Prepared by the Legislative Council staff for
Conference Committee
April 27, 2023

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1018

That the Senate recede from its amendments as printed on pages 1933-1940 of the House Journal and pages 1643-1650 of the Senate Journal and that Engrossed House Bill No. 1018 be amended as follows:

Page 1, line 3, remove "and"

Page 1, line 3, replace "subsection 4 of section 21-10-13, sections" with "10-30.5-04, 10-30.5-05,"

Page 1, line 4, after the third comma insert "54-60.2-01,"

Page 1, line 6, after the first comma insert "the North Dakota development fund,"

Page 1, line 9, remove "and"

Page 1, line 9, after "report" insert "; and to declare an emergency"

Page 1, remove lines 19 through 24

Page 2, replace lines 1 through 5 with:

"Salaries and wages	$12,835,431	$2,622,805	$15,458,236
Operating expenses	17,317,760	7,410,202	24,727,962
Grants	50,232,330	79,065,351	129,297,681
Discretionary funds	2,150,000	0	2,150,000
Workforce programs	0	28,500,000	28,500,000
COVID-19 response	0	16,739,696	16,739,696
Weatherization and energy programs	0	120,000,000	120,000,000
Partner programs	1,562,531	(654,611)	907,920
Entrepreneurship grants and vouchers	948,467	0	948,467
Total all funds	$85,046,519	$253,683,443	$338,729,962
Less estimated income	53,544,379	223,013,053	276,557,432
Total general fund	$31,502,140	$30,670,390	$62,172,530
Full-time equivalent positions	58.80	5.00	63.80"

Page 2, replace lines 12 through 20 with:

"Beyond visual line of sight uncrewed aircraft system	20,000,000	26,000,000
Enhanced use lease grant	7,000,000	10,000,000
Workforce grants to tribally controlled community colleges	500,000	0
Workforce safety grant	1,500,000	0
Job development and economic growth grant	1,500,000	0
Tourism marketing	7,000,000	5,000,000
Tourism destination development initiative	0	40,000,000
Technical skills training grants	6,000,000	2,000,000
Motion picture production and recruitment grant	100,000	600,000
Creamery assistance grant	0	250,000"

Page 2, replace lines 24 and 25 with:

"Discretionary funds	1,000,000	0
Small business credit initiative	56,234,176	572,143"

Page 3, replace lines 1 through 6 with:

"Rural workforce housing grant program	0	2,000,000
Workforce talent attraction initiative	0	12,000,000
Workforce investment grant program	0	12,500,000
Weatherization and energy assistance program	0	120,000,000"

Page 3, replace lines 10 through 13 with:

"Heating and cooling grant program	0	3,258,084
Total all funds	$138,574,496	$252,596,946
Less estimated income	135,409,064	223,246,946
Total general fund	$3,165,432	$29,350,000"

Page 3, line 22, replace "**LEGACY EARNINGS**" with "**STRATEGIC INVESTMENT AND IMPROVEMENTS**"

Page 3, line 23, remove "Pursuant to the designation of"

Page 3, remove line 24

Page 3, line 25, replace the first "the" with "The"

Page 3, line 25, replace "$20,000,000" with "$10,000,000"

Page 3, line 25, remove "legacy"

Page 3, line 26, replace "earnings" with "strategic investment and improvements"

Page 3, line 31, replace "$30,000,000" with "$65,000,000"

Page 4, remove lines 3 through 31

Page 5, remove lines 1 through 31

Page 6, replace lines 1 through 7 with:

"**SECTION 6. ESTIMATED INCOME - FEDERAL WEATHERIZATION AND ENERGY ASSISTANCE PROGRAMS - FULL-TIME EQUIVALENT POSITIONS.** The estimated income line item in section 1 of this Act includes $120,000,000 from federal funds derived from the Infrastructure Investment and Jobs Act and the Inflation Reduction Act for weatherization and energy assistance programs. Of the full-time equivalent positions included in section 1 of this Act, three positions are for the administration of weatherization and energy assistance programs for the 2023-25 biennium. The full-time equivalent positions identified in this section are considered one-time positions."

