students with employers through apprenticeship and internship opportunities. We are requesting authority to spend the \$694,000 Apprenticeship State Expansion grant we received from the United States Department of Labor to develop new apprenticeship programs primarily focused on healthcare, biomedical research, and advanced manufacturing, along with other in-demand jobs. Half of our overall grant award was approved by the Emergency Commission in August 2020, so we are asking for approval to spend the remaining \$347,157 in the 2021-2023 biennium. Finally, I'd like to add some context to the \$100,000 decrease you see in our ask for Operation Intern. This program continues to see great success. Despite economic hardships due to the pandemic, many employers still prioritized internship programs as meaningful work-based learning experiences for students and continued to recognize their value in creating an effective workforce pipeline for their companies. As a result, we saw an increase in Operation Intern participation with a heavy concentration in technology, advanced manufacturing, and energy throughout the biennium. We have had the ability to carry over unused funds in past biennia, which we will be able to utilize if we receive an appropriation of \$755,000 which is less than what we received in the 2019-2020 biennium.

I appreciate the opportunity to discuss how what we've done throughout the last two years will help us continue to lead statewide workforce strategy and support key partners in addressing North Dakota's workforce needs in the next biennium.

Next, I would like to introduce our Economic Development and Finance director Josh Teigen to provide a deeper dive into our next theme of continued economic resilience and diversification.

### **JOSH TEIGEN, DIRECTOR OF ECONOMIC DEVELOPMENT AND FINANCE**

Thank you, Katie.

Chairman Monson and members of the Appropriations Committee, I'm Josh Teigen and am honored to have been promoted to serve as the director of Economic Development and Finance.

The last biennium laid the foundation for a highly diverse and resilient North Dakotan economy and we went big and bold with a heavy emphasis economic diversification, especially in the areas of innovation, high tech jobs and value added activity.

In parallel to our strong economic development approach, we also reinvented the way we deploy capital in the state to better meet the market need. We achieved major successes in attracting outside investments such as venture capitals, equity firms, and private capital allowing for an innovation platform.

The department completely transformed how economic development is conducted in the state with precision recruitment and growth based on data, research, and new investment opportunities. Using data, we can now be predictive rather than reactive, and focus our efforts on the highest return on investment (ROI) activities.

We successfully recruited the world's most successful innovation platform with Plug and Play, which equates to 40 top-tier startups each year in the intelligent ag space. This feeds economic development initiatives for us, brings a needed ecosystem to the marketplace, and is a great source of investment opportunities for us.

In addition, we developed nearly 100 primary sector projects in 2019 and in 2020 simultaneous to the pandemic, worked in excess of \$2 billion in projects in 2020, and introduced in excess of \$50 million in start-up innovation activity using LIFT and InnovateND which was a wise investment that paid huge returns for the state. We were able to develop new side-by-side investment relationships across the nation creating higher probability to create new wealth and improve capital access.

Our team developed and deployed a foreign direct investment (FDI) strategy attracting new companies and investments from Asia, the Middle East, Europe and Latin America including a major greenhouse project from Canada and petrochemical foundation which is a multigenerational solution to massive and long-term energy growth.

Unmanned Aircraft Systems (UAS) deployed systems-wide unmanned system plan to include initial beyond visual line of sight (BVLOS) capability in the Red River Valley and Bakken and doubled activity within the Northern Plains UAS. Grand Sky commercial activity grew by 30% with hundreds of jobs averaging almost \$100 thousand per year and generated over \$55 million in private investment capital.

In collaboration with several partners, we successfully recruited an intermodal operation to North Dakota after 20 years of attempts; with no use of state money. This success allows huge savings for shippers and will likely see higher ROIs per acre. The biggest shipper in the state saves 34% on drayage, and average shippers save between 20-25%. This is a tremendous recruitment tool for the state and is a cornerstone for growth in the Minot Industrial Complex.

We redefined the approach to energy growth laying foundation for next generation economy including value-added, innovation, and environmental, social, and corporate guidance (ESG).

- What we need
  - Capital
    - Transfer \$30 million from Legacy Fund earnings for Innovation Technology Loan Program (LIFT)- 4x-5x investment
    - Continued investment in innovation programs
    - Get behind Grand Strategy
      - Grand Sky
      - Grand Farm
      - Grand Energy
        - Commerce to seed program to focus on preparing companies for ESG compliance to attract equity, capital and entities to purchase North Dakota products
  - Transfer \$20 million to the Unmanned Aircraft System Program Fund on June 30, 2021 for Beyond Visual Line of Site (Vantis)
  - Transfer \$7 million to the Unmanned Aircraft System Program Fund on June 30, 2021 for Grand Sky.
  - \$2 million in continued funding for Northern Plains UAS Test Site
  - North Dakota Trade Office Bifurcation
    - \$750,000 to fund trade and foreign direct investment opportunity with emphasis on energy and tech, e.g. UAS
    - Focus on trade data to support need

Next, I would like to ask James to return to the podium and provide a couple of closing thoughts.

Thank you, Josh.

Chairman Monson and members of the committee, we only had 70 minutes today and I hope you were able to get a high-level overview of the agency's budget. Most importantly, I wish to talk about where we are heading with your continued confidence and investment.

I want to take a minute or two and reiterate some of the items covered earlier today. UAS is a tide that lifts other boats including ag, energy and tech sectors. We are working with other state agencies, including the North Dakota Department of Transportation and intend to request an amendment so they can help Commerce and the industry build common infrastructure. We want to work with the ND Agriculture department to utilize each our strengths to increase trade with foreign countries. Commerce would like to retain the diplomatic role, foreign direct investment and continue to have a seat at the table so we can work in unison for the good of all ND businesses. We would like to carryover unexpended funds in our discretionary fund so we can continue to help ND communities and businesses, and we would like to eliminate the primary sector language from the Rural Growth Fund so rural leaders can pursue the economic development activities that they feel impact their communities the most. I certainly won't take the time to cover all the ways we stand ready to help but I hope you can see that the evidence speaks for itself, in the face of extraordinary adversity, we delivered. I am proud of the work our team did and the investments made are paying off.

The state of North Dakota is at a crossroads. It has been a difficult year for many and may remain difficult for some of our most important economic sectors – such as agriculture and energy, for the years to come. As you heard, Commerce is doubling down on community development, economic resiliency and diversification and is investing heavily into the future of our communities and the nation's best workforce. We are elevating our image so everyone knows about the opportunity that awaits them in our beautiful state.

We have an amazing opportunity for the residents of our great state...Come with us and let's grow this State together!

Thank you for your time today and we welcome any questions.

N O R T H  
Dakota

Be Legendary.™

NORTH DAKOTA DEPARTMENT OF COMMERCE

HOUSE APPROPRIATIONS – Education and Environment

MARCH 3, 2021



# THEMES

- Commerce Crushed it – in face of once in a century event
- Community Development
- Elevation of North Dakota's Image
- The New Workforce
- Continued Economic Resiliency and Diversification

# CARES ACT GRANTS

- ERG
    - 2,656 Apps
    - 2,064 Apps  
Awarded
    - \$38,720,521  
Awarded
  - HERG
    - 1,132 Apps
    - 966 Apps  
Awarded
    - \$23,681,952  
Awarded
  - HERG PLUS
    - 220 Apps
    - 197 Apps  
Awarded
    - \$8,351,332  
Awarded
- Round 2  
401 Apps \$8.3 M

# COMMERCE RESULTS

- Diversification
- Innovation
- Start-ups
- Small city focus and empowerment
- Rural Development Council
- Research driven
- Successful marketing
- Pandemic support
- Workforce program implementation
- Business support

# RURAL DEVELOPMENT

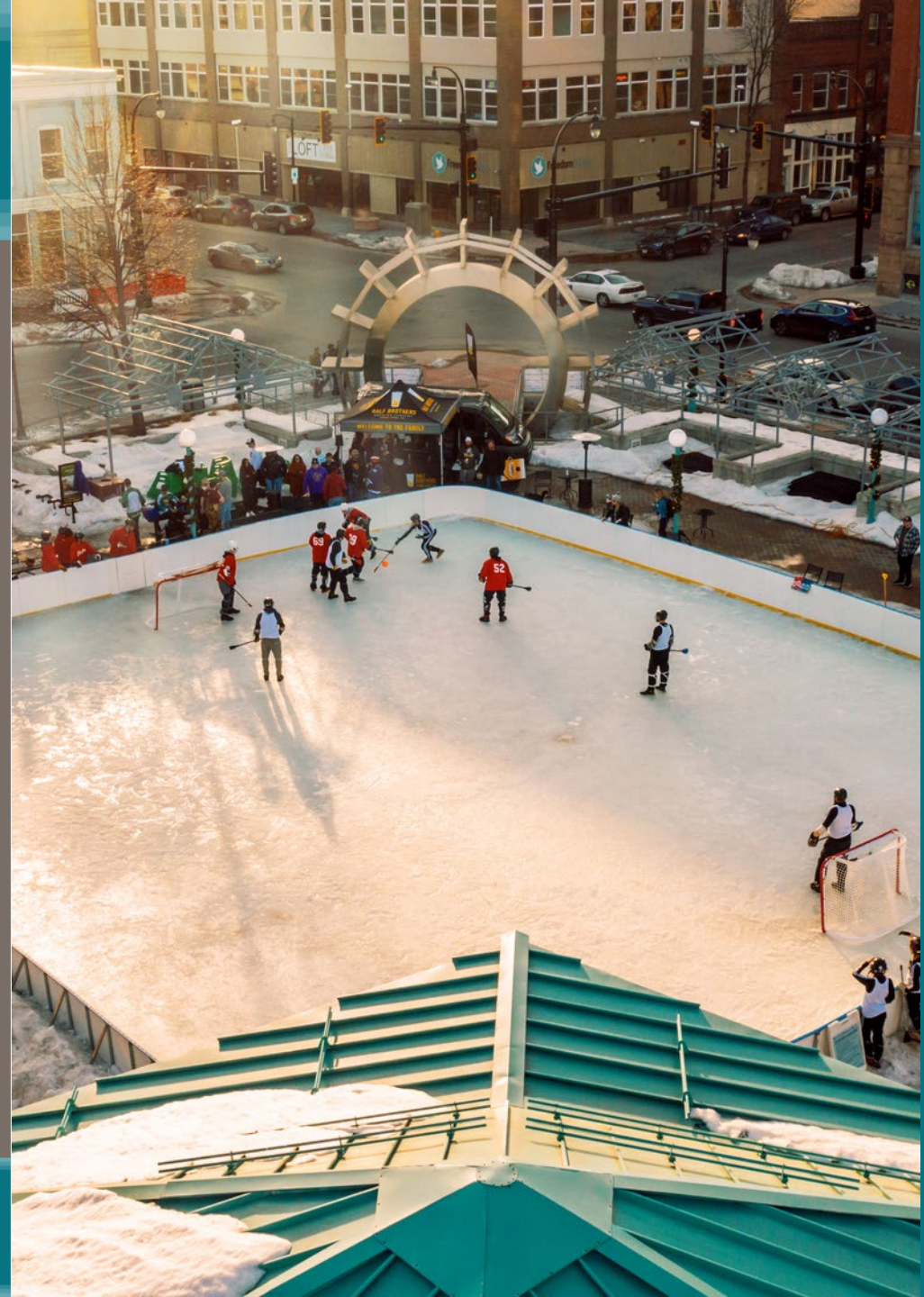
- Redefining "Community Development"
- Rural Growth Fund
  - Primary Sector





# VIBRANT COMMUNITIES

- ND2C
- Partners in Planning Grants
- Vibrancy Grants
- Economic & Community Development Map
- Tourism MS Grants



# COMMUNITY DEVELOPMENT

COMMUNITY SERVICES



# To Augment Growth with CDBG and CSBG Funds

- Provided services to 86,000 individuals





# CDBG, HOME & WEATHERIZATION PROGRAM

- Developed 3 Multi-Family Housing Projects
- Rehabbed 134 Housing Units
- Weatherized 1,036 Low-Income Homes





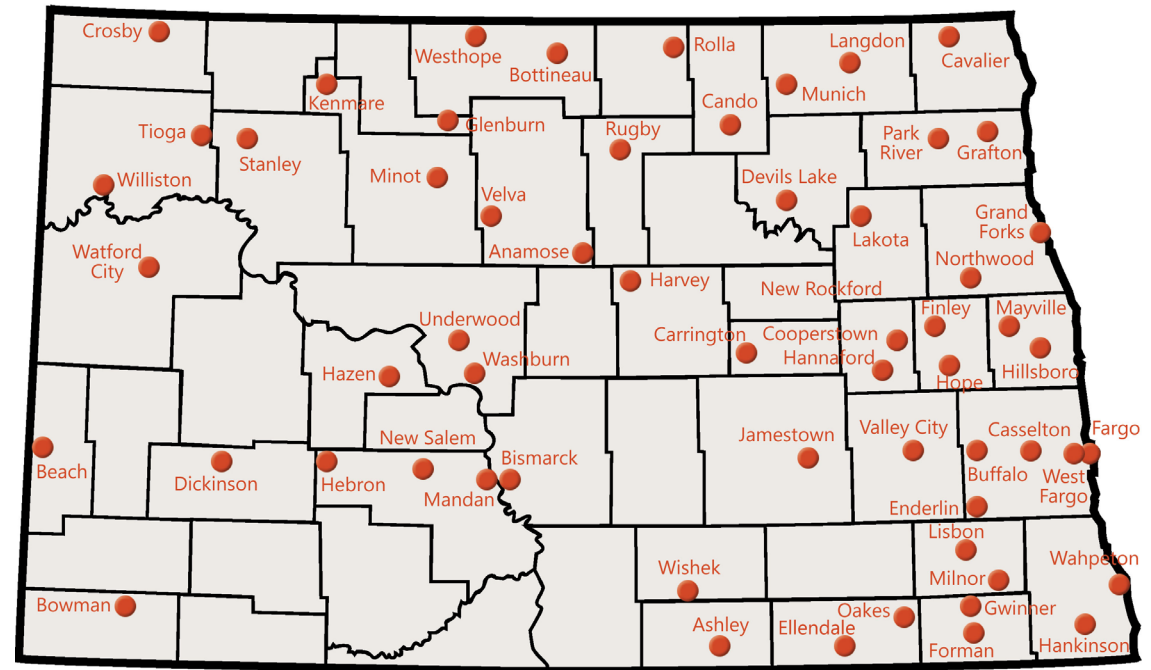
# Emergency Solutions Grant and North Dakota Homeless Grant Programs

