

23.0247.01006
Title.

Prepared by the Legislative Council staff for
the House Appropriations - Education and
Environment Division Committee
February 14, 2023

Fiscal No. 1

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1018

Page 1, line 2, after "commerce" insert "; to amend and reenact sections 6-09.18-01, 6-09.18-02, 6-09.18-03, 6-09.18-04, 6-09.18-05, 6-09.18-06, 6-09.18-07, 54-60-22, 54-60-28, 54-60-29, and 54-60-29.1 and subsection 4 of section 21-10-13 of the North Dakota Century Code, relating to the legacy investment for technology program, the workforce enhancement council, and the administration of uncrewed aircraft system programs; to amend and reenact subsection 35 of section 1 of chapter 550 of the 2021 Special Session Laws relating to a North Dakota development fund grant program; to provide a transfer; to provide an exemption; and to provide for a report"

Page 1, replace lines 10 through 22 with:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$12,835,431	\$3,929,103	\$16,764,534
Operating expenses	17,317,760	16,226,440	33,544,200
Grants	50,232,330	121,615,351	171,847,681
Discretionary funds	2,150,000	350,000	2,500,000
COVID-19 response	0	16,167,553	16,167,553
Partner programs	1,562,531	0	1,562,531
Entrepreneurship grants and vouchers	<u>948,467</u>	<u>0</u>	<u>948,467</u>
Total all funds	\$85,046,519	\$158,288,447	\$243,334,966
Less estimated income	<u>53,544,379</u>	<u>118,005,090</u>	<u>171,549,469</u>
Total general fund	\$31,502,140	\$40,283,357	\$71,785,497
Full-time equivalent positions	58.80	4.00	62.80"

Page 1, line 23, after the boldfaced period insert "**ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-NINTH LEGISLATIVE ASSEMBLY.**"

Page 1, line 24, after "biennium" insert "and the one-time funding items included in the appropriation in section 1 of this Act"

Page 2, replace lines 2 through 24 with:

"Unmanned aircraft system	\$1,000,000	\$0
Beyond visual line of sight uncrewed aircraft system	20,000,000	30,000,000
Enhanced use lease grant	7,000,000	28,000,000
Workforce grants to tribally controlled community colleges	500,000	500,000
Workforce safety grant	1,500,000	1,500,000
Job development and economic growth grant	1,500,000	0
Tourism marketing	7,000,000	5,000,000
Tourism destination development initiative	0	25,000,000
Technical skills training grants	6,000,000	2,000,000
Motion picture production and recruitment grant	100,000	0
Travel agent and tour operator emergency resiliency grants	2,000,000	0
Event center emergency resiliency grants	2,000,000	0
Tourism transportation improvement grant	565,432	0
Discretionary funds	1,000,000	350,000
Small business credit initiative	56,234,176	0

Workforce community service Americorps program	1,074,888	785,000
Community development planning grants	1,000,000	0
Workforce innovation network grant program	100,000	0
North Dakota development fund	5,000,000	0
Autonomous agriculture grant program	10,000,000	0
Local workforce development incentive grant program	15,000,000	0
Rural workforce housing grant program	0	7,000,000
Workforce talent attraction initiative	0	8,000,000
Workforce investment grant program	0	15,000,000
Automation workforce training grants	0	5,000,000
Automation workforce equipment grants	0	5,000,000
Main street initiative community development grants	0	400,000
New Americans workforce training grants	0	2,000,000
Parks and recreation grants	0	1,550,000
Energy conservation grant program	0	14,081,719
Heating and cooling grant program	0	1,172,250
Total all funds	\$138,574,496	\$152,338,969
Less estimated income	<u>135,409,064</u>	<u>116,088,969</u>
Total general fund	\$3,165,432	\$36,250,000

The 2023-25 biennium one-time funding amounts are not part of the entity's base budget for the 2025-27 biennium. The department of commerce shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025."

Page 2, line 26, replace "\$755,000" with "\$1,006,896"

Page 2, after line 28, insert:

"SECTION 4. TRANSFER - LEGACY EARNINGS FUND TO LEGACY INVESTMENT FOR TECHNOLOGY FUND - INNOVATION TECHNOLOGY LOANS.

Pursuant to the designation of funding for other legislative purposes under subdivision c of subsection 4 of section 21-10-13, the office of management and budget shall transfer the sum of \$20,000,000 from the legacy earnings fund to the legacy investment for technology fund for the purpose of providing legacy investment technology loans, for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 5. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO NORTH DAKOTA DEVELOPMENT FUND.