Page 6, line 10, replace "$98,500,000" with "$83,000,000"

Page 6, line 11, replace "$7,000,000" with "$2,000,000"

Page 6, line 12, replace "$25,000,000" with "$40,000,000"

Page 6, line 13, remove "grant"

Page 6, line 13, replace "$30,000,000" with "$26,000,000"

Page 6, line 14, replace "$28,000,000" with "and $10,000,000"

Page 6, line 14, remove ", $2,000,000 is for new"

Page 6, remove line 15

Page 6, line 16, remove "grant to an organization that provides workforce safety"

Page 6, line 18, remove "grant"

Page 6, line 19, after the period insert "The department of commerce may provide funding for the tourism destination development initiative program in the form of program grants or grants for interest rate buydowns but may not award more than $20,000,000 for a project under this program."

Page 6, line 21, replace "the sum of $6,500,000" with "$1,500,000"

Page 6, line 21, replace "general" with "strategic investment and improvements"

Page 6, line 21, after "fund" insert "as identified in section 7 of this Act"

Page 6, after line 31, insert:

"**SECTION 9. WORKFORCE PROGRAMS.** The workforce programs line item in section 1 of this Act includes $28,500,000 from the general fund for workforce-related programs, of which $12,000,000 is for the workforce talent attraction initiative, $12,500,000 is for the workforce investment grant program, $2,000,000 is for technical skills training grants, and $2,000,000 is for new Americans workforce development and training grants."

Page 7, line 6, replace "appropriated" with "identified"

Page 7, line 8, remove "**- STATE MAGAZINE**"

Page 7, line 10, after "magazine" insert "with the current publisher of the magazine, $350,000 is designated for supporting an organization dedicated to assisting native American small businesses in North Dakota, and $350,000 is designated for providing base retention grant funding to eligible organizations in Minot"

Page 7, replace lines 11 through 20 with:

"**SECTION 12. ENTREPRENEURSHIP GRANTS AND VOUCHER PROGRAM.** The entrepreneurship grants and voucher line item in section 1 of this Act includes $948,467, of which $740,956 is from the general fund and $207,511 is from the economic development fund, for the purpose of defraying the expenses of the entrepreneurship grants and voucher program. The department shall establish guidelines to provide grants under the program."

Page 11, remove lines 29 and 30

Page 12, replace lines 1 through 17 with:

"**SECTION 20. AMENDMENT.** Section 10-30.5-04 of the North Dakota Century Code is amended and reenacted as follows:

10-30.5-04. Powers.

The corporation must be organized as a nonprofit corporation. In addition to the powers in chapter 10-33, the corporation may:

1. Cooperate ~~and~~, contract with, and provide funding to any private or public entity.

2. Receive appropriations from the legislative assembly and other public moneys as well as contributions from other private or public contributors. The funds for the entrepreneurship awards under section 10-30.5-12 may not exceed one million dollars.

3. Provide management services for the Bank's alternative and venture capital investments and early-stage capital funds.

SECTION 21. AMENDMENT. Section 10-30.5-05 of the North Dakota Century Code is amended and reenacted as follows:

10-30.5-05. Management.

1. The director of the department of commerce division of economic development and finance shall appoint the chief executive officer of the corporation. The board of directors shall determine minimum qualifications of all other staff positions.

2. If the chief executive officer of the corporation is absent for more than five consecutive days or is anticipated to be absent for more than five consecutive days, the chief executive officer may delegate the duties and responsibilities of the chief executive officer to the director of the department of commerce division of economic development and finance, or the director's designee.

3. All investments, contracts, partnerships, limited liability companies, and business transactions of the corporation are the responsibility of the chief executive officer and the board of directors. The board may provide that normal operating costs anticipated in an approved budget may be incurred and paid without prior board approval."