- Funded 31 Shelter Providers and Assisted 1,790 Individuals



# RENAISSANCE ZONE

- Actively Manage 59 Renaissance Zones
- 1,850 Renaissance Zone Investments



## 2020 CARES ACT FUNDING

- Community Development Block Grant
  - \$6.1 M
- Emergency Solution Grants
  - \$5.1 M
- Community Service Block Grant
  - \$4.8 M





# REQUESTED ACTION

- Transfer the HOME Program and 2 FTE Positions to NDHFA



# ELEVATION OF NORTH DAKOTA'S IMAGE

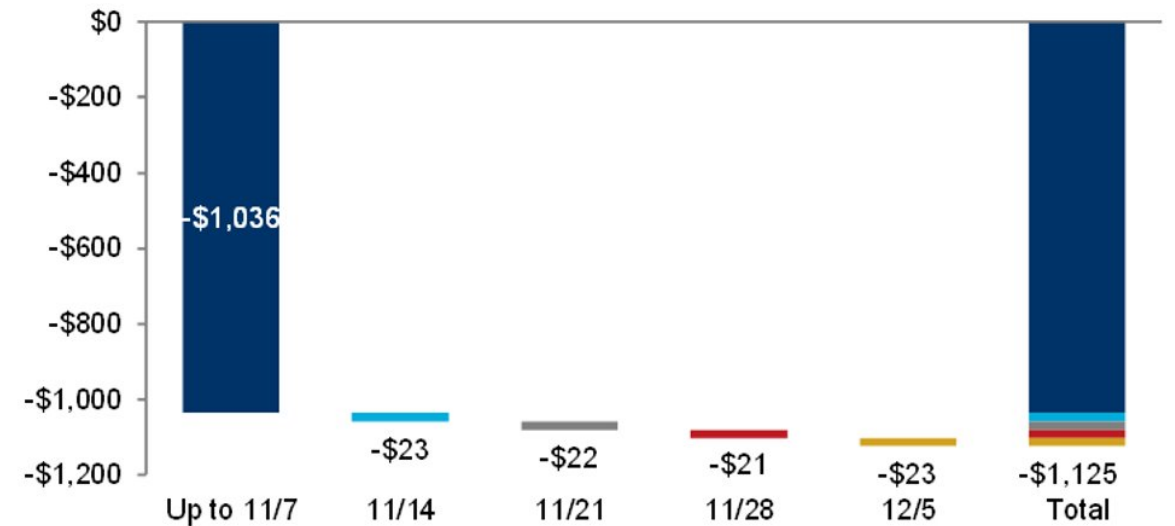
TOURISM AND MARKETING

# PANDEMIC IMPACT

- \$1 B lost visitor spending
- \$80 M lost visitor paid taxes
- 465,000 lost Canadian passenger vehicles

North Dakota weekly travel spending losses through December 5th

\$ millions



Source: Tourism Economics

# DIVERSIFYING OUR ECONOMY

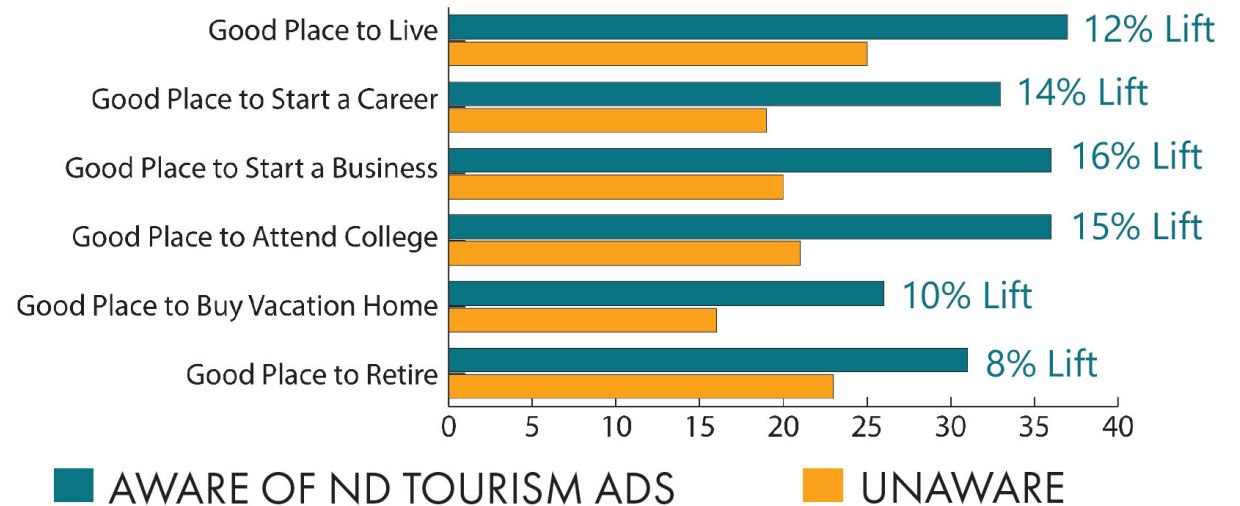
- Advertising has ability to change perceptions, attitudes and behaviors
- Campaigns create a “halo effect” that lifts image



# ELEVATING NORTH DAKOTA'S IMAGE

- Destination marketing yields more than visitors

## HALO EFFECT OF NORTH DAKOTA TOURISM MARKETING





**Travel North Dakota**  
 November 23, 2020 · 🌐

#NDSmallBusinessWeek Dickinson AKA "The Western Edge". 🤖 The city on the outskirts of the badlands brings their own flare to the local business world. **Salt Kitchen & Co** and **Fluffy Fields Vineyard and Winery** are perfect examples. Learn more about them below. 📌  
 #BeNDLegendary <https://belegendary.link/ShopLocalND>

Help us make a list of locally recommended favorites from Dickinson! What are your top places to eat and shop around town?

📍 Fluffy Fields grows the grapes for the... See More



**Be Connected.**

North Dakota's cities offer space to reconnect with family and friends. Visit our downtowns for boutique shopping, grabbing an espresso, or relaxing on a patio with dining and musical entertainment. You can also find parks, scenic drives and outdoor adventures nearby. Visit us online to find inspiration for fun ahead.  
[legendarynd.com](https://www.legendarynd.com)

**WHERE THE LAKE AND FAMILY MEET FOR THE PERFECT VACATION.**  
**devils lake**  
[devilslakend.com](https://www.devilslakend.com)

**WE'RE READY - MEDORA MUSICAL NOW OPEN WITH SMART RESTAUR.**  
**Medora**  
[medora.com](https://www.medora.com)

**UNCROWDED FUN! VIBRANT DOWNTOWNS MEET WIDE-OPEN SPACES.**  
**Bismarck Mandan**  
[noboundariesnd.com](https://www.noboundariesnd.com)

**Be Inspired.**

**SCENIC BRIDGES, OPEN SPACES IN THE SHEYENNE RIVER VALLEY!**  
**hellovalley.com**

**FRESH CLEAN AIR AND FALL COLORS FILL THE SKY.**  
**VISIT MINOT**  
[visitminot.org](https://www.visitminot.org)

**UNFORGETTABLE ADVENTURES, SAFE TRAVELS. #NORTHOFNORMAL**  
**FARGO**  
 NORTH OF NORMAL  
 MOORHEAD | WEST FARGO  
[fargomoorhead.org](https://www.fargomoorhead.org)

**SOCIAL DISTANCE THE #SIMPLYGRAND WAY!**  
**Greater GRAND FORKS**  
 simply grand  
[visitgrandforks.com](https://www.visitgrandforks.com)

**EXPLORE UNFORGETTABLE HISTORIC FRONTIER FORTS AND MORE.**  
**visit Williston**  
 ND  
[visitwilliston.com](https://www.visitwilliston.com)

**UNCROWDED FUN! FRIENDLY ATTRACTIONS & WIDE-OPEN SPACES.**  
**Bismarck Mandan**  
 NO BOUNDARIES  
[noboundariesnd.com](https://www.noboundariesnd.com)

**FAMILY FUN IS WAITING IN NEARBY NORTH DAKOTA.**

Here you'll find unexpected scenery, history, culture, one of America's most visitor-friendly national parks and unique attractions like the endangered southern white rhinoceroses at Chankipapa Zoo in Wahpeton. With scenic drives, affordable rates and great amenities, it's a great time to plan unforgettable experiences in North Dakota. The wide-open spaces are calling. Start planning today.

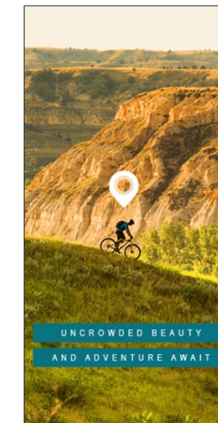
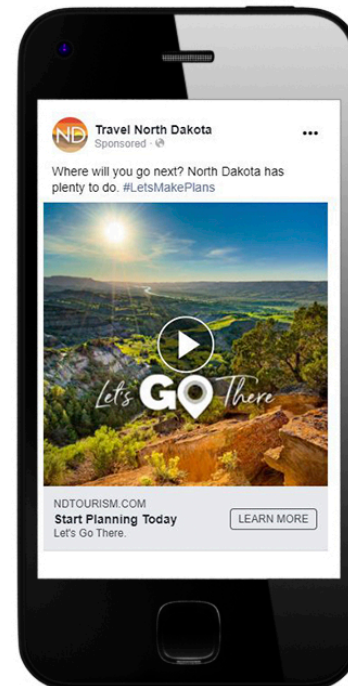
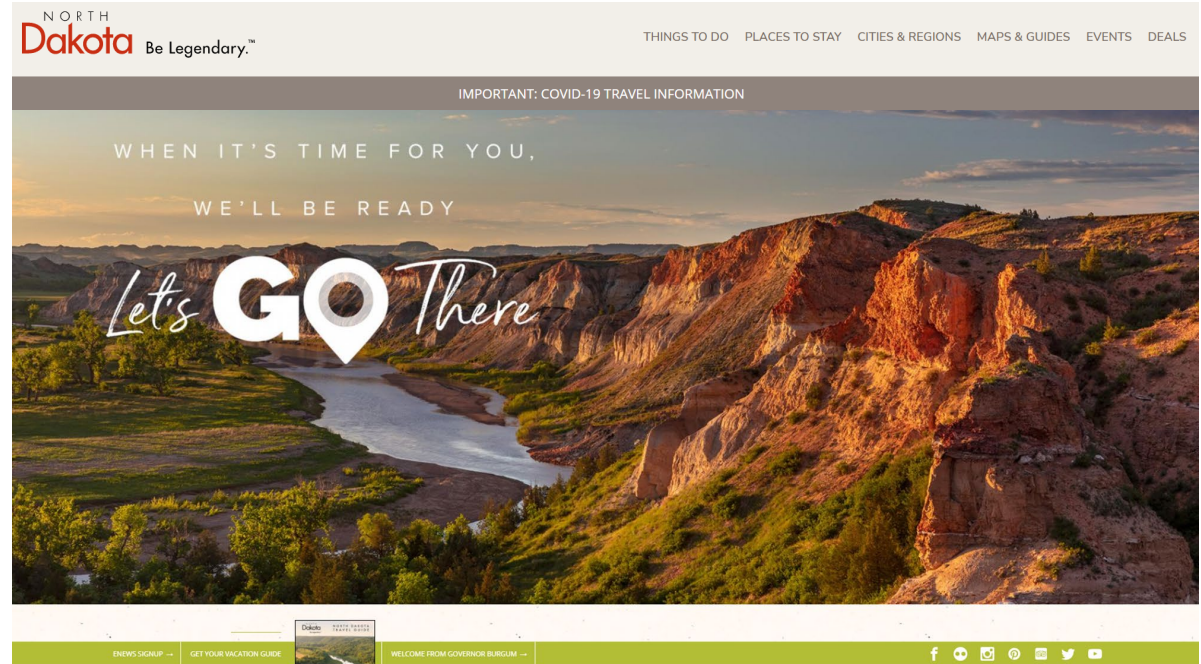
[legendarynd.com](https://www.legendarynd.com)

**NORTH Dakota**  
 Be Legendary.™



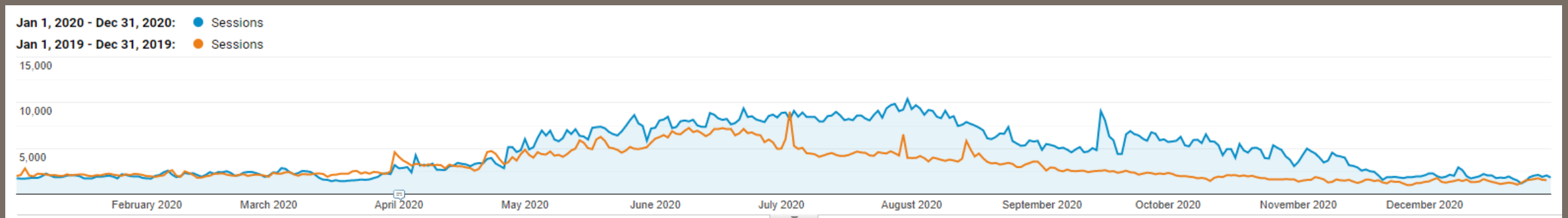
# ADVERTISING IMPACT

- TV reached 83 million households
- Digital netted 112 million impressions
  - 9 million views on digital and connected TV spots
- Magazine and newspaper circulation of 12 million