The office of management and budget shall transfer the sum of \$30,000,000 from strategic investment and improvements fund to the North Dakota development fund for programs under chapter 10-30.5, during the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 6. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO NORTH DAKOTA DEVELOPMENT FUND - FERTILIZER DEVELOPMENT ADVISORY COUNCIL - EXEMPTION.

1. The office of management and budget shall transfer the sum of \$120,000,000 from strategic investment and improvements fund to the North Dakota development fund under chapter 10-30.5 for the purpose of a fertilizer development grant program, during the biennium beginning July 1, 2023, and ending June 30, 2025.
2. Notwithstanding any other provision under chapter 10-30.5, the board of directors shall distribute grant funding to entities to support the

development of fertilizer plants in the state based on recommendations from the fertilizer development advisory board. In consultation with the advisory board, the board of directors shall develop program guidelines including eligibility criteria.

3. To be eligible for a grant, a fertilizer development project must be located within the state, and the owner of the fertilizer development project must be an entity domiciled in the United States or Canada. Fifty percent of the grant awards must be designated for one or more fertilizer development projects that use hydrogen produced by the electrolysis of water, and fifty percent of the grant awards must be designated for one or more fertilizer development projects that use natural gas or lignite resources.
4. The fertilizer development advisory board consists of the following members:
 - a. The commissioner of commerce or the commissioner's designee to serve as chairman;
 - b. The agriculture commissioner or the commissioner's designee;
 - c. A representative of the soybean industry appointed by the agriculture commissioner;
 - d. A representative of the corn industry appointed by the agriculture commissioner;
 - e. A representative of the hydrogen or wind industry appointed by the agriculture commissioner;
 - f. A representative of the ethanol industry appointed by the agriculture commissioner;
 - g. A representative of the grain growers industry appointed by the agriculture commissioner;
 - h. A representative of the petroleum industry appointed by the governor; and
 - i. A representative of the lignite industry appointed by the governor.
5.
 - a. To the extent the board of directors, fertilizer development advisory board, or department of commerce determines any materials or data consist of trade secrets or commercial, financial, or proprietary information of entities applying for a fertilizer development grant, materials and data submitted to, made by, or received by the board of directors, fertilizer development advisory board, or department of commerce, are not public records subject to section 44-04-18 and section 6 of article XI of the Constitution of North Dakota, but are subject to section 44-04-18.4.
 - b. A person may file a request with the board of directors, fertilizer development advisory board, or department of commerce to have material designated as confidential under subdivision a. The request must contain any information required by the board of directors, fertilizer development advisory board, or department of commerce and must include at least the following:

- (1) A general description of the nature of the information sought to be protected.
 - (2) An explanation of why the information derives independent economic value, actual or potential, from not being generally known to other persons.
 - (3) An explanation of why the information is not readily ascertainable by proper means of other persons.
 - (4) A general description of any person that may obtain economic value from disclosure or use of the information, and how the person may obtain this value.
 - (5) A description of the efforts used to maintain the secrecy of the information.
- c. Any request under subdivision b is confidential. The board of directors, fertilizer development advisory board, or department of commerce shall examine the request and determine whether the information is relevant to the matter at hand and is a trade secret under the definition in section 44-04-18.4 or 47-25.1-01. If the board of directors, fertilizer development advisory board, or department of commerce determines the information is either not relevant or not a trade secret, the board of directors, fertilizer development advisory board, or department of commerce shall notify the requester and the requester may ask for the return of the information and the request within ten days of the notice. If no return is sought, the information and request are open records.
6. A fertilizer development grant is not a business incentive under chapter 54-60.1.

SECTION 7. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - LEGISLATIVE INTENT. The estimated income line item in section 1 of this Act includes the sum of \$98,500,000 from the strategic investment and improvements fund, of which \$7,000,000 is for the rural workforce housing grant program, \$5,000,000 is for the tourism marketing awareness initiative, \$25,000,000 is for the tourism destination development initiative grant program, \$30,000,000 is for the beyond visual line of sight uncrewed aircraft system program, \$28,000,000 is for the enhanced use lease grant program, \$2,000,000 is for new Americans workforce development and training grants, and \$1,500,000 is for a workforce safety grant to an organization that provides workforce safety. It is the intent of the sixty-eighth legislative assembly that the department of commerce not hire a third-party consultant when determining how funding for the tourism destination development initiative grant program will be spent.