Page 14, after line 18, insert:

"**SECTION 26. AMENDMENT.** Section 54-60.2-01 of the North Dakota Century Code is amended and reenacted as follows:

54-60.2-01. Establishment of workforce development grant for tribally controlled community colleges.

There is established within the division of workforce development of the department of commerce a program to provide workforce development grants to tribally controlled community colleges in North Dakota. A tribally controlled community college in this state may apply to the department of commerce for a job training grant in such manner as the department of commerce prescribes. The department of commerce shall consult with the executive director of the Indian affairs commission to determine eligible tribally controlled community colleges ~~and shall award grants based on the documented job placement rates at each eligible college~~."

Page 16, line 1, replace "$1,000,000" with "$1,500,000"

Page 16, line 1, replace "general" with "strategic investment and improvements"

Page 16, line 1, remove "discretionary funds in"

Page 16, line 2, replace "section 10 of chapter 15" with "a job development and economic growth grant in section 1 of chapter 46"

Page 16, line 5, replace "general" with "strategic investment and improvements"

Page 16, line 8, replace "strategic investment and improvements" with "general"

Page 17, line 6, remove "administered by the"

Page 17, line 7, replace "department during the 2023-25 biennium" with "identified in section 2 of this Act derived from the general fund or state special funds"

Page 17, line 9, after the third comma insert "and"

Page 17, line 10, remove ", current and future estimated return on"

Page 17, remove lines 11 through 15

Page 17, line 16, remove "of the beyond visual line of sight uncrewed aircraft system program under section 54-60-29.1"

Page 17, after line 18, insert:

"**SECTION 31. EMERGENCY.** The following are declared to be an emergency measure:

1. The $120,000,000 appropriated from federal funds derived from the Infrastructure Investment and Jobs Act and the Inflation Reduction Act for weatherization and energy programs in the weatherization and energy programs line item and in the estimated income line item in section 1 of this Act; and

2. The $26,000,000 appropriated from the strategic investment and improvements fund for the beyond visual line of sight uncrewed aircraft system program in the grants line item and in the estimated income line item in section 1 of this Act."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1018 - Department of Commerce - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	$12,835,431	$16,764,534	($1,306,298)	$15,458,236	$15,508,248	($50,012)
Operating expenses	17,317,760	33,544,200	(8,816,238)	24,727,962	25,434,200	(706,238)
Grants	50,232,330	176,347,681	(47,050,000)	129,297,681	136,347,681	(7,050,000)
Discretionary funds	2,150,000	2,500,000	(350,000)	2,150,000	2,150,000	
COVID-19 response		16,167,553	572,143	16,739,696	16,739,696	
Weatherization and energy programs			120,000,000	120,000,000	210,000,000	(90,000,000)
Partner programs	1,562,531	1,562,531	(654,611)	907,920	907,920	
Workforce programs			28,500,000	28,500,000	30,000,000	(1,500,000)
Entrepreneurship grants and vouchers	948,467	948,467		948,467	948,467	
Total all funds	$85,046,519	$247,834,966	$90,894,996	$338,729,962	$438,036,212	($99,306,250)
Less estimated income	53,544,379	171,549,469	105,007,963	276,557,432	371,557,432	(95,000,000)
General fund	$31,502,140	$76,285,497	($14,112,967)	$62,172,530	$66,478,780	($4,306,250)
FTE	58.80	62.80	1.00	63.80	65.80	(2.00)

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

	Adjusts Funding for Salary and Benefit Increases[1]	Removes FTE Positions[2]	Removes Salary Funding for Funding Pool[3]	Transfers Federal Funding Between Line Items[4]	Reduces Funding for Partner Programs[5]	Adjusts Funding for the Heating and Cooling Assistance Programs[6]
Salaries and wages	$214,771	($561,762)	($1,069,307)	$110,000		
Operating expenses		(706,238)		(110,000)		
Grants						
Discretionary funds						
COVID-19 response						
Weatherization and energy programs						
Partner programs					($654,611)	
Workforce programs						
Entrepreneurship grants and vouchers						
Total all funds	$214,771	($1,268,000)	($1,069,307)	$0	($654,611)	$0
Less estimated income	38,391	0	(102,571)	0	0	0
General fund	$176,380	($1,268,000)	($966,736)	$0	($654,611)	$0
FTE	0.00	(2.00)	0.00	0.00	0.00	0.00