# WEBSITE TRAFFIC = TRAVEL INTENT

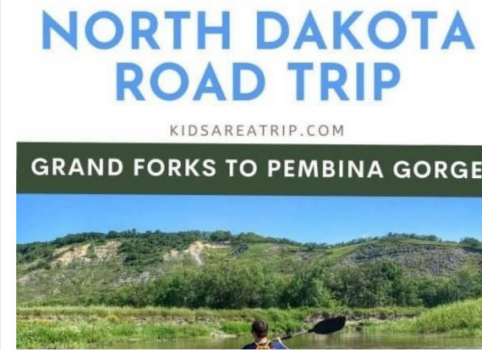
- Traffic to NDtourism.com +52% from 2019
- Increases among all channels: organic, paid search and digital advertising, referrals, emails and social





# INCREASED AWARENESS OF NORTH DAKOTA

- Garnered 40 national editorial media placements (up 25% from 2019) reaching 776 million
- Hosted 8 influencers reaching more than 10.6 million



# TOURISM SUPPORTS SMALL BUSINESS

- More than 3,000 businesses
- Employing over 42,000 North Dakota citizens



**\$289**

MILLION IN  
LODGING



**\$637**

MILLION IN  
FOOD &  
BEVERAGE



**\$422**

MILLION IN  
TRANSPORTATION



**\$298**

MILLION IN  
RECREATION



**\$467**

MILLION IN  
RETAIL

# REQUESTED ACTION

## Executive Budget

\$461,000 base increase up 3.6%

\$2 M increase – one time for  
destination marketing

\$200,000 for visitor services  
enhancements and brand activation

## SB 2018- Senate

Maintain 2019-2021 base funding

\$7 M increase – one time for destination  
marketing

# THE NEW WORKFORCE

WORKFORCE DEVELOPMENT



# TECHNICAL SKILLS TRAINING GRANT

- Invested \$924,516
- 12 programs
  - 10 led by private sector
- 180+ graduates
- Requesting \$1M





# NNERP

- Requesting \$320,000 extension
- Modify to include recent graduates



# WORK-BASED LEARNING

- Apprenticeship Expansion
  - Biomedical Research
  - Healthcare
- Operation Intern
  - 120 companies
  - 366 interns



# REQUESTED ACTION

- \$1 M  
for Technical  
Skills Training  
Grant
- \$755,000  
for Operation  
Intern
- \$320,000  
for NNERP



# CONTINUED ECONOMIC RESILIENCY AND DIVERSIFICATION

ECONOMIC DEVELOPMENT AND FINANCE

# 2020 IN REVIEW

- Revamped economic development approach
- 100 primary sector projects - \$2 B
- Intermodal
- \$50 M in start up and innovation funding
- Innovation platform
- UAS & VANTIS

# INNOVATION PLATFORM

- Plug and Play
- 40 top-tier startups per year
- Intelligent ag



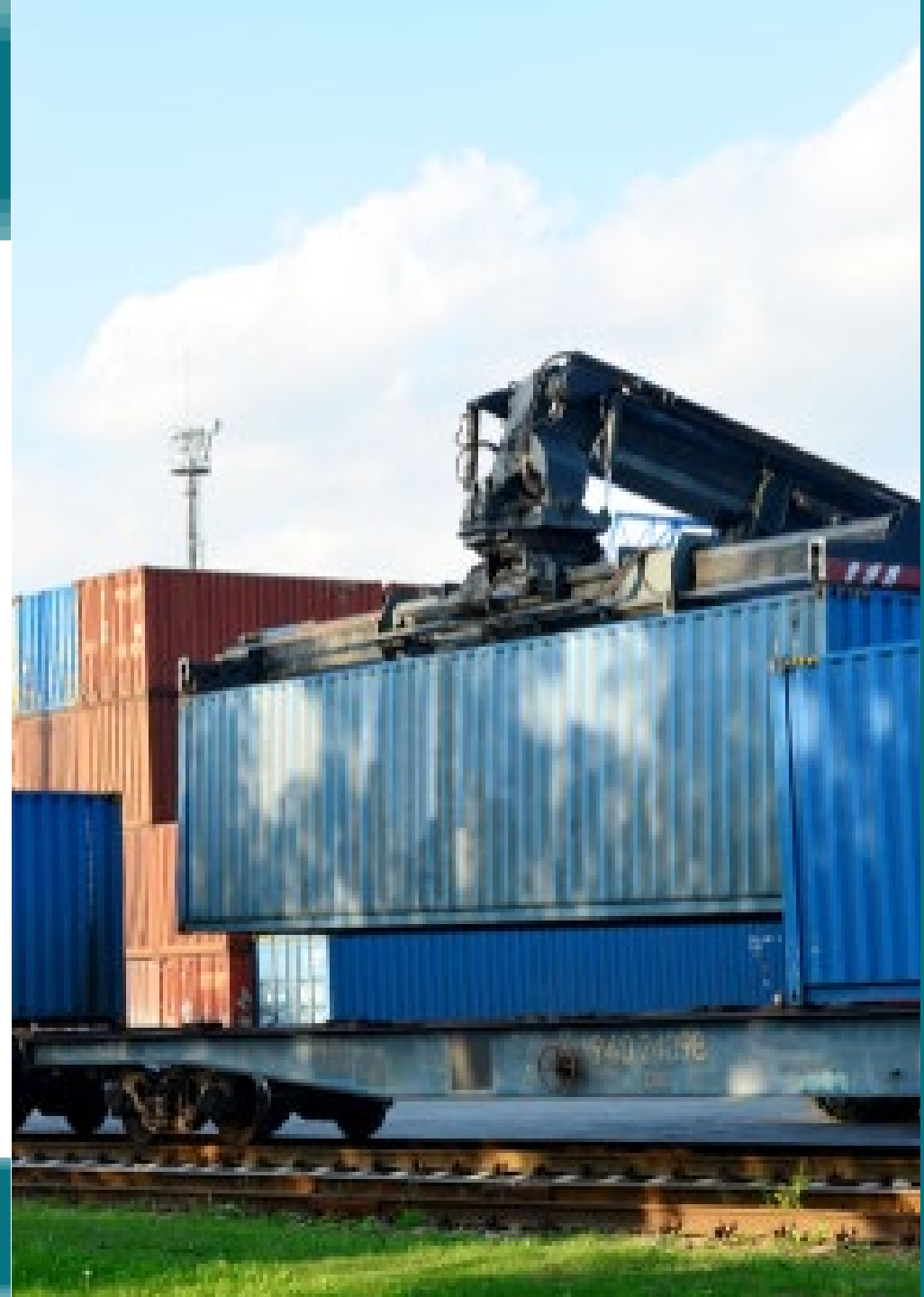
# INVESTING

- LIFT
- InnovateND
- NDDDF
- FDI



# MINOT INTERMODAL FACILITY

- Game changer for the ag industry in ND
- Average shipper saves 20-25%
- Huge recruitment tool for Minot





# REQUESTS

- \$30 M from Legacy Fund earnings to LIFT
- \$20 M from Legacy Fund earnings for beyond visual line of sight (Vantis)
- \$7 M from Legacy Fund earnings for Grand Sky

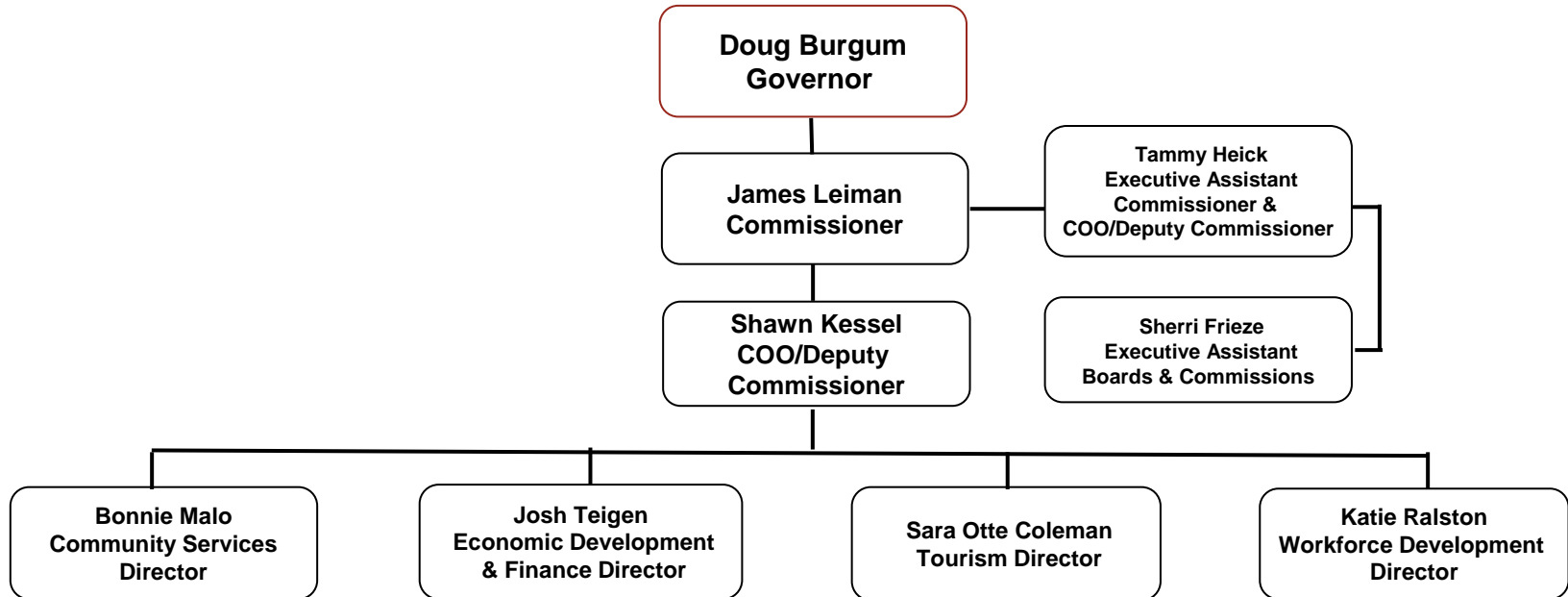
## REQUESTS CONT.

- \$2 Million from Legacy Fund earnings for Northern Plains UAS Test Site
- \$750 K for ND Trade Office Bifurcation to fund foreign direct investment