SECTION 8. RURAL WORKFORCE HOUSING GRANT PROGRAM. The grants line item in section 1 of this Act includes the sum of \$6,500,000 from the general fund for the purpose of providing rural workforce housing grants. The department of commerce shall develop guidelines for the grants, including eligibility criteria, maximum grant awards, and reporting requirements. Grants may be awarded to cities with a population of fewer than 10,000 residents. Grant funding may be used to:

1. Conduct a housing study in the city to identify workforce housing needs, blighted property, and vacant lots within the city;

2. Purchase blighted properties or vacant lots;
3. Remove hazards or structures from blighted properties or vacant lots; and
4. Provide up to \$10,000 per business for repairs or improvements if the business is located in a mixed-use property that will be used for rural workforce housing."

Page 2, line 30, replace "\$250,000" with "\$444,000"

Page 3, after line 4, insert:

"SECTION 10. DISCRETIONARY FUNDS - STATE MAGAZINE. Of the amount appropriated from the general fund in the discretionary funds line item in section 1 of this Act, \$150,000 is designated for supporting the continuation of the North Dakota state magazine.

SECTION 11. AMENDMENT. Section 6-09.18-01 of the North Dakota Century Code is amended and reenacted as follows:

6-09.18-01. Definitions.

In this chapter, unless the context otherwise requires:

1. "Commissioner" means the commissioner of the department of commerce.
2. "Committee" means the ~~innovation loan fund to support technology advancement~~legacy investment for technology committee.
3. "Diversification sectors" means the following industries:
 - a. Advanced computing and data management;
 - b. Agriculture technology;
 - c. Autonomous and ~~unmanned~~uncrewed vehicles and related technologies;
 - d. Energy;
 - e. Health care;
 - f. Value-added agriculture;
 - g. Value-added energy; and
 - h. Any industry or area specifically identified by the committee as an industry that will contribute to the diversification of the state's economy.

SECTION 12. AMENDMENT. Section 6-09.18-02 of the North Dakota Century Code is amended and reenacted as follows:

6-09.18-02. ~~Innovation loan fund to support technology advancement~~Legacy investment for technology committee - Membership - Meetings.

1. The ~~innovation loan fund to support technology advancement~~legacy investment for technology committee consists of:
 - a. The commissioner or the commissioner's designee who shall serve as the chairperson of the committee and is a nonvoting member of the committee;
 - b. Three members representing active venture capital firms, private entities, or angel capital funds;
 - c. One member with finance-related experience, knowledge, or education; and
 - d. Three members from the private sector with expertise in the diversification sectors.
2. The commissioner, in consultation with the president of the Bank of North Dakota, shall appoint the members of the committee. The term of office of the appointed members of the committee is four years, and the terms must be staggered so that no more than one of the members' terms appointed under subdivisions b and c of subsection 1 expires each year, and so that no more than one of the members' terms appointed under subdivision d of subsection 1 expires each year. Each term of office commences on the first day of July. Members serve at the pleasure of the commissioner and may be reappointed for additional terms. Members of the committee may not invest or otherwise participate in applied research, experimentation, or operational testing associated with a loan awarded under this chapter. If a committee member appointed under subdivision b of subsection 1 ceases to represent an active venture capital firm, private entity, or angel capital fund, that individual's membership on the committee ceases immediately and the commissioner, in consultation with the president of the Bank of North Dakota, shall appoint a new member to the committee for the remainder of the term.
3. A committee member representing the private sector is eligible to receive compensation in an amount not exceeding one hundred thirty-five dollars per day and travel and expense reimbursement as provided by law for state officers for attending meetings of the committee.
4. The committee shall meet as necessary to make loan recommendations and provide ongoing review of research, development, and commercialization activities.

SECTION 13. AMENDMENT. Section 6-09.18-03 of the North Dakota Century Code is amended and reenacted as follows:

6-09.18-03. ~~Innovation loan fund to support technology advancement~~InnovationLegacy investment technology loan program.

The department of commerce shall administer the ~~innovation~~legacy investment technology loan program in consultation with the Bank of North Dakota to provide loans for activities identified in this chapter. The department of commerce shall provide

administrative support for the program, including the drafting of application forms, receiving applications, reviewing applications for completeness and compliance with committee policy, and forwarding complete applications to the committee in accordance with the guidelines established by the committee. Program guidelines relating to ownership of intellectual property, inventions, and discoveries must address activities and issues unique to technologies, patents, and companies created as a result of a legacy ~~innovation~~investment technology loan.

