

February 21, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

**PROPOSED AMENDMENTS TO
FIRST ENGROSSMENT**

ENGROSSED HOUSE BILL NO. 1265

Introduced by

Representatives Christy, Foss, Hanson, Stemen, Toman, Warrey, O'Brien

Senators Meyer, Sickler, Davison

1 A BILL for an Act to create and enact a new section to chapter 15-11 and a new chapter to
2 title 54 of the North Dakota Century Code, relating to the state information technology research
3 center, advanced technology review committee, compute credits grant program, and advanced
4 technology grant fund; ~~to provide for a transfer; and to provide an appropriation.~~

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1.** A new section to chapter 15-11 of the North Dakota Century Code is created
7 and enacted as follows:

8 **State information technology research center - Report.**

- 9 1. The state information technology research center is created to conduct exploratory,
10 transformational, and innovative research to promote the development of data
11 science, data analysis, software engineering, and advanced information technology in
12 the state.
- 13 2. To carry out the purposes of this section, the state information technology research
14 center must operate as a collaborative virtual center. The state information technology
15 center may:
- 16 a. Select the research topics and projects to be pursued;
17 b. Enter contracts or agreements with other North Dakota institutions of higher
18 education, the information technology department, and federal, private, and
19 nonprofit organizations to support research topics and projects;

- 1 c. Assist in the development of advanced technology solutions, including artificial
2 intelligence, machine learning, quantum computing, digital literacy, and
3 cybersecurity initiatives;
- 4 d. Encourage the establishment of data centers in the state to enhance advanced
5 technology products and initiatives;
- 6 e. Use existing staff resources, to the extent authorized by legislative
7 appropriations, between participating state agencies for the purpose of advancing
8 research and development of projects selected under this section; and
- 9 f. Accept donations, grants, contributions, and gifts from any source to carry out the
10 selected research topics and projects, which must be deposited in the advanced
11 technology grant fund.
- 12 3. The state information technology research center shall report all research activities
13 and accomplishments by October first of each year to the legislative management's
14 information technology committee. Upon request, the state information technology
15 research center shall report all research activities and accomplishments to the
16 appropriations committees of the legislative assembly.

17 **SECTION 2.** A new chapter to title 54 of the North Dakota Century Code is created and
18 enacted as follows:

19 **Definitions**

20 In this chapter, unless the context otherwise requires:

- 21 1. "Chief information officer" means the chief information officer of the information
22 technology department.
- 23 2. "Commissioner" means the commissioner of the department of commerce.
- 24 3. "Committee" means the advanced technology review committee.
- 25 4. "Department" means the information technology department.
- 26 5. "Vice chancellor for information technology" means the chief information officer and
27 vice chancellor for information technology of the North Dakota university system.

28 **Advanced technology review committee - Membership - Meetings.**

- 29 1. The advanced technology review committee consists of:
30 a. The chief information officer or a designee within the information technology
31 department;

- 1 b. The vice chancellor for information technology or a designee within the North
2 Dakota university system;
- 3 c. One individual from the private sector with significant information and advanced
4 technology knowledge, appointed by the governor;
- 5 d. One individual from the private sector with significant information and advanced
6 technology knowledge, appointed by the majority leader of the house of
7 representatives;
- 8 e. One individual from the private sector with significant information and advanced
9 technology knowledge, appointed by the majority leader of the senate; and
- 10 f. The commissioner, or a designee within the department of commerce, who shall
11 serve as a nonvoting member of the committee and provide recommendations to
12 the committee regarding grant awards.
- 13 g. The executive director of a digital academy administered by the North Dakota
14 university system.
- 15 2. By July first of each odd-numbered year, the chief information officer and vice
16 chancellor for information technology shall compile a list of individuals with significant
17 private sector information and advanced technology knowledge working within the
18 state to be forwarded to the governor and the majority leaders of the house of
19 representatives and senate. The governor and the majority leaders of the house of
20 representatives and senate must consider the listed individuals for committee
21 membership appointments.
- 22 3. The chief information officer, vice chancellor for information technology, and
23 commissioner are permanent members of the committee. The term of office of the
24 members of the committee appointed from the private sector is four years except the
25 initial term of office of the individual appointed by the majority leader of the senate is
26 three years and the initial term of office of the individual appointed by the governor is
27 two years. Each term of office commences on August first. Members serve at the
28 pleasure of the appointing entity and may be reappointed for additional terms. By
29 August first of each year, the chairman of the legislative management shall select one
30 of the appointed members to serve as the chairman of the committee. The chairman of
31 the committee shall select a vice chair. If a committee member ceases to qualify as a

1 member of the appointing entity, that individual's membership on the committee
2 ceases immediately and the appointing entity shall appoint a new member to the
3 committee for the remainder of the term.