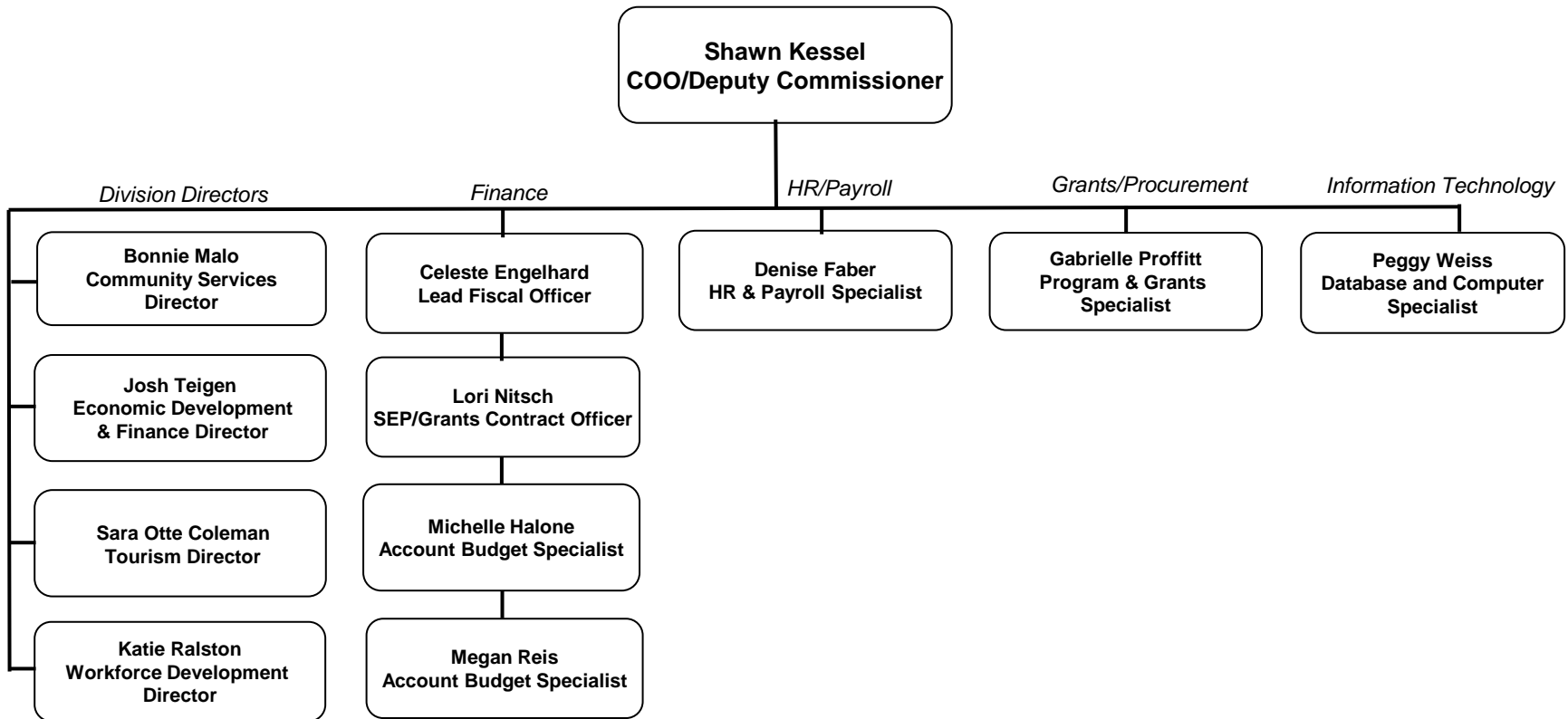
NORTH  
Dakota

Be Legendary.™

# Department of Commerce Organizational Chart

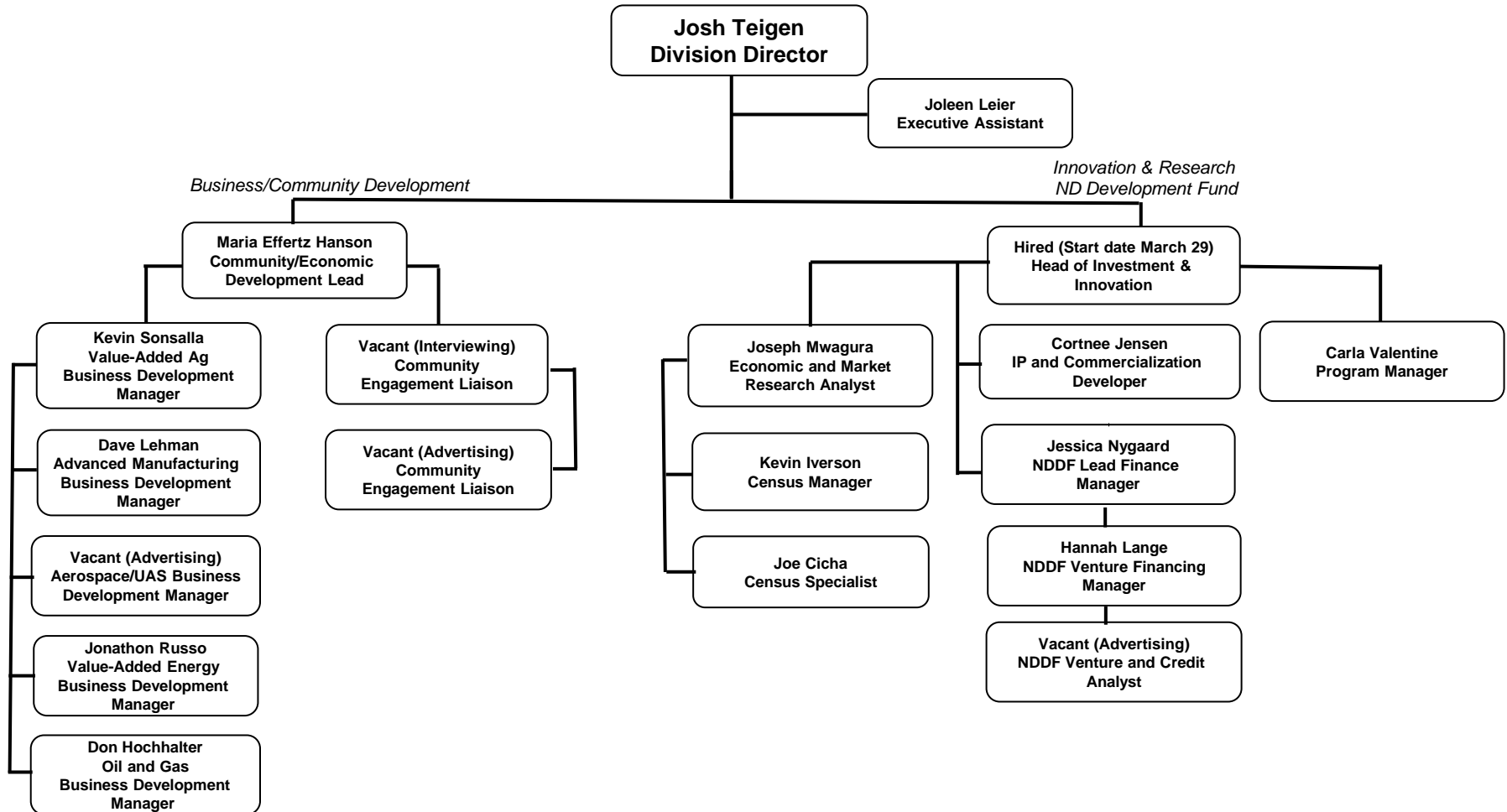


# Administration Organizational Chart

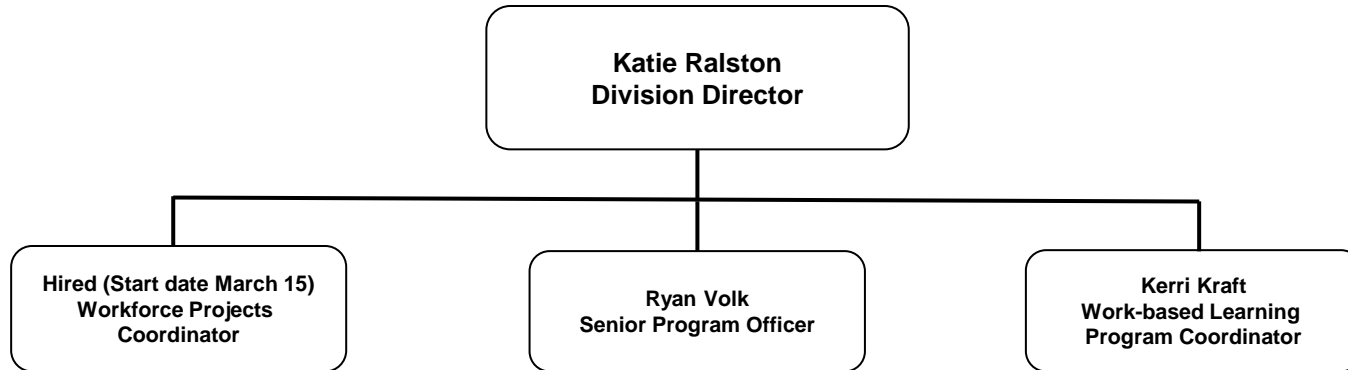




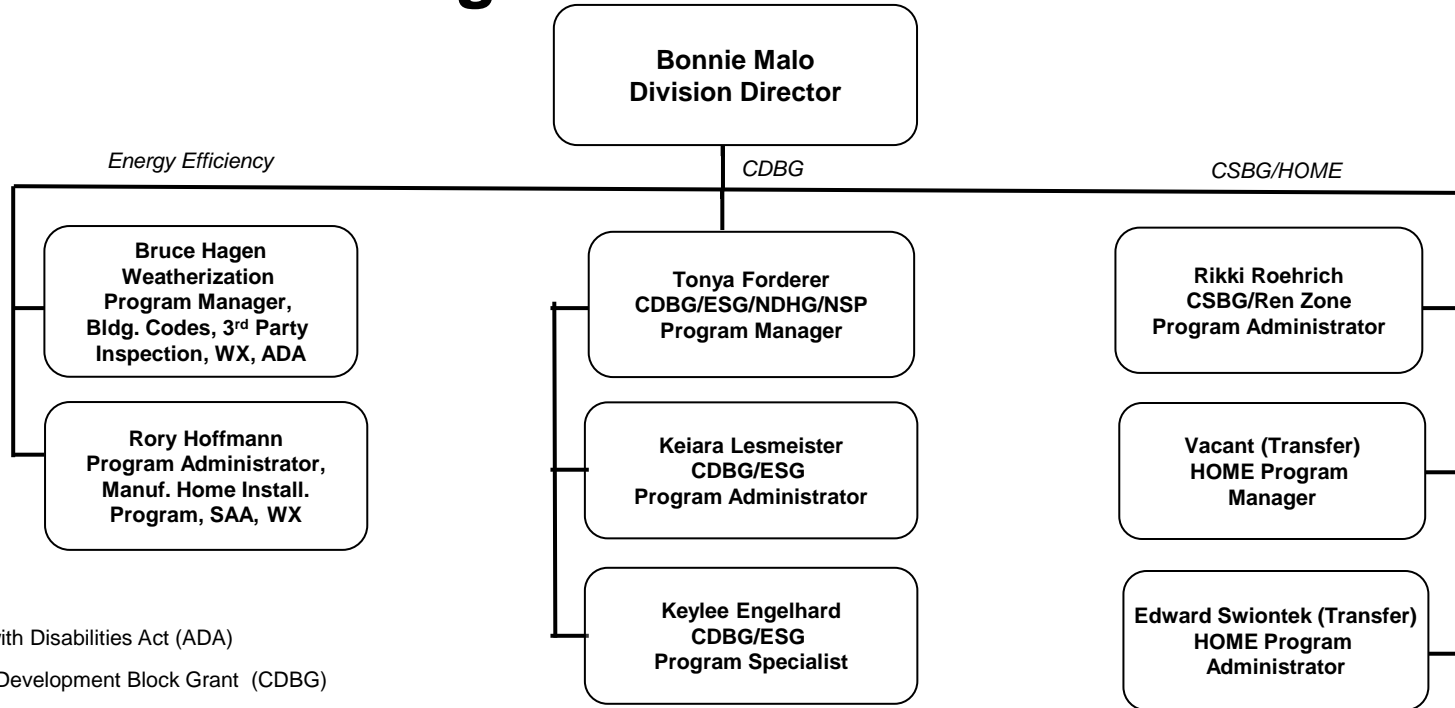
## Division of Economic Development & Finance Organizational Chart



# Division of Workforce Development Organizational Chart

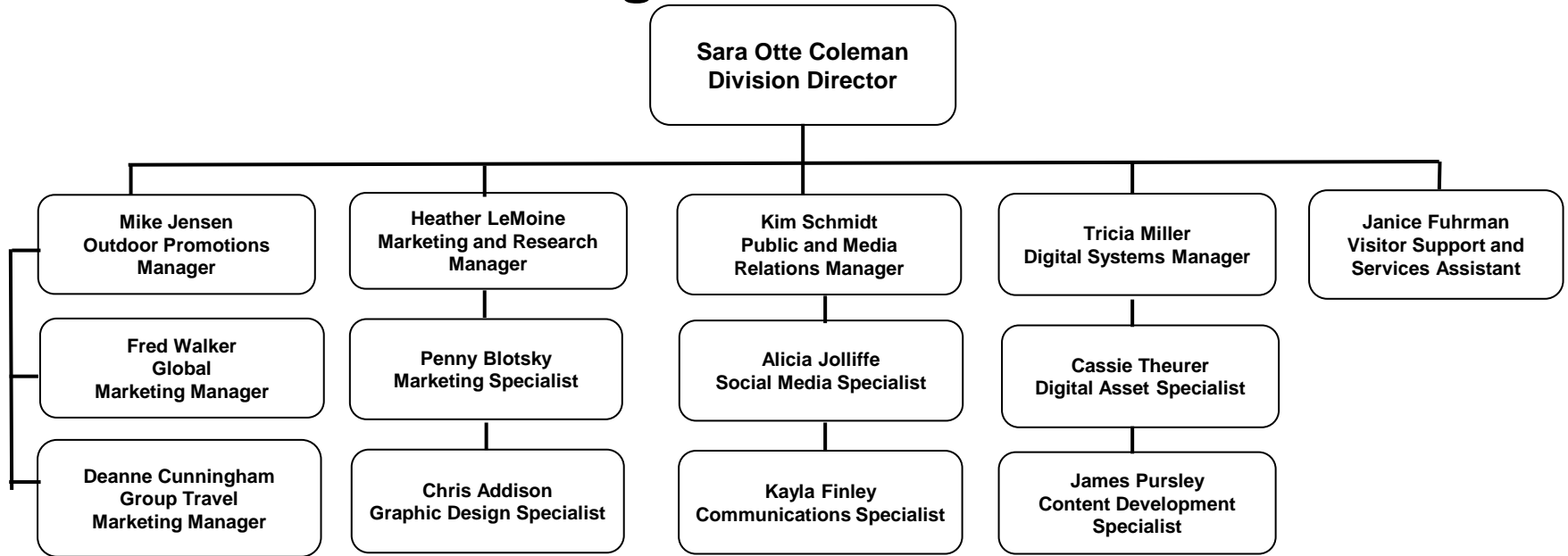


# Division of Community Services Organizational Chart



- Americans with Disabilities Act (ADA)
- Community Development Block Grant (CDBG)
- Emergency Solutions Grants (ESG)
- Home Investment Partnership Program (HOME)
- State Administrative Agency for Manufactured Homes (SAA)
- Community Service Block Grant (CSBG)
- Renaissance Zone (Ren Zone)

# Division of Tourism and Marketing Organizational Chart



## MEMORANDUM

TO: Commissioner Michelle Kommer  
CC: Celeste Engelhard, Accounting Manager  
FROM: Deputy Commissioner Shawn Kessel  
DATE: November 1, 2019  
RE: Control Enhancements

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As you know, our most recent audit identified opportunities for improvement in our control environment. We have thoroughly reviewed the audit report to identify appropriate control enhancements. Please see the Department of Commerce's action plan, below.

### FINDING 19-01 "CIRCUMVENTING PROCUREMENT GUIDELINES"

#### Audit Issue (pg. 2 of Audit Report)

*"These contracts should have been treated as one contract for services and allowed for contractor competition following the Office of Management and Budget (OMB) procurement requirements."*

#### Commerce Position

*"We disagree with the finding that the Department "violated state law by circumventing procurement requirements related to the 'Be Legendary' logo and overall brand refresh. As correctly stated in the audit report, the value of this contract was \$9,500, and as such, did not require a competitive bid process under procurement rules. Contract deliverables were met prior to the contract being completed. Subsequently, temporary workers were hired to perform work that was connected to the brand refresh but was separate from the contract deliverables. We acknowledge there was overlap in the time frame of the contract and the temporary employment as the final contract payment was made in November 2018, and the temporary employees began employment with the Department in October 2018. After the hiring of the temporary employees, the OMB Procurement Office was consulted, and steps were taken to ensure the contract was appropriately terminated after final payment. The Department will ensure there is a clear separation between contract deliverables and temporary employment arrangements in the future and that all procurement requirements are followed."*

As stated above, there were two separate workstreams: one to create the website design, or "frame," and the other to develop content for the website, which required additional resources. While we acknowledge these efforts were related, there was no overlap with the original contract, and we believe Commerce properly complied with OMB Purchasing Guidelines. Commerce also followed state hiring practices and generally accepted employment law principles in treating those hired for the second workstream as temporary employees.