SECTION 14. AMENDMENT. Section 6-09.18-04 of the North Dakota Century Code is amended and reenacted as follows:

6-09.18-04. ~~Innovation~~Legacy investment technology loans - Eligibility.

1. The committee shall establish guidelines for entities to qualify for an ~~innovation~~legacy investment technology loan under this section. The committee shall consider and process applications in a timely manner that does not jeopardize an applicant's opportunity to leverage other funds.
2. In determining whether to recommend approval of an application, the committee shall consider the extent to which the proposal will:
 - a. 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;
 - b. Lead to the commercialization or patent of an innovation technology solution; or
 - c. 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.
3. The Bank of North Dakota shall review the business plan, financial statements, and other information necessary for the Bank to determine which applications recommended for approval by the committee will be approved by the Bank for final loan approval. The terms of the loan must include:
 - a. Zero percent interest for the first three years of the loan;
 - b. Two percent interest for the next two years of the loan; and
 - c. An interest rate equal to a standard Bank of North Dakota loan for all subsequent years.
4. To be eligible for a loan under this chapter, an entity shall agree to provide the Bank of North Dakota with information as requested by the Bank.

SECTION 15. AMENDMENT. Section 6-09.18-05 of the North Dakota Century Code is amended and reenacted as follows:

~~6-09.18-05. Innovation loan fund to support technology advancement~~Legacy investment for technology fund - Continuing appropriation.

The ~~innovation loan fund to support technology advancement~~legacy investment for technology fund is a special fund in the state treasury and must be administered by the department of commerce. All moneys in the fund are appropriated to the department of commerce on a continuing basis for the purpose of providing ~~innovation~~legacy investment technology loans and for administrative expenses. The department of commerce shall deposit in the ~~innovation loan fund to support technology advancement~~legacy investment for technology fund all principal and interest paid on loans made from the fund. Interest earned on moneys in the fund must be credited to the fund.

SECTION 16. AMENDMENT. Section 6-09.18-06 of the North Dakota Century Code is amended and reenacted as follows:

6-09.18-06. Use of loan funds.

Loan recipients shall use ~~innovation~~legacy investment technology loan funds to enhance capacity and, to the extent possible, leverage state, federal, and private sources of funding. An entity receiving a loan under this chapter may not use the funds for capital or building investments or for research or other activities not identified in this chapter. The funds may not be used for academic or instructive programming, workforce training, administrative costs, or to supplant funding for regular operations of institutions of higher education. Unless otherwise approved by the committee, loan recipients may use funding only to conduct applied research, experimentation, or operational testing within the state. If an entity awarded a loan no longer conducts its activities in the state, the interest rate of the loan shall default to the rate of a standard Bank of North Dakota loan.

SECTION 17. AMENDMENT. Section 6-09.18-07 of the North Dakota Century Code is amended and reenacted as follows:

**~~6-09.18-07. Innovation loan fund to support technology advancement -~~
Postaward monitoring.**

Upon completion of work performed from funding provided by a legacy investment technology loan, the department of commerce shall provide an independent review of the results. Evaluation criteria may include:

1. How the work performed has contributed to the development of a company or the expansion of an existing company, has enhanced the ability of a company to make investments in the state, or otherwise enticed a company to invest or move to the state.
2. How the work performed has led to additional economic investment of capital from public and private sector entities within and outside North Dakota.
3. How the work performed has led to or may lead to a patent or research that is commercially viable.

SECTION 18. AMENDMENT. Subsection 4 of section 21-10-13 of the North Dakota Century Code is amended and reenacted as follows:

4. On July first of each odd-numbered year, from the amount available for appropriation or transfer from the legacy earnings fund for the biennium, the state treasurer shall transfer funding in the following order:
 - a. The first one hundred fifty million dollars to the legacy sinking and interest fund under section 6-09.4-10.1.
 - b. The next sixty million dollars to the highway tax distribution fund for allocations under section 54-27-19.
 - c. Any remaining funds for other purposes as designated by the legislative assembly, including:
 - (1) Up to fifty million dollars for tax relief pursuant to appropriations or transfers authorized by the legislative assembly;
 - (2) Up to thirty million dollars to the clean sustainable energy fund pursuant to appropriations or transfers authorized by the legislative assembly; and
 - (3) Up to thirty million dollars for university research programs, the ~~innovation loan fund to support technology advancement~~legacy investment for technology fund, and workforce enrichment initiatives pursuant to appropriations or transfers authorized by the legislative assembly.

