

Testimony of Paul Steffes, Founder and Innovation Advisor, Steffes LLC

North Dakota Senate Appropriations Committee, Education and Environment Division

In Support of Expanding the Economic Diversification Research Fund

Date: January 21, 2025

Introduction

Good morning, Chair Sorvaag and members of the North Dakota Senate Appropriations Committee, Education and Environment Division. My name is Paul Steffes, and I am the Founder and Innovation Advisor of Steffes LLC, a company that has been at the forefront of innovation, navigating both challenges and successes in North Dakota for over 50 years. I recognize the critical need for continuous innovation and reinvention to not only survive but thrive. Today, I am here to express my strong support for the expansion of the Economic Diversification Research Fund (EDRF). This initiative is vital for fostering innovation, awakening future entrepreneurs, and ensuring the long-term economic vitality of our state.

Background and Experience

I have witnessed firsthand the transformative power of innovation and entrepreneurship. My journey began in a small corner shop in Dickinson, North Dakota, with just two employees in 1973. Today, Steffes LLC has grown to employ around 400 individuals in North Dakota. Over the years, we have evolved from a modest metal fabrication business into a diversified company serving various industries, including oil well site equipment, smart energy storage for the electric sector, and contract manufacturing. This growth has been fueled by an unwavering commitment to continuous innovation and a deep understanding of the unique challenges and opportunities within our state. I bring this experience to my role as a member of the EDRF External Advisory Committee (EAC), established by the State Board of Higher Education to review research activities funded by the EDRF.

At Steffes LLC, we have experienced the profound impact of innovation-driven growth. For instance, our development of advanced energy storage solutions has not only created new revenue streams but has also positioned North Dakota as a leader in the renewable energy storage sector. Similarly, our innovations in oil site technology have enabled oil companies to reduce the cost of completing sites in North Dakota by over 50%, while dramatically lowering methane emissions, thereby strengthening our state's oil base and providing

problem-solving and contract manufacturing support for various other North Dakota manufacturers.

The Importance of Economic Diversification

North Dakota's economy has historically relied heavily on agriculture and energy. While these sectors are crucial, it is essential to diversify our economic base to ensure resilience against market fluctuations and to create new opportunities for our citizens. The EDRF plays a pivotal role in this endeavor by providing necessary resources to support research and development in emerging technologies and to engage North Dakota University System (NDUS) students in experiential learning opportunities related to that research.

The Role of Research and Development

Research and development (R&D) are vital components of economic diversification. By investing in R&D, we can explore new frontiers in technology, energy, agriculture, healthcare, and other high-growth industries. The EDRF can provide the financial support needed to conduct cutting-edge research that can lead to the development of new products, services, companies, and industries.

EDRF Year One Successes

As a member of the EAC, I was deeply impressed by the scope and relevance of the research conducted in the very first year of the EDRF, despite the growing pains of a new program. I believe that NDUS institutions have embraced the goals established by the Legislature for the EDRF and have collaborated effectively to begin delivering on those objectives. I was particularly impressed with the experiential learning opportunities created by Primarily Undergraduate Institutions, such as Dickinson State University in my hometown, and the collaborative research programs established by the University of North Dakota and North Dakota State University with their colleagues in other NDUS institutions.

Conclusion

In conclusion, the EDRF represents a strategic investment in North Dakota's future. It will enable us to support innovation, foster entrepreneurship, and diversify our economic base. To achieve the ambitious goals set by the Legislature, further investment is essential. Building on the \$5.5 million allocated in the 23-25 biennium, NDUS is prepared to deploy larger sums effectively in the upcoming biennium. I strongly advocate for an increase to \$25 million in the 25-27 biennium. As someone who has dedicated my career to driving innovation and economic growth in our state, I urge you to support this important initiative. Together, we can build a more resilient and prosperous North Dakota for generations to come.

Thank you for your time and consideration.