ACTIONS	INITIATION	CONCLUSION
1. Conduct mandatory training on procurement guidelines at least once during the biennium, at an All Staff Meeting	Q1 2020	(ANNUALLY)
2. Require at least one member of each of Commerce's four divisions become Level 3 procurement trained <i>-Hiring in Workforce &amp; DCS has slowed compliance along with OMB cancelling May Level 3 &amp; 4 training</i>	Q4 2019	Q2 2020
3. Include procurement training as part of the on-boarding process for all new Commerce employees.	Q1 2020	(ONGOING)
4. When a program/contract transitions from one Commerce division to another Commerce division, a review of contract deliverables between division leads shall take place within 15 days of the transfer.	Q4 2019	(ONGOING)
5. Commerce procurement designee will attend a senior team meeting at least once per quarter and provide an update, sufficient to meet senior team expectations, on staff trained in procurement, active procurement processes and a list of open contracts that were procured.	Q4 2019	(ONGOING)
6. All contract related approvals shall have timely documentation and contract deliverables will be acknowledged in writing.	Immediately	(ONGOING)
7. Commerce will consult/review level 3+ procurement processes with OMB liaison.	Immediately	(ONGOING)
8. Commerce will consult/review level 4 procurement processes with OMB procurement staff.	Immediately	(ONGOING)
9. Review, revise & communicate Financial Policies as necessary to implement these enhanced controls, and communicate, train as necessary.	Q4 2019	Q2 2020

#### FINDING 19-02 "VIOLATION OF APPROPRIATION AUTHORITY"

##### Audit Issue (pg. 5 of Audit Report)

*"...violated their appropriation authorized in the 2017 Session Laws by improperly charging \$853,908 to the wrong biennium."*

##### Commerce Position

*The Department of Commerce agrees with the recommendation and acknowledges that these expenditures should have been charged to the 2019-21 biennium rather than the 2017-19 Biennium. The Department will strengthen internal controls and implement procedures to ensure in the future expenditures are properly allocated to the correct biennium.*

As acknowledged, this was a timing error related to payment for agreed-upon work on an infrastructure project at Grand Sky UAS park – a project that was funded by the Legislature and had been delayed by weather. The Department made the correct payment to the correct party at the incorrect time, and Commerce has since implemented changes to prevent it from happening again. Ultimately, the funds went to the Legislature’s intended purpose, and no party received undue benefit. Funding for infrastructure projects often comes with continuing appropriation authority, or “carryover” authority, which allows the funding to be carried into the next biennium in case of construction delays. That carryover authority was not in place for this project. Commerce will request such authority in the future to prevent this from happening again.

ACTIONS	INITIATION	CONCLUSION
<p>1. Educate all involved parties regarding Office of Management &amp; Budget policies and procedures relating to the “allow-back period”, including and especially partners affected by the appropriation.</p> <p>- The following email was distributed to all Commerce Staff. The State financial system will be shut down July 29-30, 2020 for fiscal year end processing.</p> <ul style="list-style-type: none"> <li>• Payments cannot be processed during this time so plan ahead.</li> <li>• Please have all payment requests and invoices submitted to fiscal staff by July 15, 2020.</li> <li>• All June travel must be submitted for reimbursement by July 15, 2020. <b>*Please see policy below.</b></li> <li>• Remember goods and services paid with Fiscal Year 2020 funds need to be delivered by June 30, 2020.</li> <li>• Please be cognizant of P-Card charges made in late June. The charge must be on your June statement in order to use FY20 funds.</li> </ul> <p><b><u>*Submitting Travel Expense Voucher</u></b> All Travel Expense Vouchers (SFN 52785) must be submitted within 60 days of the end of the month for which the travel is being claimed. <u>Travel Expense Vouchers for June must be submitted by July 15 so they can be paid during the fiscal year in which they are incurred.</u></p> <p>Please share the July 15, 2020 deadline with any vendors, partners or sub-grantees that you may be working with, so they can submit June invoices or payment requests timely. This will ensure they are paid prior to shut down.</p> <p>M. Halone also reviewed the allow-back procedure at the July 15, 2020 Commerce Huddle</p>	<p>Q1 2020</p>	<p>Q2 2020</p>
<p>2. Request continuing appropriations authority for all grants designated by the Legislature to the Department of Commerce.</p>	<p>67<sup>th</sup> Leg. Session</p>	<p>(ONGOING)</p>
<p>3. Request continuing budget authority pursuant to North Dakota Century Code Section 54-44.1-11 if complications</p>	<p>&gt;67<sup>th</sup> Leg. Session</p>	<p>(ONGOING)</p>

arise (i.e. construction delays) where the Department does not have continuing appropriations.		
4. Review, revise & communicate Financial Policies as necessary to implement these enhanced controls, and communicate, train as necessary.	Q4 2019	Q2 2020

**FINDING 19-03 "NONCOMPLIANCE WITH CONTRACT REQUIREMENTS"**

Audit Issue (pg. 6 of Audit Report)

*"...did not monitor contract deliverables of an entrepreneurial contract with a total cost of \$253,921. As a result, contract payments totaling \$123,750 were made to unapproved subcontractors. Further, \$23,448 of these payments were not supported by progress reports."*

Commerce Position

*"We disagree with the finding that the Department did not monitor contract deliverables and that contract payments were made to unapproved subcontractors."*

*The auditor's report indicates that the following contract deliverables were not met:*

- *CONTRACTOR must submit sub-contractors to state for approval with proof of sustainability of developed programming/positions.*
- *Sub-contractor progress reports must be reported in CONTRACTOR quarterly required reports.*

*The auditor's report indicates that the "The Department did not approve subcontractors...as required by the contract." The Department did provide approval for sub-contracts; however, this approval occurred verbally, as verified by the previous contract manager and vendor. The auditor's report indicates that unsupported payments were made to unapproved subcontractors. As noted, the Department verbally approved subcontractors, hence disagrees payments were made to "unapproved" contractors. The Department has implemented contract monitoring procedures to ensure appropriate documentation is secured in advance of payment for all future contracts."*

**As stated above, subcontractors were verbally approved as allowed for in the contract, and no payments were made to unapproved subcontractors. Commerce specifically reconciled the subcontractor billing with the aggregated billing to ensure that no one was overpaid or underpaid.**

ACTIONS	INITIATION	CONCLUSION
1. When a program/contract transitions from one Commerce Division to another Commerce Division, a review of contract deliverables between division leads shall take place within 15 days of the transfer.	Q4 2019	(ONGOING)

2. All contract related approvals will have timely documentation and contract deliverables will be acknowledged in writing.	Q4 2019	(ONGOING)
3. A report of any charges to be made during the "allow-back period" will be provided to the Office of Management and Budget and Attorney General's Liaison for review prior to formal submission	July 2021	(ONGOING)
4. Review, revise & communicate Financial Policies as necessary to implement these enhanced controls, and communicate, train as necessary.	Q4 2019	Q2 2020

#### FINDING 19-04 "LACK OF INTERNAL CONTROL SURROUNDING APPROPRIATIONS"

Audit Issue (pg. 7 of Audit Report)

"...identified \$853,908 charged to the wrong biennium."

Commerce Position

*The Department of Commerce agrees with the recommendation and acknowledges that these expenditures should have been charged to the 2019-21 biennium rather than the 2017-19 biennium. The Department will strengthen internal controls and implement procedures to ensure in the future expenditures are properly allocated to the correct biennium.*

As acknowledged, this was a timing error related to payment for agreed-upon work on an infrastructure project at Grand Sky UAS park – a project that was funded by the Legislature and had been delayed by weather. The Department made the correct payment to the correct party at the incorrect time, and Commerce has since implemented changes to prevent it from happening again. Ultimately, the funds went to the Legislature's intended purpose, and no party received undue benefit. Funding for infrastructure projects often comes with continuing appropriation authority, or "carryover" authority, which allows the funding to be carried into the next biennium in case of construction delays. That carryover authority was not in place for this project. Commerce will request such authority in the future to prevent this from happening again.

ACTIONS	INITIATION	CONCLUSION
1. Work with vendors to assure invoices accurately reflect the month that the vendor issued payment for the service.	Q1 2020	(ONGOING)
2. A report of any charges to be made (invoices to be submitted) during the "allow-back period" will be provided to the Office of Management and Budget and Attorney General's Liaison for review prior to formal submission	July 2021	(ONGOING)

3. All temporary employee arrangements will be reviewed by the Commerce Attorney General liaison prior to execution, if they are expected to work for longer than six months.	Immediately	(ONGOING)
4. Commerce will schedule a quarterly meeting to review matters related to procurement with the Attorney General's office	Nov. 2019	
5. Review, revise & communicate Financial Policies as necessary to implement these enhanced controls, and communicate, train as necessary.	Q4 2019	Q2 2020



## FACTS

3<sup>RD</sup> IN  
NATION  
IN RURAL  
CONTRIBUTION  
TO STATE  
GDP

MORE THAN  
15,000  
RURAL BUSINESSES  
EMPLOY  
134,396

2<sup>ND</sup> IN  
NATION  
RURAL ANNUAL  
COMPOUND  
GROWTH RATE  
(2010-2018)

SOURCES: U.S. Bureau of Economic Analysis and  
Labor Market Information Center, Job Service  
North Dakota, QCEW Unit

## RURAL DEVELOPMENT COUNCIL (RDC)

The RDC is charged with facilitating collaboration among governments and the private and nonprofit sectors in the planning and implementation of programs and policies that have an impact on rural areas of the state. Members also monitor, report and comment on policies and programs aimed at addressing the needs of rural areas of North Dakota. The RDC unites the state's private and nonprofit sectors with state, federal, local and tribal governments to strengthen rural America.

## THE RDC AND NORTH DAKOTA COMMERCE DEPARTMENT

In 2020, Commerce and the RDC prioritized and advanced several rural incentive and economic efforts. Much of this work was completed by the Commerce Main Street Initiative (MSI) team in collaboration with other state and private entities, maximizing resources and time.

### Main Street Community network:

- Provides support and technical assistance to more than 230 people from 80 Main Street communities across North Dakota.
- Continues one-on-one visits with existing and new Main Street communities along with education, joint convenings and online resources.

### Partners in Planning (PiP) Grant Program:

- Empowers communities to proactively plan their futures through comprehensive planning, economic development/diversification strategic plans or economic recovery plans.
- The PiP is a result of dialogue with the RDC and recommendations to support community planning efforts and the creation of actionable plans.

### MSI Community Vibrancy Grant Program:

- Supports local efforts to increase community vibrancy with seed funding for a small project.
- Builds momentum and inspires additional projects with improved quality of life, attracting and retaining workforce and enhancing community pride.

### Supporting statewide COVID-19 efforts:

- Implemented and conducted research and outreach education tools were undertaken supporting communities, small businesses and state leaders.
- COVID-19 webinars providing information for businesses and stakeholders across North Dakota, including resources available for small businesses, social distancing aspects and resources for businesses in rural areas related to online marketing.
- A business impact survey, conducted in partnership with the Greater Fargo Moorhead EDC, helped measure the impact of the pandemic on local businesses and gauge their needs and understand how to best direct resources.



# 2020-2021 APPOINTED MEMBERS

**Teran Doerr** of Bowman, executive director of the Bowman County Development Corp.

**Janne Myrdal** of Edinburg, a farmer and state senator

**Luke Anderson** of Forman, a farmer with Anderson Seed Farms Inc.

**Gwendolyn Crawford** of Kathryn, Lisbon auditor and economic development director

**Jay Doan** of McKenzie, a rancher with Black Leg Ranch

**Antoinette Heier** of Hazen, executive director of the Hazen Chamber of Commerce

**Megan Laudenschlager** of Minot, executive director of Strengthen ND

**Lindsey Lipp** of Casselton, associate scientist in process and product design at Aldevron

**Dawn Mandt** of Grafton, executive director of the Red River Regional Council

**Joyce "Jt" Shining One Side** of Dunseith, an educator at Dunseith Public School

**Daniel Stenberg** of Watford City, McKenzie County economic development coordinator

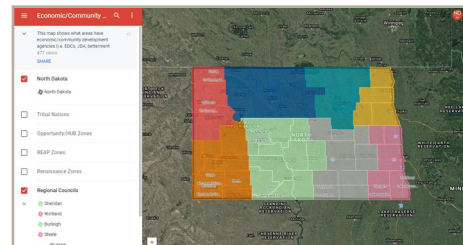
**Shawn Wenko** of Williston, director of the Williston Economic Development Corp.



Locations of Rural Development Council members.

## Economic Development Ecosystem Mapping:

- The Economic Development Ecosystem Map provides a spatial representation of entities that do economic development work in North Dakota at the local, regional and state levels.
- The project emerged out of an RDC recommendation to document the organizations that support economic development work in North Dakota.