SECTION 19. AMENDMENT. Section 54-60-22 of the North Dakota Century Code is amended and reenacted as follows:

54-60-22. Workforce enhancement council - Grants.

The workforce enhancement council shall recommend to the commissioner the approval of grants to training providers, businesses, and institutions of higher education assigned primary responsibility for workforce training in this state to be used to create or enhance training programs that address workforce needs of private sector companies. A grant made under this section may be used for curriculum development, equipment, recruitment of participants, and training and certification for instructors but may not be used to supplant funding for current operations. The department may distribute funds under this section after:

1. The division of workforce development certifies that a proposed training program meets a critical workforce shortage in a target industry or other high-demand occupation and is expected to lead to employment in this state; and
2. The proposed recipient provides the department with detailed documentation of private sector participation, including the availability of one dollar of matching funds for each dollar of state funds.

SECTION 20. AMENDMENT. Section 54-60-28 of the North Dakota Century Code is amended and reenacted as follows:

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

The department may ~~establish~~operate and administer an ~~unmanneduncrewed~~ aircraft systems test site, contingent upon receiving official designation by the federal aviation administration. The department ~~shall~~may ~~cooperate~~ and contract with the university of North Dakota, the North Dakota aeronautics commission, the adjutant general, and other public or private parties appointed by the governor entities as determined by the commissioner in the operation and administration of the test site. The department may charge fees sufficient to operate the test site. The department shall, to the extent possible, use competitive bidding in the ~~establishment~~operation and administration of the test site. The commissioner may charter a public corporation to operate the test site. The corporation must possess all of the powers of a business corporation consistent with this chapter. The department shall report to the legislative management semiannually on the status of the program.

SECTION 21. AMENDMENT. Section 54-60-29 of the North Dakota Century Code is amended and reenacted as follows:

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

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

SECTION 22. AMENDMENT. Section 54-60-29.1 of the North Dakota Century Code is amended and reenacted as follows:

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

The department may establish and administer a beyond visual line of sight ~~unmanneduncrewed~~ aircraft system program for the design, purchase, implementation, and operating costs of a beyond visual line of sight ~~unmanneduncrewed~~ aircraft system. The department shall require any entity receiving funding for this program which is operating the beyond visual line of sight ~~unmanneduncrewed~~ aircraft system to provide quarterly payments to the state treasurer equal to ~~three percent of the entity's gross income associated with the operation of the beyond visual line of sight unmanned aircraft system as reported in the entity's prior year financial~~

statements based on a fee structure determined by the commissioner. The state treasurer shall deposit any funds received under this section in the state general fund. The department shall provide semiannual reports to the legislative management regarding the development of the beyond visual line of sight unmanned uncrewed aircraft system program and the total amount deposited by the state treasurer in the state general fund.

SECTION 23. AMENDMENT. Subsection 35 of section 1 of chapter 550 of the 2021 Special Session Session Laws is amended and reenacted as follows:

35. There is appropriated from federal funds derived from the state fiscal recovery fund, not otherwise appropriated, the sum of \$5,000,000, which the office of management and budget shall transfer to the North Dakota development fund under chapter 10-30.5 for the purpose of a North Dakota development fund grant program during the period beginning with the effective date of this Act, and ending June 30, 2023.

SECTION 24. EXEMPTION - UNEXPENDED APPROPRIATIONS. The following appropriations are not subject to the provisions of section 54-44.1-11 and may be continued into the biennium beginning July 1, 2023, and ending June 30, 2025:

1. The sum of \$320,000 that was continued into the 2021-23 biennium in section 17 of chapter 46 of the 2021 Session Laws from the appropriation from the general fund for the nonresident nurse employment recruitment program in section 27 of chapter 40 of the 2019 Session Laws;
2. The sum of \$11,393,078 appropriated from federal funds derived from the Coronavirus Aid, Relief, and Economic Security Act, of which \$3,000,000 was for the community development block grant program, \$7,393,078 was for the community services block grant program, and \$1,000,000 was for the emergency solutions grant program in section 1 of chapter 27 of the 2021 Session Laws;
3. The sum of \$56,234,176 appropriated from federal funds derived from COVID-19 response funds for the state small business credit initiative program in section 2 of chapter 28 of the 2021 Session Laws;
4. The sum of \$2,150,000 appropriated from the general fund for discretionary funds in section 1 of chapter 46 of the 2021 Session Laws;
5. The sum of \$1,000,000 appropriated from the general fund for discretionary funds in section 10 of chapter 15 of the 2021 Session Laws;
6. The sum of \$3,000,000 appropriated from the general fund for the unmanned aircraft system program in section 1 of chapter 46 of the 2021 Session Laws;
7. The sum of \$19,000,000 appropriated from the general fund for the beyond visual line of sight unmanned aircraft system program in section 1 of chapter 46 of the 2021 Session Laws;
8. The sum of \$1,000,000 appropriated from the strategic investment and improvements fund for beyond visual line of sight unmanned aircraft system program matching funds in section 1 of chapter 46 of the

