

Testimony in Support of House Bill 1038

Senate Industry and Business Committee

January 29, 2025

Chairman Barta and members of the Senate Industry and Business Committee, my name is **Terry Effertz**, and I serve as the **Executive Director of TechND**, North Dakota's technology trade association. TechND represents a broad network of technology leaders, innovators, and stakeholders committed to advancing North Dakota's role as a leader in emerging technologies. Thank you for the opportunity to testify in support of House Bill 1038.

TechND strongly supports Section 2, which allocates \$11 million for the State Radar Data Pathfinder Program. This investment will enhance North Dakota's role in integrating federal radar data with state uncrewed aircraft systems (UAS), improving security standards, and expanding beyond visual line of sight (BVLOS) operations. The program will ensure safer, more efficient UAS operations across state agencies, bolster compliance with federal security protocols, and further solidify North Dakota's leadership in UAS technology.

TechND also supports the intent of Section 1, which provides \$15 million to replace non-compliant uncrewed aerial vehicles (UAVs) owned by state agencies. However, we encourage an amendment to give Commerce and the Test Site the discretion to physically replace state-owned drones, to use a data management solution, or some combination thereof, taking into consideration the various owners, uses, and applications of state-owned drones.

Why An Amendment is Necessary

1. **Data Security & Compliance** – While replacing non-compliant UAVs is necessary, ensuring state-controlled, secure data management is just as critical. Without proper safeguards, sensitive operational data collected by state UAVs could be vulnerable to cybersecurity threats or external access. Integrating a secure, end-to-end enterprise data solution ensures that UAV-generated data remains protected, compliant, and within North Dakota’s control.
2. **Supporting North Dakota Innovation & Economic Growth** – Prioritizing enterprise software solutions originating in North Dakota supports the state’s growing technology sector, fosters local expertise, and aligns with North Dakota’s broader economic development goals. The state has invested significantly in UAS development, cybersecurity, and autonomous systems, and this amendment ensures that our investment remains strategic and beneficial to North Dakota businesses.
3. **Maximizing Return on Investment** – The \$15 million investment in UAV replacement should not only address compliance but also improve UAV capabilities and data security. By including secure data management as part of the replacement process, agencies can streamline UAV operations, reduce risks, and improve operational efficiency, maximizing the long-term benefits of this funding.

Again, TechND fully supports Section 2 of House Bill 1038 and supports Section 1 with the recommended amendment to integrate a state-controlled, secure data management solution into UAV modernization efforts. This approach will protect North Dakota’s data, enhance UAV operational efficiency, and support local innovation in the growing UAS sector.

Thank you for your time and consideration. I am happy to answer any questions.

TechND proposes the following language be incorporated in Section 1 the bill:

"The department of commerce shall collaborate with the uncrewed aircraft systems test site established in section 54-60-28 and state agencies, including institutions under the control of the state board of higher education, to

a. replace uncrewed aerial vehicles owned by the state which do not comply with requirements of the federal National Defense Authorization Act and the American Security Drone Act of 2023; or

b. implement a commercial enterprise uncrewed aerial vehicle data management solution, which is defined as secure, end-to-end data collection, transport, storage, processing, and consumption through enterprise software, preferably originating in North Dakota, that ensures all data collected, transmitted, stored, and consumed by an uncrewed aerial vehicle remains under the control of the state; or

c. some combination of subdivision (a) and (b), taking into consideration the various owners, uses, and applications of state-owned uncrewed aerial vehicles."