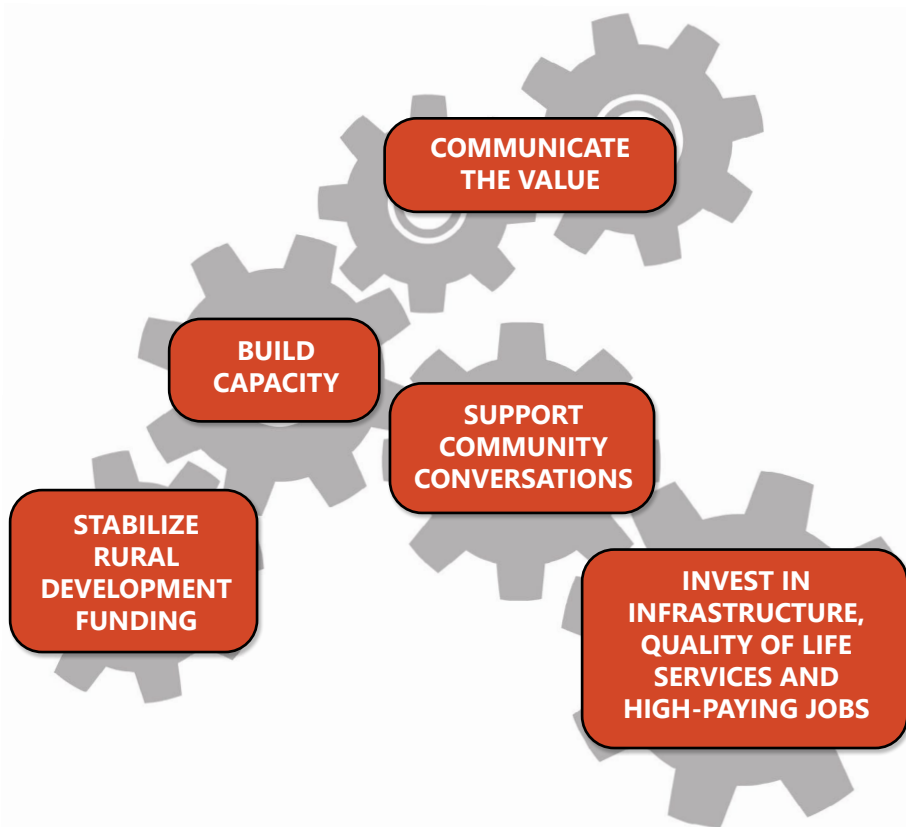
## North Dakota New Development Budgeting Calculator (ND2C):

- The ND2C assists communities in estimating the long-term costs of new development with a specific focus on infrastructure.
- The technology helps communities understand the magnitude of a project's fiscal impact and compare infill vs. greenfield development more easily.

## LOOKING AHEAD TO 2021

Continuing the strong momentum of the past year, future recommendations focus on communicating and developing strong networks between rural communities and regional and state leadership; advocating for opportunities in rural North Dakota; and providing resources and education to support smart, efficient instruction and continued quality of place.

## THE FIVE FOCUS AREAS FOR 2021:





## FACTS

**85,699**

PEOPLE  
IMPACTED BY  
CDBG AND  
CSBG

**12,137**

FAMILIES AND  
YOUTH SERVED  
BY HOMELESS  
GRANTS

CDBG AND  
HOME FUNDS  
REHABBED

**134**  
HOMES

ASSISTED  
**30 ESG**  
AND  
**31 NDHG**  
RECIPIENTS

## DIVISION OF COMMUNITY SERVICES

The North Dakota Department of Commerce Division of Community Services was established to provide technical assistance to local governments and state agencies in the areas of community and rural planning and development, policy research and development and grant program implementation.

### PROGRAMS INCLUDE:

**STATE ENERGY PROGRAM** — Promoting Energy Conservation and Efficiency  
The State Energy Program provides a range of energy conservation-related opportunities, including energy education, installation of energy efficient measures, transportation initiatives (alternative fuel vehicles and fueling systems) and renewable energy technologies (small scale wind turbines and solar technologies). The program's state energy plan is supported by financial and technical assistance through the U.S. Department of Energy (DOE).

**COMMUNITY DEVELOPMENT BLOCK GRANT** — Developing Vibrant and Sustainable Communities

The Community Development Block Grant Program (CDBG), provided through the U.S. Department of Housing and Urban Development (HUD), provides financial assistance to local governments in the form of grants and loans for public facilities, housing rehabilitation and economic development projects. The primary beneficiaries of these projects must be very low and low-income individuals.


**EMERGENCY SOLUTIONS AND CONTINUUM OF CARE GRANTS** — Working to End Homelessness

The Emergency Solutions Grant (ESG) and the Continuum of Care Grant are programs of the U.S. Department of Housing and Urban Development.


The Emergency Solutions Grant and ND Homeless Grant (NDHG) provides financial assistance to facilities and programs to identify sheltered and unsheltered homeless persons, as well as those at risk of homelessness, and provide services to help them quickly regain stability in permanent housing after experiencing homelessness. The North Dakota Department of Commerce currently awards grant funds directly to emergency/homeless shelters and agencies throughout the state for activities like operational expenses (utilities, insurance, furnishings, appliances, etc.) and essential services (case management, medical, laundry, transportation, etc.), homeless prevention, rapid rehousing and the Homeless Management Information System.




## DID YOU KNOW




Community Services Block Grant impacted 41,546 low-income individuals, including 14,913 children, 6,283 persons with disabilities and 7,498 people who lacked health insurance.



Community Development Block Grant created 132 jobs and had \$1.39 million economic impact



The HOME Program assisted 400 families across North Dakota



The Low-Income Weatherization Assistance Program assisted 521 households

### WEATHERIZATION/LIHEAP — Increasing Energy Efficiency for Low-Income Persons

The Weatherization Assistance Program and the LIHEAP Weatherization Program impact low-income individuals across the state to:

- Increase energy efficiency in homes
- Strengthen the health and safety of the home
- Reduce total residential energy expenditures
- Provide conservation measures

Since 2001, more than 10,000 homes have been equipped with energy-conserving measures. They are programs of the U.S. Department of Energy and the U.S. Department of Health and Human Services.

### HOME PROGRAM — Creating Affordable Housing

The HOME Program is a U.S. Department of Housing and Urban Development program, designed to create partnerships among government entities and the private sector to make affordable housing available to low-income persons. The program has two primary activities: homeowner assistance and rental production/assistance. This is accomplished through five basic areas:

- Homeownership assistance
- Homeowner rehabilitation activities
- Rental rehabilitation or production
- Security deposits
- Rental assistance

### COMMUNITY SERVICES BLOCK GRANT — Fighting Poverty in North Dakota

The Community Services Block Grant (CSBG) Program assists communities in implementing anti-poverty programs. The program administers funding from the U.S. Department of Health and Human Services through the state's seven Community Action Agencies (CAAs), providing various services to low-income persons, including:

- Emergency assistance
- Money management
- Housing counseling
- Self-sufficiency services
- Case management and outreach
- Referral services





## FACTS

59

NORTH DAKOTA  
CITIES  
PARTICIPATE

1,850

PROJECTS  
APPROVED

1,450

PROJECTS  
COMPLETED

COMMUNITY  
DEVELOPMENT  
TOOL FOR  
ANY SIZE  
CITY

## DEVELOPING DOWNTOWNS

The Renaissance Zone Program is a locally driven program that includes 59 cities across North Dakota. Since 1999, more than 1,850 projects have been approved and more than 1,450 have been completed. The Renaissance Zone Program helps create and retain jobs, businesses and residents.

The Renaissance Zone Program is a tool for community redevelopment and economic investment that incorporates tax incentives to business and residential properties. The Renaissance Act, created by the 56th Legislative Assembly, made it possible for North Dakota cities to create Renaissance Zones within their jurisdictions.

## RENAISSANCE ZONE SIZES

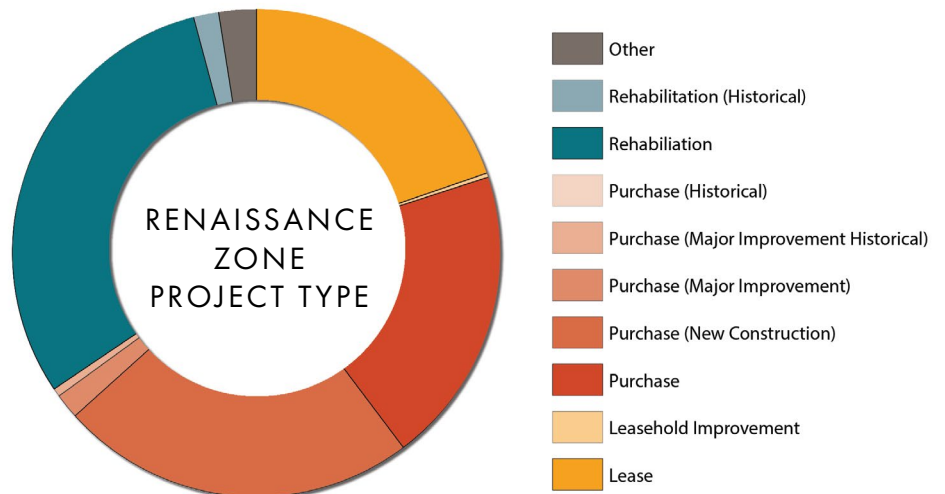
The size of the zone depends on city population.

- 34 city blocks in cities with a population of up to 5,000
- One additional block granted for each additional 5,000 in population
- Maximum size 49 blocks

## PROJECT REQUIREMENTS

Development of a Renaissance Zone includes:

- A comprehensive or strategic plan
- Creation of a development plan
- Public input from at least one public hearing
- Letters of support from the county and school district
- A resolution adopted by the city to provide the tax exemptions and credits permitted in the program





# TAX INCENTIVES

Up to \$500,000 of **income exempted** annually on income derived at an approved zone business project (5-year max)

**Property tax exemptions** for commercial and residential properties (5-year max)

Up to a \$10,000 tax credit per year for five years on qualified **single-family homes** (max \$50,000)

25% tax credit available for **historic property** on the amount invested (max \$250,000)

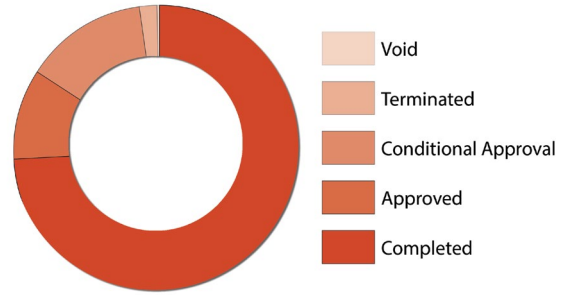
**Transferable credits** upon selling a single-family home

**Transferable exemptions** upon selling or leasing a business

# SUCCESS STORIES

The city of West Fargo renewed the program for an additional five years in 2020. West Fargo started utilizing the Renaissance Zone Program in 2000 and has had 90 approved projects. Recent major projects include Restad Industrial Park in 2020 and Midcontinent Communications in 2017.

## PROJECT STATUS

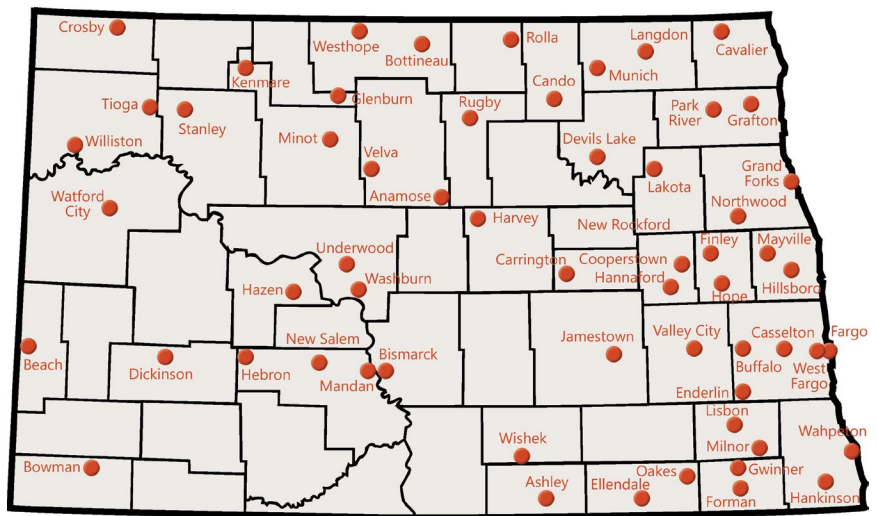


The city of Wahpeton renewed the program for an additional five years in 2018. Wahpeton started utilizing the Renaissance Zone Program in 2003 and has had 55 approved projects. Recent projects include Tractor Supply Company in 2017, Brew 2 Inc. in 2017, Grippers Sports in 2017 and Dakota Coffee Company in 2016.

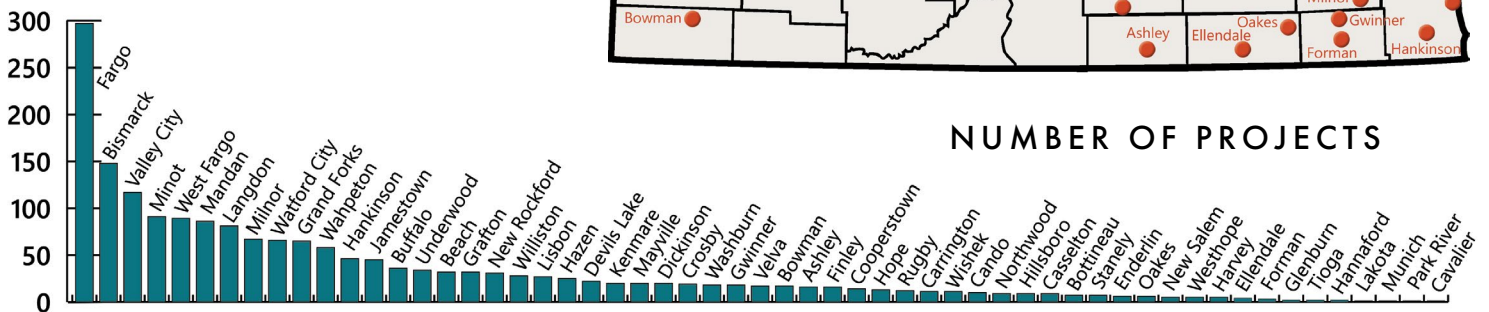
The city of Valley City renewed the program for an additional five years in 2020. Valley City started utilizing the Renaissance Zone Program in 2000 and has had 125 approved projects. Recent major projects include Brockopp Brewing LLC in 2020 and Valley Lumber Company in 2018.