2021 Session Laws and amended in section 22 of chapter 549 of the 2021 Special Session Session Laws;

9. The sum of \$7,000,000 appropriated from the strategic investment and improvements fund for the enhanced use lease grant program in section 1 of chapter 46 of the 2021 Session Laws;
10. The sum of \$1,330,212 appropriated from the general fund for the homeless shelter grant program in section 1 of chapter 46 of the 2021 Session Laws;
11. The sum of \$1,074,888 appropriated from federal funds for the workforce community services Americorps program in section 19 of chapter 549 of the 2021 Special Session Session Laws;
12. The sum of \$1,000,000 appropriated from federal funds for the community development planning grant program in section 20 of chapter 549 of the 2021 Special Session Session Laws;
13. The sum of \$10,000,000 appropriated from federal funds derived from the state fiscal recovery fund for autonomous agriculture matching grants in subsection 37 of section 1 of chapter 550 of the 2021 Special Session Session Laws, which shall be awarded without any matching fund requirements;
14. The sum of \$15,000,000 appropriated from federal funds derived from the state fiscal recovery fund for the workforce development incentive grant program in subsection 38 of section 1 of chapter 550 of the 2021 Special Session Session Laws; and
15. The sum of \$5,000,000 appropriated from federal funds derived from the state fiscal recovery fund for the technical skills training grants program in subsection 39 of section 1 of chapter 550 of the 2021 Special Session Session Laws.

SECTION 25. LEGISLATIVE MANAGEMENT REPORT - DEPARTMENT OF COMMERCE GRANT PROGRAMS. During the 2023-24 interim, the department of commerce shall report to the legislative management regarding the status of each grant program administered by the department during the 2023-25 biennium, including funding spent to date, the number of individuals or businesses awarded funding, the name and amount of funding awarded to each individual and business, the date funding was awarded, criteria used when awarding funding, a detailed listing of how the funding has been used, current and future estimated return on investment statistics and the economic effect on the state's economy as a result of each program, future plans for the use of remaining grant funds, any funding the department anticipates requesting to continue into the 2025-27 biennium, and any anticipated requests to the sixty-ninth legislative assembly for additional funding for each program. The department of commerce shall provide information regarding actual and expected revenue received as a result of the beyond visual line of sight uncrewed aircraft system program under section 54-60-29.1. The department of commerce shall provide one report by December 31, 2023, and no fewer than two reports during the period beginning January 1, 2024, and ending October 31, 2024."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

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

	Base Budget	House Changes	House Version
Salaries and wages	\$12,835,431	\$3,929,103	\$16,764,534
Operating expenses	17,317,760	16,226,440	33,544,200
Grants	50,232,330	121,615,351	171,847,681
Discretionary funds	2,150,000	350,000	2,500,000
COVID-19 response		16,167,553	16,167,553
Partner programs	1,562,531		1,562,531
Entrepreneurship grants and vouchers	948,467		948,467
Total all funds	\$85,046,519	\$158,288,447	\$243,334,966
Less estimated income	53,544,379	118,005,090	171,549,469
General fund	\$31,502,140	\$40,283,357	\$71,785,497
FTE	58.80	4.00	62.80

Department 601 - Department of Commerce - Detail of House Changes

	Adds Funding for Base Payroll Changes ¹	Adds Funding for the Cost to Continue Salaries ²	Adds Funding for Salary and Benefit Increases ³	Adds Funding for FTE Positions ⁴	Adjusts Base Level Funding ⁵	Transfers Funding to the Housing Finance Agency ⁶
Salaries and wages	\$727,512	\$100,495	\$1,056,624	\$967,642	\$731,000	(\$84,538)
Operating expenses				1,057,642	1,966,282	(62,803)
Grants					(26,000)	(2,570,212)
Discretionary funds					2,085,834	
COVID-19 response						
Partner programs						
Entrepreneurship grants and vouchers						
Total all funds	\$727,512	\$100,495	\$1,056,624	\$2,025,284	\$4,757,116	(\$2,717,553)
Less estimated income	283,274	20,345	176,239	0	2,583,604	(1,147,341)
General fund	\$444,238	\$80,150	\$880,385	\$2,025,284	\$2,173,512	(\$1,570,212)
FTE	0.00	0.00	0.00	4.00	0.00	0.00