	Adjusts One-Time Funding for Workforce Initiatives[7]	Adjusts Other One-Time Funding Initiatives[8]	Adds One-Time Funding for Weatherization and Energy Programs[9]	Total Conference Committee Changes
Salaries and wages				($1,306,298)
Operating expenses	($8,000,000)			(8,816,238)
Grants	(29,000,000)	($18,050,000)		(47,050,000)
Discretionary funds		(350,000)		(350,000)
COVID-19 response		572,143		572,143
Weatherization and energy programs			$120,000,000	120,000,000
Partner programs				(654,611)
Workforce programs	28,500,000			28,500,000
Entrepreneurship grants and vouchers				
Total all funds	($8,500,000)	($17,827,857)	$120,000,000	$90,894,996
Less estimated income	(2,000,000)	(12,927,857)	120,000,000	105,007,963
General fund	($6,500,000)	($4,900,000)	$0	($14,112,967)
FTE	0.00	0.00	3.00	1.00

[1] Salaries and wages funding is adjusted to provide for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	$187,087	$39,696	$226,783
Health insurance adjustment	(10,707)	(1,305)	(12,012)
Total	$176,380	$38,391	$214,771

The House provided salary adjustments of 4 percent on July 1, 2023, and July 1, 2024. The Senate provided salary adjustments of 6 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Two FTE positions and related funding from the general fund is removed as follows:

	Salaries and Wages	Operating Expenses	Total
FTE position - Office of Automation	($310,858)	($689,142)	($1,000,000)
FTE position - Global Engagement Office	(250,904)	(17,096)	(268,000)
Total	($561,762)	($706,238)	($1,268,000)

The reduction of $17,096 of operating expenses for the FTE Global Engagement Office position results in a total of $351,404 of operating expenses available for the Global Engagement Office. The Senate did not remove these positions and related funding.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	($405,880)	$0	($405,880)
Vacant FTE positions	(560,856)	(102,571)	(663,427)
Total	($966,736)	($102,571)	($1,069,307)

The Senate also removed funding for the new and vacant FTE funding pool.

[4] Federal funding of $110,000 for the AmeriCorps workforce community services program is transferred from the operating expenses line item to the salaries and wages line item for temporary salaries, the same as provided by the Senate. The House transferred $220,000 of federal funding for the program from the grants line item to the operating expenses line item.

[5] Ongoing funding of $654,611 from the general fund in the partner program line item for the North Dakota Small Business Development Center is removed, resulting in $907,920 from the general fund remaining for partner programs, the same as provided by the Senate. The House provided $1,562,531 from the general fund for partner programs, the same as the base level.

[6] Federal funding of $2,085,834 added by the House in the COVID-19 response line item for weatherization, heating and furnace, and cooling assistance programs is removed from ongoing funding and added by the Conference Committee as one-time funding. The Senate also made this adjustment.

[7] One-time funding for workforce initiatives is adjusted as follows:

	General Fund	Other Funds	Total
Adds funding for workforce talent attraction initiative operating expenses to provide $12 million from the general fund in the workforce programs line item. The House provided $8 million from the general fund in the operating expenses line item. The Senate provided $14 million from the general fund in the workforce programs line item.	$4,000,000	$0	$4,000,000
Reduces funding for workforce investment program grants to provide a total of $12.5 million from the general fund for the workforce investment program, the same as provided by the Senate. The House provided $15 million from the general fund in the grants line item.	(2,500,000)	0	(2,500,000)
Removes funding added by the House for automation workforce transition training grants. The Senate also removed this funding.	(5,000,000)	0	(5,000,000)
Removes funding added by the House for automation workforce equipment grants. The Senate also removed this funding.	(5,000,000)	0	(5,000,000)
Transfers $2 million from the general fund for technical skills training grants from the grants line item to the workforce programs line item, the same as provided by the Senate.	0	0	0
Adjusts funding for new Americans workforce development and training grants by removing funding added by the House from the strategic investment and improvements fund (SIIF) in the grants line item and adding funding from the general fund in the workforce programs line item. The Senate removed $2 million from SIIF in the grants line item and added $1.5 million from the general fund in the workforce programs line item.	2,000,000	(2,000,000)	0
Total	($6,500,000)	($2,000,000)	($8,500,000)