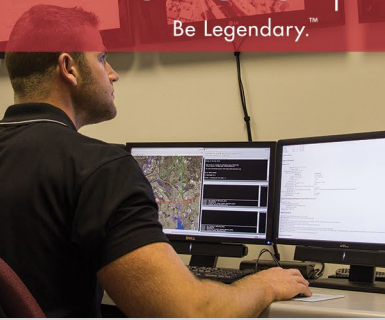
The city of Hazen renewed the program for an additional five years in 2018. Hazen started utilizing the Renaissance Zone Program in 2003 and has had 26 approved projects. Recent projects include Mandate Machinery in 2017 and Tractor Supply Company in 2017.

## RENAISSANCE ZONE PARTICIPANTS



## NUMBER OF PROJECTS





## INDUSTRY FACTS

STATE  
COMMITMENT  
FOR NEW  
INFRASTRUCTURE  
**\$33  
MILLION**

**\$77  
MILLION**  
TOTAL  
INVESTMENT BY  
THE STATE OF  
NORTH  
DAKOTA

THE  
NATION'S FIRST  
**BVLOS  
SYSTEM**  
VANTIS

**1<sup>ST</sup>**  
UAV  
TRANSATLANTIC  
FLIGHT

## NORTH DAKOTA UMANNED AIR SYSTEMS (UAS): THE NEXT GENERATION

North Dakota's unmanned systems sector continues to lead the nation in supporting the agricultural and energy industries, commercializing intellectual property and operationalizing federal requirements. To continue this growth and momentum, North Dakota must continue to invest in growing its Beyond Visual Line of Sight (BVLOS) network, support robust operations at the Northern Plains UAS Test Site (NPUASTS) and expand infrastructure at the Grand Sky UAS Park to support highly diverse and well-paying jobs as well as the national security mission.

## GRAND SKY: THE NATION'S FIRST PRIVATE UAS PARK


Grand Sky, the nation's first UAS business and aviation park, is home for flight testing, UAS operations and research and development. Grand Sky offers build-to-suit locations and temporary facilities for commercial UAS development and testing, as well as defense-related operations support and has attracted more than \$100 million in private investment. Grand Sky offers access to secure defense networks, dark fiber, a 12,351-foot runway, uncongested airspace with less than 10 operations daily and more than 330 days of flying weather annually. Testing operations are supported with electronics component distributors, metal fabrication, 3D printing and equipment support for the most demanding test requirements. Grand Sky partners like the Northern Plains UAS Test Site can support airspace needs. Grand Sky is home to one of the nation's first commercial BVLOS system.

## VANTIS


North Dakota leads in attracting companies and federal agencies to operationalize, commercialize and grow this sector by leveraging historic investments, utilizing existing resources, subject matter expertise and infrastructure to continue the growth trajectory, commercialization of new technologies, and well-paying jobs. North Dakota is using VANTIS and its subject matter experts at the test site on behalf of NASA, DoD, CBP and private industry. The Bakken capability will be deployed by Spring 2021. Commerce is recruiting new industries to assist in energy production and supporting small communities across the state. Autonomous development and the attraction of private equity throughout the agricultural sector continues at a rapid clip as well, including new start up activity from Plug and Play.




# KEY NORTH DAKOTA GROWTH




**\$400 million**  
in private sector  
investment.



**Almost 50 UAS**  
**companies** call North  
Dakota home.



**Over 1,000 people**  
employed by the  
industry.



**Federal partners**  
include DoD, CBP and  
FAA.

## INDUSTRY CLUSTERS

The North Dakota UAS entrepreneur cluster is larger than any other accelerator, incubator or entrepreneur center in the nation.

Almost all UAS companies operate in North Dakota, including:

- Northrop Grumman
- General Atomics
- Collins Aerospace
- L3 Harris Technologies
- Thales USA
- SkySkopes
- ISight RPV Services
- Botlink

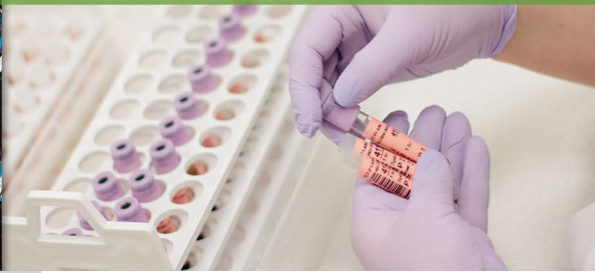
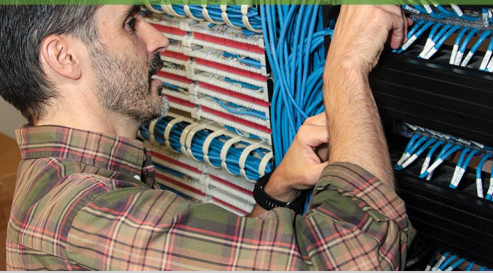
## SUCCESSES

- Participation in the FAA's BEYOND program which continues the partnership that was started through the UAS Integration Pilot Program
- Northrop Grumman endurance testing
- Department of Homeland Security Northern Border Airspace Domain Awareness Test Bed
- Four contracts awarded to support the United States Air Force Agility Prime program

## PREMIER TEST SITE ADVANTAGES

- Strong industry support
- Open terrain
- Robust energy and agriculture industry clusters
- Broad infrastructure, including Grand Sky Business Park and Northern Plains Test Site
- Research through UND Research Institute for Autonomous Systems
- History and culture of aviation safety
- Uncongested airspace
- Climate diversity
- Unique testing locations and scenarios





## FUND FACTS

**18**  
PARTICIPANTS

MORE THAN  
**\$14**  
MILLION  
IN LOANS AWARDED

**NEW**  
**IP**  
DEVELOPED  
IN NORTH  
DAKOTA

The Innovation Technology Loan Fund (LIFT) is an innovation loan fund to support technology advancement by providing financing for commercialization of intellectual property within the state of North Dakota. The following industries qualify for these funds:

- Advanced computing and data management
- Agriculture technology
- Autonomous and unmanned vehicles and related technologies
- Energy
- Health care
- Value-added agriculture
- Value-added energy
- Any industry or area specifically identified by the committee as an industry that will contribute to the diversification of the state's economy

The use of the loan funds are available to enhance capacity and to the extent possible, leverage state, federal and private sources of funding. Loan funds may be used to conduct applied research, experimentation or operational testing within the state. Loan funds may not be used for capital or building investments or for research, academic or instructive programming, workforce training, administrative costs, or to supplant funding for regular operations of institutions of higher education.

Approval for the LIFT applications shall be made by the LIFT Committee with consideration given to the following:

1. Deliver applied research, experimentation or operational testing in one or more of the diversification sectors to create information or data to enhance North Dakota companies or industries or companies making investments in North Dakota.
2. Lead to the commercialization or patent of an innovation technology solution.
3. Result in the development of a new company or expansion of an existing company that will diversify the state's economy through new products, investment or skilled jobs.

### LIFT LOAN TERMS INCLUDE:

- Zero percent interest for the first three years of the loan
- Two percent interest for the next two years of the loan
- An interest rate equal to a standard Bank of North Dakota loan for all subsequent years

More info can be found by visiting [NDCC Chapter 6-09.18](#).

## INDUSTRIES REPRESENTED



ADVANCED  
COMPUTING  
AND DATA  
MANAGEMENT



AGRICULTURE  
TECHNOLOGY



ENERGY  
AND  
VALUE-ADDED  
ENERGY



HEALTH CARE



VALUE-ADDED  
AGRICULTURE



UAS

## LIFT SUCCESS EXAMPLES

**Access Point Technologies EP Inc.** — A global supplier of innovative medical devices focused on meeting the needs of the large and fast-growing electrophysiology (EP) market, estimated at \$5 billion today with an 11% CAGR. APT EP designs and develops new catheters and systems for treating cardiac arrhythmias. It is building a new R&D center in Horace ND which will be ready in Q1 2021 and plans to develop both catheters and systems in this new facility. In addition, the company plans to hire and train local engineering talent and partner with ND physicians to develop significant bioscience intellectual property (IP) in the state.



**Checkable Medical Corp.** — Developing an at-home strep test to be manufactured in North Dakota and launching an at-home rapid COVID-19 antibody test. LIFT support allowed it to move the founding team to the state and partner with a North Dakota clinical research partner to execute its trial. The company plans to create high-paying jobs in the bioscience industry in the next couple years.



**First-I LLC (KSI Video)** — Currently contracting its software services from a North Dakota company and recently established an office in Grand Forks as base for the development and manufacture of a new UAS product designed to assist first responders and emergency management personnel. The company is applying for matching funding from other sources and plans to have a commercially viable prototype available later in 2021. To date it has created one job in Grand Forks with plans for additional hires once it reaches commercialization.



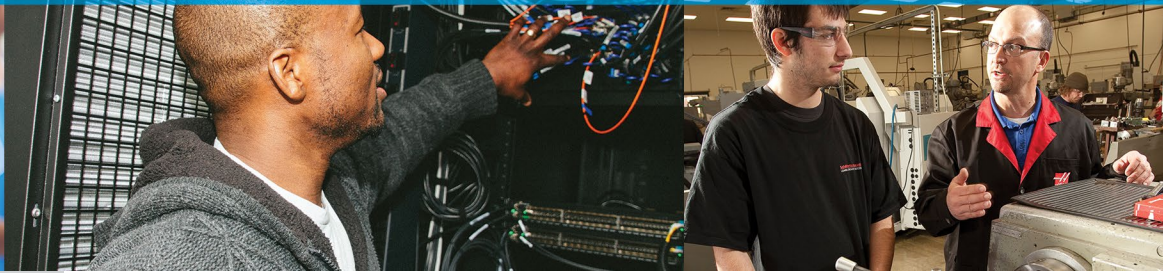
**Three Farm Daughters** — A value-added ag start-up creating high-fiber, low gluten food products utilizing GoodWheat varieties grown in the USA and milled at the North Dakota State Mill. Three Farm Daughters has launched three pasta products and a 100% wheat flour for sale online and in stores in North Dakota and Minnesota. In doing so, Three Farm Daughters utilizes three North Dakota logistics companies, a North Dakota food-grade warehouse facility and collaborates with a Grand Forks local chef for recipe development.



**TracFrac Inc.** — A Bismarck-based company developing a patent pending scheduling platform that coordinates activities between operators and service companies in the oil and gas industry. Currently working with two major energy companies in North Dakota, TracFrac adds reliability and automation to the oil and gas monitoring and notification system.







## FACTS

**79%**

ND HIGH SCHOOL STUDENTS IN CTE COURSES

**1,600**

RELEASED ANNUALLY FROM ND CORRECTIONAL FACILITIES

**23%**

OF ND WORKFORCE IS LICENSED

**12 PROGRAMS**

SUPPORTED BY TECHNICAL SKILLS GRANT IN 2020

## ROLE OF WORKFORCE DEVELOPMENT COUNCIL

The role of the North Dakota Workforce Development Council is to advise the governor and the public concerning the nature and extent of workforce development in the context of North Dakota's economic development needs, and how to meet these needs effectively while maximizing the efficient use of available resources and avoiding unnecessary duplication of effort.

The Workforce Development Council consists of more than 30 members, with representation from industry; K-12, post-secondary and career and technical education; organized labor; WIOA state workforce partners and local and state elected officials.

## LETTER FROM THE CHAIR

As Chair of the North Dakota Workforce Development Council, I am pleased to forward 13 recommendations and two endorsements that the Council believes can help address the greatest workforce challenges faced by the state of North Dakota today and in the coming years. These recommendations fall under four themes that were previously identified in the Council's 2018 Report of Recommendations: earlier and more diverse career exploration and addressing the technical skills gap; removing barriers to employment; occupational licensing reform; and recruitment and retention of North Dakota workers.

*David E. Farnsworth*

## WDC MEMBER LOCATIONS



Council members represent large and small communities across the state.

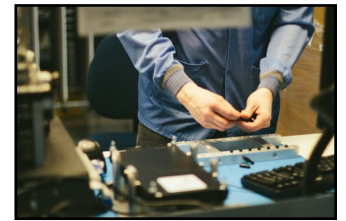
## Earlier & More Diverse Career Exploration and Addressing the Technical Skills Gap

- **The Council recommends** expanding Area Career & Technology Centers (ACTC) with a total investment of \$45 million to be awarded incrementally to multiple school districts through a competitive grant process to regions that demonstrate commitment to ensuring success through industry alignment and private sector match.
- **The Council recommends** that the North Dakota Department of Career and Technical Education (NDCTE) and North Dakota Department of Public Instruction (NDDPI) work collaboratively to promote and encourage increased opportunities for career explorations in our schools.
- **The Council recommends** expanding North Dakota Studies curriculum to highlight multiple industries and career opportunities.
- **The Council recommends** the development of a grant program to support the private sector in creating virtual examples of high demand careers in North Dakota for educators and students to access.
- **The Council endorses** utilizing a portion of ND Career Builders funding to promote the program to stakeholders, including businesses, employees, students, parents and educators.



## Removing Barriers to Employment

- **The Council recommends** developing a job placement pilot program through a coordinated effort between Job Service North Dakota, Department of Corrections & Rehabilitation, local organizations that serve and support individuals with criminal backgrounds, and employers with a goal of placing recently or soon-to-be released individuals into in-demand positions in North Dakota.
- **The Council recommends** promoting the existing framework and service provided by the North Dakota Parole and Pardon Advisory Boards to allow individuals with criminal backgrounds participating in the job placement pilot program, as well as people preparing for parole, to have the opportunity to apply for a certificate to demonstrate their readiness for the workplace.
- **The Council recommends** developing a statewide marketing campaign to provide education around hiring individuals with criminal backgrounds with a goal of changing employer perceptions and hiring practices.