	Adds One-Time Funding for Community and Workforce Initiatives ⁷	Adds One-Time Funding for Tourism Initiatives ⁸	Adds One-Time Funding for UAS Programs ⁹	Adds One-Time Funding for Federal Community Service Programs ¹⁰	Adds One-Time Funding for Discretionary Funds ¹¹	Total House Changes
Salaries and wages	\$300,000			\$130,368		\$3,929,103
Operating expenses	8,200,000	\$5,000,000		65,319		16,226,440
Grants	37,900,000	25,000,000	\$58,000,000	3,311,563		121,615,351
Discretionary funds					\$350,000	350,000
COVID-19 response				14,081,719		16,167,553
Partner programs						
Entrepreneurship grants and vouchers						
Total all funds	\$46,400,000	\$30,000,000	\$58,000,000	\$17,588,969	\$350,000	\$158,288,447
Less estimated income	10,500,000	30,000,000	58,000,000	17,588,969	0	118,005,090
General fund	\$35,900,000	\$0	\$0	\$0	\$350,000	\$40,283,357
FTE	0.00	0.00	0.00	0.00	0.00	4.00

¹ Funding is adjusted for base payroll changes for promotions, reclassifying existing positions to 4 new FTE deputy division director positions, and other salary adjustments.

² Funding is added for the cost to continue salary increases.

³ The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from \$1,429 to \$1,648 per month:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$632,902	\$118,204	\$751,106
Health insurance increase	<u>247,483</u>	<u>58,035</u>	<u>305,518</u>
Total	\$880,385	\$176,239	\$1,056,624

⁴ Funding of \$2,025,284 is added from the general fund for 4 FTE positions as follows:

	<u>Salaries and Wages</u>	<u>Operating Expenses</u>	<u>Total</u>
FTE position - Workforce talent attraction initiative	\$202,940	\$0	\$202,940
FTE Position - Workforce investment grant program	202,940	0	202,940
FTE position - Office of Automation	310,858	689,142	1,000,000
FTE position - Global Engagement Office	<u>250,904</u>	<u>368,500</u>	<u>619,404</u>
Total	\$967,642	\$1,057,642	\$2,025,284

⁵ Base level funding is adjusted as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Restores funding for salaries underfunded during the 2021-23 biennium	\$140,000	\$0	\$140,000
Adds funding for temporary salaries, including \$500,000 from federal funds, to provide a total of \$900,000 for temporary salaries	91,000	500,000	591,000
Adds funding for travel to provide a total of \$1,606,976 in the operating expenses line item	490,534	0	490,534
Adjusts funding for operating expenses, including a decrease from the community service fund, primarily related to professional development, services, and fees	1,006,896	(2,230)	1,004,666
Adds funding for the Operation Intern program to provide a total of \$1,006,082	251,082	0	251,082
Transfers \$220,000 of federal funding for the AmeriCorps workforce community services program from the grants line item to the operating expenses line item	0	0	0
Adds federal funding in the COVID-19 response line item for weatherization and furnace cooling assistance programs	0	2,085,834	2,085,834
Adds funding for the rural health care grant program to provide a total of \$444,000 from the general fund	<u>194,000</u>	<u>0</u>	<u>194,000</u>
Total	\$2,173,512	\$2,583,604	\$4,757,116

⁶ Funding of \$1,330,212 from the general fund for the homeless shelter grant program and \$1,387,341 for the emergency shelter grant program, including \$240,000 from the general fund and \$1,147,341 from federal funds, is transferred to the Housing Finance Agency.

⁷ One-time funding is added for community and workforce initiatives as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Rural workforce housing grant program, including \$300,000 for temporary salaries, \$200,000 for operating expenses, and \$6.5 million for grants. Funding is provided from the strategic investment and improvements fund (SIIF)	\$0	\$7,000,000	\$7,000,000
Workforce talent attraction initiative operating expenses	8,000,000	0	8,000,000
Workforce investment program grants	15,000,000	0	15,000,000
Automation workforce transition training grants	5,000,000	0	5,000,000
Automation workforce equipment grants	5,000,000	0	5,000,000
Technical skills training grants	2,000,000	0	2,000,000
Main Street Initiative community development grants	400,000	0	400,000
New Americans workforce development and training grants (SIIF)	0	2,000,000	2,000,000
Workforce grants to tribally controlled community colleges	500,000	0	500,000
Workforce safety grant (SIIF)	<u>0</u>	<u>1,500,000</u>	<u>1,500,000</u>
Total	\$35,900,000	\$10,500,000	\$46,400,000

⁸ One-time funding of \$30 million is added from SIIF for tourism initiatives, including \$5 million for tourism awareness marketing operating expenses and \$25 million for a tourism destination development initiative grant program.