[8] One-time funding for community services, tourism, and uncrewed aircraft systems (UAS), and other workforce initiatives is adjusted as follows:

	General Fund	Other Funds	Total
Reduces funding for the rural workforce housing grant program to provide a total of $2 million from SIIF, of which $300,000 is for temporary salaries, $200,000 is for operating expenses, and $1.5 million is for grants, the same as provided by the Senate. The House provided $7 million from SIIF, of which $6.5 million was for grants.	$0	($5,000,000)	($5,000,000)
Adds funding for the tourism destination development initiative to provide a total of $40 million from SIIF. The House provided $25 million from SIIF. The Senate provided $50 million from SIIF.	0	15,000,000	15,000,000
Removes funding for Main Street Initiative community development grants. The House and Senate provided $400,000 for this program.	(400,000)	0	(400,000)
Reduces funding for the beyond visual line of sight (BVLOS) UAS program to provide a total of $26 million from SIIF. The House provided $30 million from SIIF. The Senate provided $20 million from SIIF.	0	(4,000,000)	(4,000,000)
Reduces funding for the enhanced use lease grant program to provide a total of $10 million from SIIF. The House provided $28 million from SIIF. The Senate provided $7 million from SIIF.	0	(18,000,000)	(18,000,000)
Removes funding for workforce grants to tribally controlled community colleges. The House provided $5 million from the general fund. The Senate provided $2.5 million from the general fund.	(5,000,000)	0	(5,000,000)
Removes funding added by the House from SIIF for a workforce safety grant. The Senate also removed this funding.	0	(1,500,000)	(1,500,000)
Adds funding for a creamery assistance grant to be provided directly to Cows & Co Creamery. The Senate did not provide funding for this purpose.	250,000	0	250,000
Adds funding for a motion picture production and recruitment grant to be provided directly to Canticle Productions. The Senate did not provide funding for this purpose.	600,000	0	600,000
Reduces funding for discretionary funds to provide a total of $2.15 million from the general fund, the same as the base level and as provided by the Senate. The House added $350,000 to provide a total of $2.5 million from the general fund.	(350,000)	0	(350,000)
Adds federal funding for the State Small Business Credit Initiative technical assistance program, the same as provided by the Senate. The House did not add funding for this program.	0	572,143	572,143
Total	($4,900,000)	($12,927,857)	($17,827,857)

[9] One-time funding of $120 million is added from federal funds derived from the Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA) for weatherization and energy assistance programs. The Department of Commerce anticipates funding may be available for the following programs:

Program	Federal Funds
State energy program (IIJA)	$3,905,130
Weatherization (IIJA)	15,131,495
Energy efficiency revolving loan fund (IIJA)	4,641,870
Energy efficiency block grant (IIJA)	1,653,240
Home energy performance-based whole-house rebate program (IRA)	37,338,470
High-efficiency electric home rebate program (IRA)	37,121,060
Total	$99,791,265

The department anticipates other states will not use all federal funding awarded for these programs, resulting in additional funding that may be available to North Dakota for an estimated total of $120 million. The department is authorized 3 FTE positions that are considered one-time positions for the administration of these programs.

The House did not add funding for this purpose. The Senate added $210 million and authorized 3 FTE positions.

The Conference Committee:

- Did not add one-time funding for a regional council grant program. The Senate added $4 million from SIIF.