## Occupational Licensing Reform

- **The Council recommends** removing vague or generic terms, including without limitation the phrases "moral turpitude" and "good character" from licensing board policies.
- **The Council recommends** establishing and making public criminal convictions that will disqualify an applicant from obtaining a license to practice, and implementing a pre-qualification process for applicants who have criminal convictions on their record in order to prevent the unnecessary expense of training and testing if a specific past conviction will disqualify an applicant from receiving a license to practice in North Dakota.
- **The Council recommends** establishing an ongoing system for data collection from licensing boards, commissions, and agencies so future reform efforts can be specific to evolving needs, barriers and opportunities.
- **The Council recommends** clearly defining who qualifies as a military spouse or dependent and including military personnel under the provisions of the military spouse licensure reciprocity bill (SB 2306) passed by the 66th Legislative Assembly.

## Recruitment and Retention of Workers

- **The Council recommends** sustaining the Technical Skills Training grant created by the Department of Commerce with \$1 million of Coronavirus Aid, Relief and Economic Security (CARES) Act funding. This grant program provides matching dollars to help training providers develop or expand accelerated, skilled workforce training programs in targeted industries and in-demand occupations.
  - » **The Council endorses** the current \$2 million funding allocation for TrainND as determined in the North Dakota Department of Career and Technical Education budget for the 2021-2023 biennium and is supportive of TrainND serving as a key partner in providing training programs under the Technical Skills Training Grant, in addition to the private sector and other training providers.
- **The Council recommends** investing in a workforce recruitment campaign to support targeted industries in attracting workers to the state.





## INDUSTRY FACTS

**22**  
**MILLION**  
ANNUAL  
VISITORS

**\$3**  
**BILLION**  
IN VISITOR  
SPENDING

MORE  
THAN  
**3,000**  
RELATED  
BUSINESSES AND  
ORGANIZATIONS

MORE  
THAN  
**42K**  
JOBS

## TOURISM DIVERSIFIES NORTH DAKOTA'S ECONOMY

Tourism links communities, supports main streets, sparks economic diversification and defines our image – how we see ourselves and how others see us. It is a significant economic driver.

The sector employs more than 42,000 North Dakota citizens. Residents in every community, large and small, rural and urban, benefit from visitor spending and tourism activities.

North Dakota's tourism sector comprises five industries: accommodations, food and beverage, recreation and entertainment, transportation and retail. From restaurants to museums, service stations to golf courses, tourism benefits every county of the state.

## TOURISM IS AN EXPORT COMMODITY

North Dakota's visitor economy grows when more people travel to and within the state, and visitors interact more with a destination. Shopping, dining, purchasing transportation and lodging, buying event tickets, attending galleries, performances and sporting events and other activities all contribute to a stronger visitor economy.

## FAST FACTS ABOUT NORTH DAKOTA'S TOURISM INDUSTRY

### REVENUE SOURCE

Tourism contributed \$3 billion in total traveler spending and \$300 million in visitor paid taxes to the state's economy in 2018.

### SUPPORTS LOCAL BUSINESS

Tourism is a significant revenue source for hotels, lodges, restaurants, museums, art galleries, parks, fishing and hunting outfitters, casinos, sporting events, retail outlets, coffee shops, festivals, craft shops, golf courses and many other businesses. In 2018, there were more than 22 million visitors to and through North Dakota.

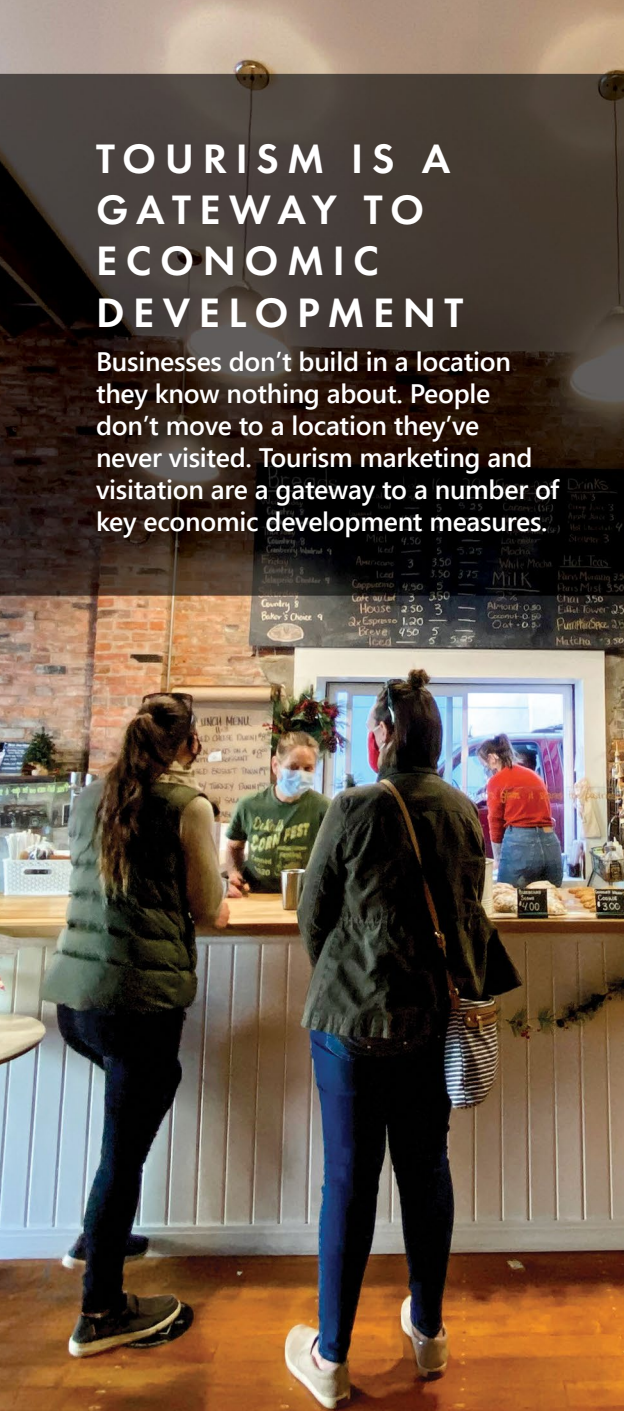
### ECONOMIC DRIVER

There are more than 3,000 businesses and organizations offering countless attractions, events and tourism-related activity in the state.

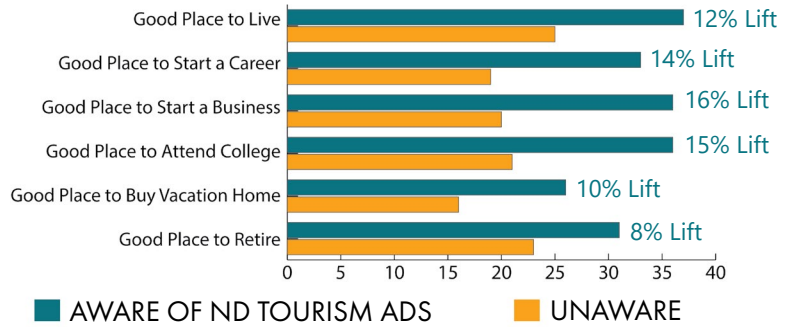


# TOURISM IS A GATEWAY TO ECONOMIC DEVELOPMENT

Businesses don't build in a location they know nothing about. People don't move to a location they've never visited. Tourism marketing and visitation are a gateway to a number of key economic development measures.

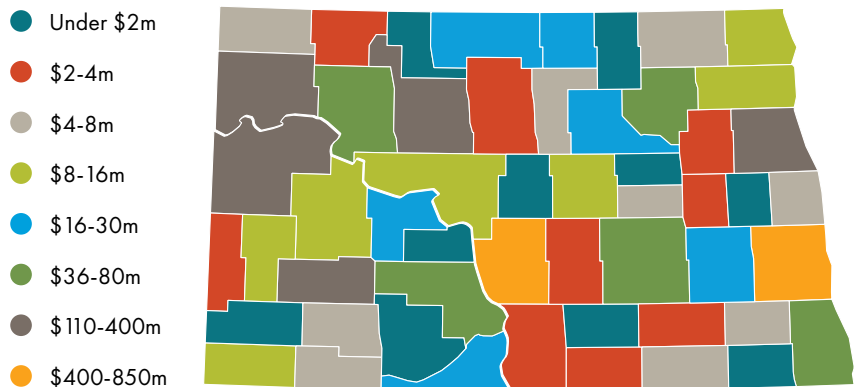


## HALO EFFECT OF NORTH DAKOTA TOURISM MARKETING



Across the board, the advertisements done by North Dakota Tourism have a positive effect on how North Dakota is perceived.

## VISITOR SPENDING BY COUNTY



Travel and tourism positively impacts every county in North Dakota, creating jobs and generating sales across dozens of sectors.

VISITOR SPENDING BRINGS OUTSIDE DOLLARS INTO NORTH DAKOTA'S ECONOMY, GENERATING TAX REVENUE, ADDITIONAL BUSINESS INCOME, JOBS AND A MORE DIVERSE ECONOMY.

**\$522**  
**MILLION**  
IN LODGING

**\$900**  
**MILLION**  
IN FOOD AND  
BEVERAGE

**\$593**  
**MILLION**  
IN  
TRANSPORTATION

**\$383**  
**MILLION**  
IN RECREATION

**\$522**  
**MILLION**  
IN RETAIL

Be Legendary.™



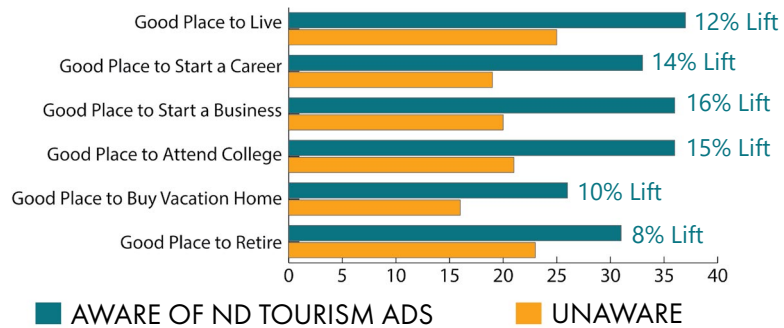
AD EFFECTIVENESS



TOURISM ADVERTISING ELEVATES  
NORTH DAKOTA'S IMAGE

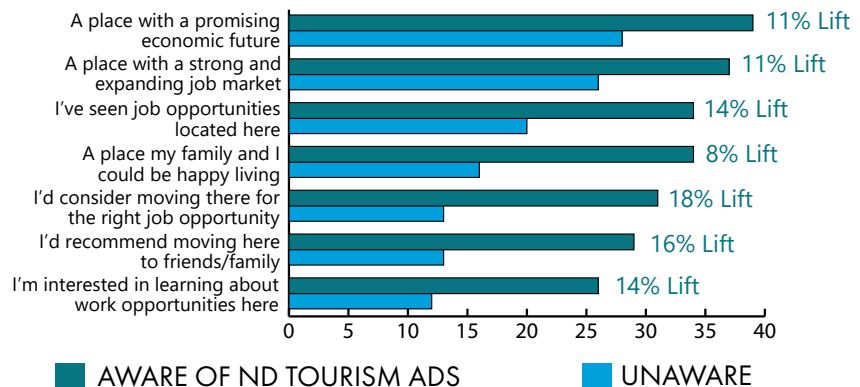
Advertising is a powerful tool with the ability to change perceptions, attitudes and behaviors. Research shows that North Dakota Tourism's promotional campaigns create a "halo effect" that lifts image and diversifies the economy through increased visitation and makes North Dakota a more favorable place to live, work, start a business, attend college, purchase a home and retire.

HALO EFFECT OF NORTH DAKOTA  
TOURISM MARKETING



Awareness of North Dakota's advertising led to double-digit increases in positive impressions across economic development attributes, most notably the impression of North Dakota as a place to be happy living in, that would be considered moving to for the right job opportunity and willingness to recommend to friends and family.

TOURISM ADVERTISING IMPROVES IMAGE OF  
ECONOMIC DEVELOPMENT ATTRIBUTES





## WHY INVEST IN ADVERTISING?

Tourism advertising supports North Dakota entrepreneurs and businesses by raising awareness of North Dakota.

Every dollar invested in North Dakota Tourism advertising returns \$104 in incremental visitor spending.

Every dollar invested in North Dakota Tourism paid media returns \$5.90 in tax revenue resulting in \$300 million in visitor-paid taxes.

Tourism advertising supports North Dakota's Main Streets with visitation supporting communities of all sizes in every county in the state.

There are 45,646 visitor-supported jobs and 2,977 tourism-related businesses in North Dakota.

## SOLID ADVERTISING OUTREACH

A 2020 study reinforces the impact of North Dakota Tourism advertising on economic development and image lift. Tourism advertising is the most visible and cost-effective tool for reaching those who can be motivated, not only to visit our state, but to consider North Dakota for relocation or business building. Here is how far the North Dakota Tourism campaign has reached over the last couple of years.



TV

67 MILLION (2019)  
83 MILLION (2020)



PRINT

12 MILLION (2019)  
12 MILLION (2020)



DIGITAL

112 MILLION (2019)  
233 MILLION (2020)



OUT-OF-HOME

34 MILLION (2019)  
85 MILLION (2020)



SOCIAL MEDIA

5.3 MILLION (2019)  
23 MILLION (2020)

## OPPORTUNITY AHEAD

North Dakota has an opportunity to use its valued competitive advantages now more than ever. Its safe, open, uncrowded, worry-free and affordable lifestyle is being sought out worldwide, as the post-COVID demographic shifts. With the world in transition, we need to showcase all the state's offerings to drive demand to businesses that put North Dakota on a growth track.