⁹ One-time funding from SIIF is added for the beyond visual line of sight (BVLOS) uncrewed aircraft system (UAS) grant program (\$30 million) and the enhanced use lease grant program (\$28 million).

¹⁰ One-time funding from federal funds is added for the following programs previously approved by the Emergency Commission and Budget Section during the 2021-22 interim:

	<u>Federal Funds</u>
Americorps workforce community services program	\$785,000
Parks and recreation grant program	1,550,000
Energy conservation grant program	14,081,719
Heating and cooling grant program, of which \$130,368 is for temporary salaries and wages, \$65,319 is for operating expenses, and \$976,563 is for grants	<u>1,172,250</u>
Total	\$17,588,969

¹¹ One-time funding of \$350,000 is added from the general fund for discretionary funds to provide a total of \$2.5 million from the general fund, of which \$2.15 million is ongoing funding.

This amendment also:

- Amends a section identifying the transfer of \$1,006,896 from the general fund to the internship fund for the Operation Intern program.
- Adds a section to provide a \$20 million transfer from the legacy earnings fund to the newly named legacy investment fund for technology for the purpose of providing legacy investment technology loans.
- Adds a section to provide a \$30 million transfer from SIIF to the North Dakota Development Fund for programs under North Dakota Century Code Chapter 10-30.5.
- Adds a section to provide a \$120 million transfer from SIIF to the North Dakota Development Fund for the purpose of a fertilizer development grant program.
- Adds a section to identify \$98.5 million from SIIF for the rural workforce housing grant program (\$7 million), tourism marketing awareness initiative (\$5 million), tourism destination development initiative grant program (\$25 million), BVLOS UAS program (\$30 million), enhanced use lease grant program (\$28 million), new Americans workforce development and training grants (\$2 million), and a workforce safety grant to be awarded to an organization that provides workforce safety (\$1.5 million). Legislative intent is provided that the Department of Commerce not hire a third-party consultant when determining how funding for the tourism destination development initiative grant program will be spent.
- Adds a section to identify \$6.5 million appropriated from the general fund in the grants line item is for the rural workforce housing grant program. The Department of Commerce is required to develop guidelines for awarding grants. Funding may be awarded to cities with a population of fewer than 10,000 residents.
- Amends a section to identify \$444,000 appropriated from the general fund is for the rural health care grant program, which requires the grant recipient to provide matching funds from nonstate sources on a dollar-for-dollar basis.
- Adds a section to identify of the \$2.5 million appropriated from the general fund for discretionary funds, \$150,000 is designated for supporting the continuation of the North Dakota state magazine.
- Adds eight sections to amend Chapter 6-09.18 to change the innovation loan fund to support technology advancement program name to the legacy investment for technology program.
- Adds a section to amend Section 54-60-22 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.
- Adds three sections to amend Sections 54-60-28, 54-60-29, and 54-60-29.1 related to administration of UAS-related programs.
- Adds a section to amend the 2021 Special Session Session Laws to allow the transfer of \$5 million from the federal State Fiscal Recovery Fund to the North Dakota Development Fund to be used for grant programs.
- Adds a section to provide the Department of Commerce 15 exemptions to continue funding appropriated for programs in previous bienniums into the 2023-25 biennium. The exemptions relate to the nonresident nurse employment recruitment program, Coronavirus Aid, Relief, and Economic Security (CARES) Act funding, the state small business credit initiative, discretionary funds, UAS program, BVLOS UAS program, enhanced use lease grant program, homeless shelter grant program, workforce community services program, community development planning grant program, autonomous agriculture matching grant program, workforce development incentive grant program, and technical skills grants program. Subsection 13 of Section 24 provides funding remaining after the 2021-23 biennium for the autonomous agriculture matching grant program may be spent during the 2023-25 biennium without requiring matching funds.

- Adds a section to require the Department of Commerce to report to the Legislative Management during the 2023-24 interim regarding the status of grant programs administered by the department.