4 4. A committee member representing the private sector is entitled to receive
5 compensation in an amount not exceeding one hundred thirty-five dollars per day and
6 travel and expense reimbursement as provided by law for state officers for attending
7 meetings of the committee, to be paid by the department within the limits of legislative
8 appropriations.

9 5. The committee shall meet at the call of the chairman to review and approve grant
10 applications from entrepreneurs, startup companies, and small businesses that are in
11 the initial phases of advanced technology product research, development, and
12 innovation and are unable to access financial resources for prototype product
13 development.

14 **Compute credits grant program - Eligibility - Use of funds.**

15 1. The department shall administer the compute credits grant program to provide grants
16 for activities identified in this chapter. The department shall provide administrative
17 support for the program, including the drafting of application forms, receiving
18 applications, reviewing applications for completeness and compliance with committee
19 policy, and forwarding complete applications to the committee in accordance with the
20 guidelines established by the committee.

21 2. The committee shall establish guidelines for entities to qualify for a compute credits
22 grant under this section.

23 3. In determining whether to approve an application for grant funding, the committee
24 shall consider the extent to which the applicant's proposal will support the
25 development of advanced technology solutions, including artificial intelligence,
26 machine learning, quantum computing, digital literacy, and cybersecurity initiatives.
27 The committee shall give priority to applications with a greater likelihood of attracting
28 other information technology businesses to the state. The committee shall consider
29 and process applications in a timely manner to allow applicants an opportunity to
30 leverage other funds.

1 4. Grant recipients shall use funding awarded under this section for the cost of increased
2 compute credits and central processing unit storage capacity that promotes the
3 program requirements in subsection 3 of this section. An entity receiving a grant under
4 this section may not use the funds for capital or building investments or other activities
5 not identified in this chapter. The funds may not be used for administrative costs or to
6 supplant funding for regular operations of the entity. If an entity awarded a grant no
7 longer conducts its activities in the state, the entity must repay the awarded grant
8 funding to department.

9 **Advanced technology grant fund.**

10 The advanced technology grant fund is a special fund in the state treasury administered by
11 the department. Moneys in the fund must be used for providing grants and for the payment of
12 committee and department administrative expenses incurred related to the requirements of this
13 chapter, subject to legislative appropriations. Interest earned on moneys in the fund must be
14 credited to the fund.

15 **Compute credits grant program - Post-award monitoring**

16 Upon completion of work performed from funding provided by a compute credits grant or
17 research completed by state information technology research center, the department shall
18 conduct an independent review of the results. Evaluation criteria may include how the work
19 performed has:

- 20 1. Promoted the development of advanced technology solutions, including artificial
21 intelligence, machine learning, quantum computing, digital literacy, and cybersecurity
22 initiatives;
23 2. Enhanced the ability of a company to make investments in the state, or otherwise
24 enticed a company to invest in or move to the state;
25 3. Led to a patent or research that is commercially viable; or
26 4. Positively affected workforce in the state.

27 ~~—SECTION 3. TRANSFER – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO~~
28 ~~ADVANCED TECHNOLOGY GRANT FUND. The office of management and budget shall~~
29 ~~transfer \$5,000,000 from the strategic investment and improvements fund to the advanced~~
30 ~~technology grant fund during the biennium beginning July 1, 2025, and ending June 30, 2027.~~

1 ~~SECTION 4. APPROPRIATION -- INFORMATION TECHNOLOGY DEPARTMENT --~~
2 ~~COMPUTE CREDITS GRANT PROGRAM -- ONE-TIME FUNDING.~~ There is appropriated out of
3 any moneys in the advanced technology grant fund in the state treasury, not otherwise
4 appropriated, the sum of \$5,000,000, or so much of the sum as may be necessary, to the
5 information technology department for the purpose of the compute credits grant program, for
6 the biennium beginning July 1, 2025, and ending June 30, 2027. This funding is considered a
7 one-time funding item.