- Retained a section removed by the Senate to amend North Dakota Century Code Section 54-60-22. The House added this section to expand recommendations provided by the Workforce Enhancement Council to the Commissioner of the Department of Commerce regarding the approval of training grants to include training providers and businesses, rather than only providing recommendations for grants to institutions of higher education.

This amendment also:

- Amends a section providing for a transfer to the legacy investment for technology (LIFT) fund for the LIFT program. The House provided for a $20 million transfer from the legacy earnings fund. The Senate provided a $5 million transfer from SIIF. The Conference Committee provided a $10 million transfer from SIIF.
- Amends a section providing for a transfer from SIIF to the North Dakota Development Fund. The House provided for a $30 million transfer. The Conference Committee provided for a $65 million transfer, the same as provided by the Senate.
- Removes a section that provided for a transfer of $120 million from SIIF to the North Dakota Development Fund for a fertilizer development grant program. The Senate also removed this section.
- Adds a section identifying $120 million of one-time funding and one-time FTE positions for weatherization and energy assistance programs from federal funding available as a result of the federal IIJA and IRA. The Senate identified $210 million.
- Amends a section identifying funding in Section 1 from SIIF. The House provided $98.5 million. The Senate provided $88 million. The Conference Committee provided $83 million.
- Amends a section identifying funding for rural workforce housing program grants. The House provided $6.5 million from SIIF. The Conference Committee provided $1.5 million from SIIF, the same as provided by the Senate.
- Adds a section identifying funding from the general fund in a newly created workforce programs line item. The Senate provided $30 million. The Conference Committee provided $28.5 million.
- Amends a section identifying the funding appropriated from the general fund for discretionary funds,of which $150,000 is designated for supporting the continuation of the North Dakota state magazine with the current publisher, $350,000 is designated for supporting an organization dedicated to assisting Native American small businesses in the state, and $350,000 is for base retention grants to eligible organizations in Minot. The House and Senate included the state magazine designation but did not include the Native American small businesses or base retention grants designations.
- Removes a section identifying funding for workforce development grants to tribally controlled community colleges. The House provided $5 million. The Senate amended the section to identify $2.5 million.
- Adds a section identifying funding available for the entrepreneurship grants and vouchers program, also known as Innovate ND. The Senate also added this section.
- Removes a section added by the House that amended Section 21-10-13(4), related to legacy earnings fund allocations. The Senate also removed this section.
- Adds a section to amend Section 10-30.5-04 to clarify the authority of the North Dakota Development Fund to allow for funding to be provided to private or public entities through North Dakota Development Fund contracts. The Senate also added this section.
- Adds a section to amend Section 10-30.5-05 to provide if the North Dakota Development Fund Chief Executive Officer is absent for more than 5 consecutive days or is anticipated to be absent for more than 5 consecutive days, the Chief Executive Officer may delegate the duties and responsibilities of the Chief Executive Officer to the Director of the Department of Commerce Division of Economic Development and Finance under Chapter 54-34.3, or the Director's designee. The Senate also added this section.
- Adds a section to amend Section 54-60.2-01 to remove the requirement that workforce development grants to tribally controlled community colleges be awarded based on documented job placement rates at each eligible college. The Senate also added this section.
- Removes a subsection providing an exemption for discretionary funds and adds a subsection to provide an exemption for a job development and economic growth grant from the 2021-23 biennium. The Senate also adjusted these exemption subsections.
- Amends a section related to the Department of Commerce providing a report to Legislative Management during the 2023-24 interim regarding the status of grant programs administered by the department. The Senate did not amend this section. The Conference Committee amended the section to provide the report relate only to one-time funding items from the general fund and state special funds.
- Adds a section to declare the $120 million of federal funds appropriated for weatherization and energy assistance programs and $26 million appropriated from SIIF for the BVLOS UAS program to be an emergency measure. The Senate declared $210 million of federal funding for weatherization and energy programs to be an emergency measure. The House did not declare an emergency for these programs.