

Recommendations from the Executive Director of the Northern Plains UAS Test Site:

As the Executive Director of the Northern Plains UAS Test Site, I am writing to respectfully recommend the following revisions to House Bill 1018. These revisions are intended to enhance the approach and provide necessary funding for our test site, which plays a crucial role in the advancement and commercialization of our government-related activities.

The test site is an important governmental function recognized by the FAA as a trusted entity to facilitate UAS integration by conducting safety panels, recommending regulations and policy, and engaging with several federal agencies at a government-to-government level. I am strongly advocating for the signatory authority to allow for improved control and a more collaborative partnership with industry stakeholders and partners to deliver an enduring capability that is transformative to the global aviation community. Additionally, I recommend allocating funding for the continued development of regulations and policy, industry standards development, and supporting reauthorization.

Given the pressing nature of integrating UAS into our national airspace, it is vital that we establish an organization that will continue to facilitate close collaboration with the FAA. To this end, it is essential that we possess the flexibility to act on recommendations in a timely manner and reduce bureaucratic barriers in order to maintain our position as a leader in UAS integration. Reducing the current levels of bureaucracy that exist in contracting and financial management of all test site projects not only hinders progress in UAS integration, but it also slows down ongoing program management processes, causing delays and resulting in additional costs for our State.

By eliminating red tape and streamlining decision-making, we can not only maintain our position as a pioneer in UAS integration but also improve efficiencies in conducting business with our industry partners and stakeholders. I strongly recommend that the Legislature move towards the establishment of the test site as an authorized authority or public corporation allowing us the necessary flexibility to act on recommendations more effectively and to advance the state of innovation that we have enjoyed as a leader in the advancement of unmanned systems in the US and the world.

Goals of Recommendation

1. Allow the Northern Plains UAS Test Site (NPUASTS) to operate and act on its own behalf as an entity of the State. There will still be governance, oversight, and audit capabilities. Today, Commerce must sign off on every decision as the legally responsible entity. Given the maturity of this industry, the ability to maintain a government component is critical.
2. Authorize ability to enter into contracts or agreements with federal, state, private, and nonprofit organizations to carry out partnerships, joint ventures, or other appropriate legal business relationships with industry. This ability to enter into Public-Private Partnerships will diversify funding opportunities and increase revenue stream potential to sustain growth in the marketplace. Industry needs the public sector to lead inherently

governmental conversations at Federal and State levels, and North Dakota needs industry ability to invest and capitalize.

3. Authorize ability to explore and develop in adjacent and related opportunities of autonomy and uncrewed systems. Industry and other states are already exploring Advanced Air Mobility and eVTOL opportunities. This builds on the foundation already in existence with uncrewed aircraft systems.

Recommended Revisions:

54-60-28. Unmanned aircraft systems program - Report to legislative management.

The department shall provide support to operate and manage an Uncrewed Systems Test Site Authority which has been designated and recognized by the Federal Aviation Administration and overseen by a board of advisors appointed by the Governor. The Authority shall enable a Test Site Organization that operates on behalf of the Authority and has the authority to administer the organization, charge fees, and enter into contracts with public or private entities. The Test Site Organization shall have the intent to provide expertise, management, coordination, participation, research, development, and operations of uncrewed systems in cooperation with public and private entities in the State of North Dakota and may enter into agreements to provide similar services to entities outside the State if deemed advantageous. The Authority may authorize the Test Site Organization to enter into partnership agreements with other Public and/or Private entities, subject to future appropriations, and also to expand its mission and coordinate with other state, federal or private entities. The department shall report semiannually to legislative management on the status of the program.

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

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

54-60-29.1. Beyond visual line of sight unmanned aircraft system program -Requirements - Report to legislative management.

The department may establish and administer a program for the design, purchase, implementation and operation of a beyond visual line of sight unmanned aircraft system. This

5 program should establish government and industry partnerships consistent with North Dakota
6 Century Code. The department shall require any entity receiving funding for this program which
7 is operating the beyond visual line of sight unmanned aircraft system to provide quarterly
8 payments to the state treasurer equal to three percent of the entity's gross income associated
9 with the operation of the beyond visual line of sight unmanned aircraft system as reported in
10 the entity's prior year financial statements. The state treasurer shall deposit any funds received
11 under this section in the state general fund, and any additional funds into the UAS program
12 fund. The department shall provide semiannual reports to the legislative management
13 regarding the development of the beyond visual line of sight unmanned aircraft system
14 program and the total amount deposited by the state treasurer in the state general fund.

Other Comments to Consider

- Small, incremental changes vs an overhaul.
- Consider seeking Attorney General opinion based on past interpretations from the 2014 letter.
- NDCC 19-0739-050000 SERC Senate Bill No. 2249 Thursday, January 3, 2019
 - NDCC example language that may be more aligned with what we are trying to do. This code relates to establishing the State Energy Research Center of North Dakota, under EERC.

Notes for appropriated funds to the Test Site program

- Supports development and capability building activities to continue bringing federal and private funding and programs to the State.
- Upcoming program with DoD – multi year program being funded annually for at least 5 years.
- Regulatory and policy development favorable to industry in North Dakota.
- Development of Advanced Air Mobility and eVTOL activities. Partnerships building with other States and clusters to evolve supply and logistics chains for both good and services, and for people transportation.
- Funding opportunities that come through this program translate to jobs and economic activity of industry partners who ultimately perform the work.
- Maintain leadership position in this space.

